HLB mandat

TAX & AUDIT SERVICES

INDEPENDENT AUDITOR´S REPORT
(unofficial translation)

on the consolidated financial statements prepared as of December 31, 2013

in accordance with International Financial Reporting Standards as adopted by the European Union

of company

Slovenská elektrizačná prenosová sústava, a.s.

ID: 35 829 141

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824 84 Bratislava

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MANDAT AUDIT, s.r.o., spoločnosť zapísaná v Obchodnom registri Okresného súdu Bratislava I, Oddiel: Sro, vložka: 33134/B, IČO: 35900172, IČ DPH: SK2021877242

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TAX & AUDIT SERVICES

Independent Auditor's report on the consolidated financial statements for the shareholder of company Slovenská elektrizačná prenosová sústava, a.s.

We have audited the accompanying consolidated financial statements of Slovenská elektrizačná prenosová sústava, a.s., which comprise the statements of consolidated financial position as of December 31, 2013, the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Responsibility of statutory body for the consolidated financial statements

Statutory body is responsible for the preparation of these consolidated financial statements which give a true and fair view in accordance with International Standards on Accounting as adopted by European Union and for internal control as statutory body determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated 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 statutory body, as well as evaluating the overall presentation of the consolidated 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 consolidated financial position of Slovenská elektrizačná prenosová sústava, a.s. as of December 31, 2013, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Standards on Accounting as adopted by European Union.

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TAX & AUDIT SERVICES

Another matter

Consolidated financial statements of Slovenská elektrizačná prenosová sústava, a.s. as of December 31, 2012 were audited by another auditor, who expressed to these financial statements unqualified opinion on March 28, 2013.

Bratislava, on March 25th, 2014

MANDAT AUDIT, s.r.o.
Námestie SNP 15, 811 01 Bratislava
SKAU licence nr. 278

Ing. Martin Šiagi
Responsible auditor
SKAU licence nr. 871

Slovenská komora audítorov
SKAU
Č. licencie 278
MANDAT AUDIT, s.r.o.

Index to the Consolidated Financial Statements

(all amounts are in thousands of euro unless stated otherwise)

	Note	As of 31 December 2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment	5	725 553	680 150
Intangible assets	6	17 028	17 248
Non-current financial assets	9	0	0
Other investments	8	62	62
Receivables		0	0
		742 643	**697 460**
Current assets			
Inventories	11	1 045	948
Trade and other receivables	12	47 095	42 547
Current financial assets	9	0	15
Cash and cash equivalents	13	206 152	194 397
		254 292	**237 907**
Non-current assets held for sale	7	0	2 732
Total assets		**996 935**	**938 099**
EQUITY			
Share capital and reserves attributable to equity			
Share capital	14	81 833	81 833
Legal reserve fund	14	16 504	16 464
Other reserves	14	146 139	145 151
Revaluation reserve		174 222	196 846
Retained earnings	14	152 992	137 810
Total equity		**571 690**	**578 104**
LIABILITIES			
Non-current liabilities			
Non-current bank loans	16	12 729	23 100
Grants and other deferred revenues	17	73 874	75 097
Liabilities related to derivatives transactions	15	0	220
Deferred tax liability	18	60 508	67 045
Non-current provisions for liabilities and charges	19	7 253	4 646
		154 364	**170 108**
Current liabilities			
Current bank loans	16	15 844	10 000
Trade and other payables	15	241 836	170 304
Grants and other deferred revenue	17	12 818	3 241
Provisions for current liabilities and charges	19	0	33
Current income tax payable		383	6 309
		270 881	**189 887**
Total liabilities		**425 245**	**359 995**
Total equity and liabilities		**996 935**	**938 099**

The Consolidated Financial Statements for the year ended 31 December 2013 prepared in accordance with International Financial Reporting Standards as adopted by the European Union were approved and authorized for issue on 23 March 2014 by the Board of Directors.

....	....
Ing. Miroslav Stejskal	Ing. Martin Malaník
Chairman of the Board of Directors	Member of the Board of Directors

(all amounts are in thousands of euro unless stated otherwise)

	Note	Year ended 31 December 2013	2012
Revenues	20	575 934	534 789
Capitalized costs		982	717
Consumables and services	21	-398 134	-352 085
Personnel costs	22	-25 658	-23 592
Depreciation and amortisation	5,6	-58 698	-59 339
(Impairment)/Reversal of impairment of fixed assets	5	18	35
neagative revaluation difference	5	0	0
Other operating income	24	4 572	5 104
Other operating expense	23	-3 603	-3 566
Operating profit		**95 413**	**102 063**
Interest income	25	803	226
Interest expense	25	-195	-443
Other finance income/expense)	25	-34	-225
Finance cost, net		**574**	**-442**
Profit before tax		**95 987**	**101 621**
Income tax expense	26	-26 591	-22 748
Profit for the year		**69 396**	**78 873**
Other comprehensive income			
Items that will not be reclassified			
Revaluation of property, plant and equpment			
Deferred tax from revaluation of property, plant and eq		2 367	-11 681
Total comprehensive income		**71 763**	**67 192**
Profit attributable:			
Owners of the parent		69 396	78 873
Non-controlling interest		0	0
Profit for the year		**69 396**	**78 873**
Total comprehensive income attributable to:			
Owners of the parent		71 763	67 192
Non-controlling interest		0	0
Total comprehensive income for the period		**71 763**	**67 192**

(all amounts are in thousands of euro unless stated otherwise)

	Share capital	Legal reserve fund	Other funds	Revaluation reserve	Retained earnings	Total equity
Balnce at 1 January 2012	**81 833**	**16 366**	**126 145**	**237 382**	**70 560**	**532 286**
Net profit for the year 2012	0	0	0	0	78 873	78 873
Other comprehensive income	0	0	0	-40 536	28 855	-11 681
Total comprehensive income for the year 2012	**0**	**0**	**0**	**-40 536**	**107 728**	**67 192**
Dividends paid (Note 14)	0	0	0	0	-21 374	-21 374
Profit appropriation to Statutory Fund (Note 14)	0	0	19 006	0	-19 006	0
Contribution to legal reserve fund	0	98	0	0	-98	0
Balance at 31 December 2012	**81 833**	**16 464**	**145 151**	**196 846**	**137 810**	**578 104**
Balance at 1 January 2013	**81 833**	**16 464**	**145 151**	**196 846**	**137 810**	**578 104**
Net profit for the year 2013	0	0	0	0	69 396	69 396
Other comprehensive income	0	0	0	-22 624	24 991	2 367
Total comprehensive income for the year 2013	**0**	**0**	**0**	**-22 624**	**94 387**	**71 763**
Dividens paid (Note 14)					-78 177	-78 177
Profit appropriation to Statutory Fund (Note 14)	0	0	988	0	-988	0
Appropriaton to Reserve Fund	0	40	0	0	-40	0
Balance at 31 December 2013	**81 833**	**16 504**	**146 139**	**174 222**	**152 992**	**571 690**

(all amounts are in thousands of euro unless stated otherwise)

	Note	Year ended 31 December 2013	2012
Cash flows from operating activities			
Cash generated from operations	30	153 452	199 523
Income tax paid		-36 687	-20 344
Interest received		741	171
Net cash generated from operating activities		**117 506**	**179 350**
Cash flows from investing activities			
Purcase of property, plant and equipment and intangible assets		-104 485	-46 287
Proceeds from sale of property, plant and equipment	30	3 441	311
Interest received		0	0
repayment of loan granted to the company CAO	9	15	15
Net cash used in financing activities		**-101 029**	**-45 961**
Cash flows from financing activities			
Proceeds/(repayments) of loans		-4 527	-10 000
Interest paid		-195	-455
Dividends paid	14	0	-21 374
Net cash used in financing activities		**-4 722**	**-31 829**
Net increase (+) / decrease (-) in cash and cash equivalents		**11 755**	**101 560**
Cash and cash equivalents at the beginning of the year	13	**194 397**	**92 837**
Cash and cash equivalent at the end of the year	13	**206 152**	**194 397**

(All amounts are in thousands Euros unless stated otherwise)

1 General Information

Slovenská elektrizačná prenosová sústava, a.s., ("the parent company", "SEPS, a.s.") is one of three joint stock companies established (pursuant to the Commercial Register) in the Slovak Republic on 21 January 2002 (date establishment: 13 December 2001) from the process of the division of its predecessor Slovenské elektrárne, a.s. ("SE", "SE, a.s.").

Consolidated financial statements comprise of the financial statements of the Group and the sole subsidiary OKTE, a.s. (hereinafter "the subsidiary"), which has been controlled as at 31 December 2013 and during the year then ended (hereinafter "the Group"). OKTE, a.s. is 100% subsidiary SEPS, a.s. OKTE, a.s. was established on 20 July 2010 by separation of deviation settlement and short-term electricity market administrator in accordance with Act No. 656/2004 Coll. on Energy. OKTE, a.s. was included for the first time to be Consolidated Financial Statements as at 31 December 2011. Parent company SEPS, a.s. prepares a Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union ("EU").

The principal activities of the Group comprise the transmission of electricity in the country of the Slovak Republic through 220 kV, 400 kV and, in a small part, through 110 kV lines and electric stations of the transmission grid, including electricity import, export and transit. The Group is also responsible for maintaining a balanced electricity grid in the Slovak Republic and balancing the production and usage of electricity during the time which is performed using the system services. The Group also performs deviation settlement and organizes short-term electricity market.

The Bohunice International Decommissioning Support Fund ("BIDSF") was established in relation to the shut-down of a power plant in Jaslovské Bohunice. The main purpose of this Fund is to finance or to co-finance the preparation and implementation of selected projects ("authorized projects") related to providing the technical assistance and/or goods, work and services with respect to support the shut-down of power plant in Jaslovské Bohunice as a result of a decision of the Slovak republic to do so. The Fund supports the reconstruction, improvement and modernization of the energy production, transmission and distribution sectors and increases their efficiency.

The Group operates in accordance with the Act of Energy and the relevant legislation. Office of Network Industries of the Slovak Republic (hereinafter "URSO") controls particular aspects of the relationship of the parent company and subsidiary and with its customers, including rates of the services provided.

The structure of the parent company´s shareholders at 31 December 2013 was as follows:

	Absolute amount thousands EUR	Ownership interest and voting rights %
Slovak Republic represented by Ministry of Finance	81 833	100%
Total	**81 833**	**100%**

According to the Decree of Slovak government Nr. 481 dated 19 September 2012, The National Property Fund of the Slovak Republic, based in Bratislava, Drieňová 27, transferred the shares of the Company without compensation to the Slovak Republic, on behalf of which acts the Ministry of Finance of the Slovak Republic. As a result of this, effective 2 October 2012, the Slovak Republic, on behalf of which acts the Ministry of Finance of the Slovak Republic, became the sole shareholder, who owns 100% of shares of the Company as well as 100% of voting rights.

The Group is not a shareholder with an unlimited liability in other entities.

(All amounts are in thousands Euros unless stated otherwise)

The members of the parent company´s statutory bodies during the year ended 31 December 2013 were as follows:

Body	Function	Name
Board of Directors	Chairman	Ing. Miroslav Stejskal
	Vice-Chairman	Ing. Michal Pokorný
	Member	Ing. Martin Malaník
	Member	Ing. Alexander Kšiňan
	Member	doc. Ing. Miroslav Rapšík, CSc.
Supervisory Board	Chairman	Ing. Peter Matejíček
	Vice-Chairman	I Ing. Pavol Fandl
	Vice-Chairman	Ing. Ján Oráč
	Member	Michal Sokoli
	Member	Ing. Marián Mihalda
	Member	Milan Duchoň
	Member	Ing. Roman Masár
	Member	Ing. Rastislav Januščák
	Member	Ing. Ján Horváth
	Member	Prof. Ing. František Janíček, PhD.
	Member	Ing. Július Laššan
	Member	Ing. Jaroslav Mikla since 2 May 2013
Executive management	General Director	Ing. Miroslav Stejskal
	Managing Director of Operations	Ing. Alexander Kšiňan
	Managing Director of SED and Commerce	Ing. Michal Pokorný
	Managing Director of Economics	Ing. Martin Malaník
	Managing Development and Capital Investment	doc. Ing. Miroslav Rapšík, CSc.

The Company employed 547 personnel on average during 2013 (2012: 525), 11 of which were management (2012: 10).

Registered address and identification number of the parent company

Mlynské nivy 59/A
824 84 Bratislava
Slovak Republic

Identification number (IČO) of the Company is: 358 291 41
Tax identification number (IČ DPH) of the Company is: SK 2020261342

Registered address of the subsidiary company

OKTE, a. s.
Mlynské nivy 59/A
821 09 Bratislava
Slovak Republic

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applies to all the years presented unless otherwise stated.

2.1. Basis for preparation of the Consolidated Financial Statements

Legal reason for preparing the Consolidated Financial Statements:

The Group´s Financial Statements at 31 December 2013 have been prepared as Consolidated Financial Statements under § 22 (2) of the Slovak Act No. 431/2002 Coll. ("Accounting Act") for the accounting period from 1 January 2013 to 31 December 2013.

The Accounting Act requires the Group to prepare Consolidated Financial Statements for the year ended 31 December 2013 in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU")

The Consolidated Financial Statements have been prepared in accordance with IFRS as adopted by the European Union. The Group applies all IFRS and interpretations issued by International Accounting Standards Board (hereinafter "IASB") as amended by the European Union, which were in force as of 31 December 2013.

These financial statements have been prepared on the historical cost basis, except for the valuation of property, plant and equipment, which were revalued using the revaluation model under IAS 16 and except for derivate financial instruments that are valued at fair value as the reporting date.

The financial statements were prepared on accrual basis and under going concern principle.

The preparation of the Consolidated Financial Statements in conformity with IFRS requires in the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group´s accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in Note 4.

These Consolidated Financial Statements are prepared in thousands Euros ("EUR thousand").

2.2. Changes in accounting policies

There have not been any changes in the accounting policies during the year ended 31 December 2013. The Company has evaluated and examined the impact of the following amendments on the separate financial statements.

Amendments to IFRS 7 Financial Instruments: Reporting - Offsetting Financial Assets and Financial Liabilities

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

Amendments to IAS 1 Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income (amendments to IAS 1)

Amendments to IAS 12 Deferred Tax: Recovery of Underlying assets (amendments to IAS 12)

Amendments to IAS 19 Employee Benefits (amendments to IAS 19 in 2011)

IAS 27 Separate Financial Statements (revised in 2011)

IAS 28 Investments in Associates and Joint (revised in 2011)

Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Amendments to various standards "Annual IFRS quality Improvement project (2012)", resulting from the annual IFRS quality improvement project published on 17 May 2012 (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34), the aim of which is primarily the elimination of inconsistencies and clarification of wording adopted by the EU on 27 March 2013 (effective for annual periods beginning on or after 1 January 2013).

2.3. Consolidation principles

Subsidiaries are those companies in which the Group, directly or indirectly, has an interest of more than 50% in the voting rights or otherwise has power to exercise control over their operations; and are included in the Consolidated Financial Statements. Subsidiaries are consolidated as of the date when the Group gained control. All receivables and payables, disposals and purchases, as well as expenses, revenues, profits and losses on transactions within the Group are eliminated.

All acquisitions of subsidiaries are accounted at cost. The cost of the business combination is measured as the aggregate of the fair value (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquire, plus any costs directly attributable to the business combination. If the cost of the business combination exceeds the Group´s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized, the difference is disclosed as goodwill.

2.4. Investments

Investments are carried at historical cost in the Consolidated Financial Statements. The historical cost comprise the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire the investment at the time of their acquisition.

2.5. Foreign currency transaction and translation

(i) Functional and presentation currency of the Consolidated Financial Statements

Items included in these Consolidated Financial Statement are presented in thousands of euro, which is the currency of the primary economic environment in which the entity operates ("the functional currency"). The Consolidated Financial Statements are presented in thousands of euro.

(ii) Transaction and balances

Transactions in foreign currency are translated into the functional currency using the reference exchange rated determined and declared by the European Central Bank or National Bank of Slovakia as at the date preceding the date of the accounting transaction or at any other day if required by special regulation. At the reporting date preceding the date, the assets and liabilities (except advance payments made and advance payments received) are translated into the functional currency using the reference exchange rates determined and declared by the European Central Bank or National Bank of Slovakia as at the reporting date. The transaction in foreign currency are retranslated into the functional currency using the exchange rate valid at the date of the accounting transaction. Foreign Exchange gains and losses resulting from settlement of such transactions and from the translation at year-end Exchange rates monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Statement of Comprehensive Income.

2.6. Property, plant and equipment

The property, plant and equipment is carried at cost less accumulated depreciation out accumulated impairment losses, with expectation to the revaluation model adopted for certain classes of property, plant and equipment.

(i) Cost

Cost includes expenditure that is directly attributable to the acquisition of the items, Borrowing costs related to the loans received, which are directly attributable to the acquisition or production of an asset, are included in the cost of the asset.

Subsequent costs are included in the asset´s carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Property, plant and equipment as the date of establishment of the Company comprise assets that were acquired as a result of the separation of Slovenské elektrárne, a.s., into three legal entities. These assets were transferred at their original cost with related accumulated depreciation.

The most significant part of property, plant and equipment is represented by the network. The network mainly includes power lines, pylons and switching stations. Useful life of networks assets varies between 40 and 80 years (2012: between 40 and 80 years).

(ii) Revaluation

In 2011 the property, plant and equipment were for the first time carried in revaluated amounts as at the revaluation date less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The first revaluation was made as at 1 January 2011. The revaluation was made by an independent expert. The revaluations will be carried with sufficient regularity (at least every five years) to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The increase in the carrying amount of property, plant and equipment as a result of revaluation is recognized in other comprehensive income and accumulated in equity under the heading revaluation surplus.
The increase in revaluation of carrying amount of property, plant and equipment is recognized in the profit or loss only to the extent that it reverses a revaluation (i.e. negative revaluation difference) of the same asset previously recognized in income statement.

A decrease in carrying amount of property, plant and equipment as a result of revaluation is recognized in the income statement. The decrease in revaluation of carrying amount of property, plant and equipment is recognized on other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

(iii) Depreciation and impairment of fixed assets

The depreciation of property, plant and equipment starts in the month when the property, plant and equipment is available for use. Property, plant and equipment is depreciated in line with the approved depreciation plan using the straight-line method. Monthly depreciation charge is determined as the difference between acquisition costs and residual value, divided by estimated useful life of the property, plant and equipment.

(All amounts are in thousands Euros unless stated otherwise)

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

	2013	2012
Buildings, halls, networks and constructions	40 – 80 years	40 – 80 years
Machines, equipment and vehicles	12 - 30 years	12 - 30 years
Other property, plant and equipment	4 years	4 years

Buildings, halls and constructions include mainly switching stations, administrative buildings, transmission lines, halls, transformers and control rooms, pylons, towers, tanks, communications, elevated power lines.

Machines, equipment and vehicles include mainly hardware machines, tools and equipment, vehicles, radio relay point and cables.

Land and assets under construction are not depreciated.

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the assets were already of the age and in the conditions expected at the end of their useful life. The residual value of an asset is nil or its scrap value if the Group expects to use the assets until the end of its useful life. The assets´ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Expenditures to acquire the property, plant and equipment subsequent to initial recognition are recognized as an item of property, plant and equipment only if it is probable that they will enhance the future economic benefits beyond its original performance. All other expenses are recognized as repair and maintenance costs in the period to which it is incurred.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The Group allocates the amount initially recognizes in respect of an item of property, plant and equipment proportionally to its significant parts and depreciates separately each such part.

An asset´s carrying amount is written down to its recoverable amount if the asset´s carrying amount is greater than its estimated recoverable amount (Note 2.8).

Items that are retired or otherwise disposed of are eliminated from the Statement of Financial Position, along with the corresponding accumulated depreciation. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in operating profit.

In accordance with IAS 36, as at the date of preparation of financial statements, an assessment of impairment indicators is made that would indicate the recoverable amount of property, plant and equipment would be less than its carrying value. In case any indicator exists at the balance sheet date, the recoverable amount of property, plant and equipment is estimated which is a higher of the fair value less cost to sell and value in use (i.e. the present value of future cash flows). Any impairment loss on property, plant and equipment is recognized in the income statements in the period in which the impairment occurs. The discount rates used in calculating the present value of future cash flows comes from the position of the Group as well as from economic environment of the Slovak Republic as at the balance sheet date. In case the Group decides to stop the investment project or significantly delay its scheduled termination, it considers any reduction of its value and, where appropriate, record the impairment loss.

2.7. Intangible assets

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

Borrowing costs are capitalized and included in the cost of an asset. The Group does not have intangible assets with indefinite useful lives. Intangible assets are amortized on the straight- line basis over their useful lives.

The amortization of an intangible asset starts in the month when the intangible asset is put in use. Intangible assets are depreciated in line with the approved depreciation plan using the straight-line method. Monthly depreciation charge is determined as the difference between acquisition costs and residual value, divided by estimated useful life of the intangible assets.

Residual value of intangible assets is assumed to be zero unless (a) there is a commitment by a third party to purchase the asset at the end of its useful life, or (b) there is an active market for the asset and residual value can be determined by the reference to that market and it is probable that such a market will exist at the end of the asset´s useful life.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

it is technically feasible to complete the software product so that it will be available for;
management intends to complete the software product and use or sell it;
here is an ability to use or sell the software product;
it can be demonstrated how the software product will generate probable future economic benefits;
adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
the expenditure attributable to the software product during its development can be reliably measured.

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

Computer software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed 4 years. Intangible assets are depreciated over 4 years, easement of access according to the conditions stated in the Contract on easement of access.

2.8. Impairment of non-financial assets

Assets that have an indefinite useful life and intangible assets not yet in use are not subject to amortization and are tested for impairment annually. Land, construction in progress and assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be higher as a recoverable amount. An impairment loss is recognized for the amount by which the asset´s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset´s fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are individually identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that were impaired are reviewed for possible reversal of the impairment at each reporting date, i.e. release of respective value adjustment.

2.9. Non-current assets held for sale

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

2.10. Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through the Consolidated Income Statement, held-to-maturity investment, available-for-sale financial assets and loans and receivables. The classification depends on the purpose for which the investment were acquired, whether they are quoted in an active market and on management inventions.

Financial assets are initially recognized at fair value plus transaction costs (in case of financial assets) and less transaction costs (in case of financial liabilities) except for the financial assets carried at fair value through the Consolidated Income Statement. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transactions costs are expensed in the Consolidated Statement of Comprehensive Income.

Regular purchases and sales of financial assets are recognized on trade-date – the date on which the Group commits to purchase or sell the asset.

The Group derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Management determines the classification of its investments at initial recognition.

Financial assets at fair value through Consolidated Statements of Comprehensive Income

Financial assets at fair value through Consolidated Statement of Comprehensive Income include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term or to mitigate risks. This category includes derivate financial Instruments entered into by the Group that are not designated as hedging Instruments in hedge relationship. Financial assets in this category are classified as current.

Realized and unrealized gains or losses arising from changes in the fair value of the „financial assets at fair value through profit or loss“ are recognized in income statements in which the fair value changed.

Loans and receivables

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

Loans and receivables are carried at amortised cost using the effective interest method.

Loans and receivables are disclosed as part of non-current and current financial assets, trade receivables and cash and cash equivalents on the Consolidated Statement of Financial Position

Loans and receivables represent outstanding loan granted to company Central Auction Office („CAO“) (the Company owns 12.5% share in this company), trade receivables and cash and cash equivalents.

2.11. Leases

IAS 17 defines a lease as being an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use the asset for an agreed period of time.

The Group is a lessee of certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of the ownership of the asset are classified as finance leases. Finance leases are recognized as assets and liability in the Consolidated Statement of Financial Position at amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the commencement of the lease.

Each lease payment is split into the liability and finance charges in order to achieve a constant periodic rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of future finance charges, are included in non-current and current bank loans and other borrowings. Finance charges are included in interest expense in the Consolidated Statement of Comprehensive Income.

If there is reasonable certainty that the lessee will obtain ownership of the asset by the end of the lease term, the period of expected use is the useful life of the asset and the asset is depreciated accordingly; otherwise the asset is depreciated over the shorter of the lease term and its useful life.

Leases in which a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Consolidated Financial Statement on a straight line basis over the period of the lease.

The Group is a lessee under the term of operating lease. The rental related to the operative lease is expensed on a straight-line basis over the period of the lease in the Consolidated Financial Statements.

2.12. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using weighted average cost method. The acquisition costs include all costs associated with the acquisition of the inventories such as customs duties or transportation costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling costs.

2.13. Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, net of provision for impairment. Revenue recognition policy is described in the Note 2.23.

The risk of customers´ insolvency is managed by financial guarantees received from customers which can be used in case the customers ´debts are not settled when became due

Value adjustment of trade receivables is established when there is objective evidence that the Group will be not able to collect all the amount due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, default or delinquency in payments are considered indicators that are trade receivable is impaired. The amount of the value adjustment is the difference between the asset´s carrying amount and the present values of the estimated future cash flow discounted by the original effective interest rate.

Value adjustment of trade receivables is recognized through an allowance account. Impairment losses and their reversals, if any, are recognized in the Consolidated Statement of Comprehensive Income within other operating expenses or income. Trade receivables that cannot be collected are written off. Trade receivables that were written off and are subsequently repaid by the debtors are recognized in the Consolidated Statement of Comprehensive Income within other operating income.

2.14. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortized cost using the effective interest method.

2.15. Share capital

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

2.16. Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (an laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Dividend income is not subject to income taxes in the Slovak Republic.

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

According to act No. 235/2012 Z. z. the Group is obliged in the period from 1 September 2012 till 31 December 2016 to pay special levy from business activities in regulated sectors. The levy is calculated from the profit realized according to the Slovak Act on Accounting. Total amount of this levy is included in the item „Income tax expense".

2.17. Grants and contributions related to acquisition of property and equipment

Grants and contributions are recognized at their nominal value where there is a reasonable certainty that the grant or contribution would be received and the Group would comply with all attached conditions. Grants and contributions relating to acquisition of property and equipment were accounted for by setting up the grant as deferred income, which was recognized as other income over the life of related depreciable asset in connection with the grant approved by EBOR for the Reconstruction –

Structure 2, Part 2 an Structure 3 in Križovany, with the grant approved by EBOR for Lemešany – Košice – Moldava- Structure 4. The Group also has a grant approved by EBOR in the amount of EUR 76 million for Reconstruction of switching station in Bystričany and for transmission lines in Horná Ždaňa – Križovany. This grant has not been drawn in 2013.

2.18. Borrowings

Borrowings are recognized initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortized cost. The difference between the proceeds (net of transaction cost) and the redemption value is recognized in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 month after the reporting date.

2.19. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses. Where the Group expects a provisions to be reimbursed, for example under an insurance contract, the reimbursement is recognized as an asset but only when the reimbursement is virtually certain.

If there is a onerous contract presented at the Group, the present obligation according to this contract is recognized and valued as a provision.

Where there are number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be in a low value.

The amount recognized as a provision represents the best estimate of the expenditure required to settle the present obligation at the reporting date, i.e. the amount that the Group would rationally pay to settle the obligation. The estimate is determined by the judgement of the management and the Group´s lawyers. The provision represents the individual most likely outcome as the best estimate of the liability.

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

2.20. Contingent liabilities

Contingent liabilities are not recognized in the Consolidated Financial Statements. The are disclosed in the notes, unless the possibility of an outflow of resources embodying the economic benefits is remote.

2.21. Trade payables

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

(All amounts are in thousands Euros unless stated otherwise)

2.22. Employee benefits

The Company has both defined benefit and defined contribution plans.

Pension plans

A defined plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity or to the Government and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Unfunded defined benefit pension plan

The Group also has a long-term pension plan, which includes one-off payments at retirement in accordance with legal requirements and its Collective Agreement.

According to the Collective Agreement the Group is obliged, based on the number of years in service, to pay its employees on retirement or disability the following multiples of their average monthly salary:

Number of year in service	
0 – 2	3
3 – 9	5
10 – 14	6
15 – 19	7
Over 20	8

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

Other benefits

The Group also pays the following life and work jubilee benefits:

compensation of electricity costs in amount of EUR 150 (2012: EUR 150) yearly for employees on retirement working for the Group for at least three years;
jubilee benefit from EUR 265.55 to EUR 531.10 depending on the number of years worked for the Group when the employee reaches the age of 50 years.

The Employees of the Group expect that the Group will continue to provide such benefits and, based on opinion of management, it is not probable that the Group would cease to provide such benefits in the future.

The liability recognized in the Consolidated Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined obligation at the reporting date.

The defined obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined (a) by discounting the estimated future cast outflows using interest rates of government bonds which have terms to maturity approximating the terms of the related pension liability and (b) the attributing the calculated present values to the periods of service based on the plan´s benefit formula.

Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are recognizes immediately in the Consolidated Statement of Comprehensive Income. Past-service costs are recognized immediately in the Income Statement, unless the changes to the pension plan are conditional on the employees remaining in the service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Defined contribution pension plans

The Group contributes to the government and private defined contribution pension plans.

The Group makes contributions to the government health, retirement benefit, accidental and guarantee insurance and unemployment schemes at the statutory rates in force during the year based on gross salary payments.

Throughout the year, the Group made contributions amounting to 35.2% (2012: 35.2%) of gross salaries up to a monthly salary ceiling, which is defined by the relevant law for such schemes together with contributions by employees of a further 13.4% (2012: 13.4%). The cost of these payments is charged to the Income Statement in the same period as the related salary cost.

In addition, with respect to employees who have chosen to participate in a supplementary pension scheme, the Group makes contributions to the supplementary scheme of 3% of the total of monthly wages, excluding severance payment and payments at retirement.

Profit sharing and bonus plans

Liabilities for any employees benefits in the form of profit sharing and bonus plans are recognized as other payables when there is no realistic alternative but no settle the liability and at least one of the following conditions is met:

there is a formal plan and the amounts to be paid are determinable before the Consolidated Financial Statements are authorized for issue; or
the past practice created a valid expectation of employees that they will receive a profit sharing or other bonus and the amount can be determined before the Consolidated Financial Statements are authorized for issue
bonuses or profit sharing may be determined before the Consolidated Financial statements are authorized for issue.

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

2.23. Revenue recognition

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the Group and specific criteria will be met for each of the Group´s activities as described below.

Revenue comprises the fair value of the consideration received or receivable for the sale of electricity transmission and transit and other services in the ordinary course of the Group´s activities. Revenues is shown, net of value-added tax, estimated returns, rebates and discounts.

The revenue is recognized when the respective service is rendered.

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

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

Interest income is recognized in the period when it is earned on a time proportion basis using the effective interest method.

2.24. Dividend distribution

Dividend distribution to the Group´s shareholders is recognized as a liability in the Group´s Consolidated Financial Statements in the period in which the dividends are approved by the Group´s shareholders.

2.25. Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company´s financial statements are listed below:

Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32)

Amendments introduce no new rules for compensation of financial assets and liabilities, but they rather clarify the compensation criteria, in order to eliminate inconsistencies in their application. They explain the application of the rules of mutual offsetting and focus on four main areas: (a) meaning of the phrase "to have now legally enforceable right to mutual offsetting" (b) application of simultaneous realization and settlement, (c) mutual offsetting of guarantees, (d) accounting unit for the application of the requirements of mutual offsetting. Amendments are effective for annual accounting periods beginning on 1 January 2014 or later.

Amendments to IAS 39 - Financial Instruments: Recognition and Measurement – addition of Novation of Derivatives and Continuation of Hedge Accounting

On 27 June 2013, the International Accounting Standards Board (IASB) published the amendment to IAS 39 Financial Instruments: Recognition and Measurement entitled Novation of Derivatives and Continuation of Hedge Accounting with the aim of providing an exemption for the situations where a derivative that has been designated as a hedging instrument is transferred as part of novation from one counterparty to the central counterparty as a result of laws or other regulations. Such an exemption means that hedge accounting can be continued regardless of the novation, which would not be allowed without the amendment.
Central clearing of certain classes of over-the-counter derivatives is required. Counterparties of certain hedging instruments should therefore agree on replacing their original counterparty within the respective hedging transaction by the central counterparty that meets certain conditions. The amendment shall be effective 1 January 2014 or later.

IFRS 9 - Financial Instruments

Although IAS 39 has been regularly revised since its first use in 2001, this is the most significant change in its concept so far. It occurs only now when the standard should be fully replaced by the standard IFRS 9 Financial Instruments. IFRS 9 is a long-term project and is developed in the following three stages:

- Classification and measurement of financial assets and financial liabilities
- Amortized value and impairment of financial assets
- Hedge accounting

In November 2009, the International Accounting Standards Board (IASB) published the IFRS 9 as the completion of the first stage of the process of replacement of IAS 39 by the new standard, with its mandatory use from 1 January 2013. This date was later postponed to 1 January 2015, like other stages of the project. The EU competent authorities have not yet confirmed it; there is even no fixed term yet when this can be expected. The first stage, already adopted by the IASB, deals with classification and measurement of financial assets. The scope is the same as the one of IAS 39 and therefore it applies to all financial assets that are currently subject to IAS 39.

Compared with the classification of financial assets according to IAS 39, IFRS 9 introduces the following significant changes:
- It completely abolishes the four mentioned categories, including their associated concepts and measurement.
- In the subsequent measurement of financial assets, it divides them into two parts – those that are measured at amortized cost and those that are measured at fair value.
- The option of measuring the financial assets at the first recognition at fair value (fair value option) has been preserved.

IFRS 9 stipulates rules for the transition from IAS 39 to IFRS 9 as follows:

- Expected date of compulsory use from 1 January 2015.
- Optional use is possible even before that date, but for the EU countries only after its adoption by the EU bodies.
- IFRS 9 will be applied retroactively; decision on the classification and measurement of financial instruments at amortized cost or fair value will be applicable only to those financial instruments that are listed in the statement of financial position (balance sheet) with respect to facts valid as at the date of the first application of the standard.
- An assessment shall be performed whether a financial asset is classified for trading, but it can be reclassified as an asset measured at amortized cost, and vice versa, as at the date of the first application of the standard.
- IFRS 9 shall not apply to those financial instruments that were recognized before its first application.

The amendment shall be effective 1.1.2015 or later.

Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” - Mandatory effective date and transition disclosures

In the amendments, the mandatory effective date is postponed from 1 January 2013 to 1 January 2015. These amendments also exempt from the obligation to adjust comparative financial statement by the impact of the application of IFRS 9. This exemption was originally intended only for companies that have decided to apply IFRS 9 before 2012. Instead, an additional transitional disclosure will be required that will help the investors in understanding the effect of the initial application of IFRS 9 in relation to classification and measurement of financial instruments.

Amendments to IAS 36 - Impairment of Assets – addition of Recoverable Amount Disclosures for Non-Financial Assets
These amendments to IAS 36 with a narrow scope relate to the disclosure of information on the recoverable amount of impaired assets, if this amount is based on fair value less the disposal costs. In the preparation of IFRS 13 “Fair Value Measurement”, the IASB decided to prepare amendments to IAS 36, under which a disclosure of the recoverable amount of the impaired asset will be required. The current amendments clarify the original intent of the IASB, according to which the scope of such disclosure is limited to the recoverable amount of the impaired asset, which is based on their fair value less the disposal costs. It shall become effective from 1 January 2014 or later.
IAS 27 - Consolidated and Separate Financial Statements – addition of investment accounting entities
IFRS 10 - Consolidated Financial Statements – addition of investment accounting entities
IFRS 12 - Disclosure of Interests in Other Entities – addition of investment accounting entities

Investment funds (amendments to IFRS 10, IFRS 12 and IAS 27). Amendments shall apply only to investment funds that meet the investment criteria due to capital appreciation, revenue from investments or both. Investment fund has to evaluate the performance of its investments on a fair-value basis.
The following entities are qualified in the amendment:
- Private investment funds
- Organizations of collective investment
- Pension funds
- Public health insurance funds
- Other investment funds

(All amounts are in thousands Euros unless stated otherwise)

The amendment provides an exemption for investment funds from the requirements for consolidation under IFRS and requires valuation of such investments at fair value through profit or loss, not their consolidation. The amendment shall be effective from 1 January 2014 or later.

IFRIC 21 - Levies – moment of recognition of a liability

This interpretation is applicable to IAS 37 Provisions, contingent liabilities and contingent assets and provides guidance to reporting liabilities resulting from the obligation to pay levies (other than income tax, liabilities resulting from emissions trading, fines, penalties and other sanctions) set by the government, which are accounted in accordance with IAS 37, provided the amount and timing for such levies have been stipulated. IAS 37 establishes criteria for liability accounting. One of these criteria is the requirement that an accounting entity has an existing liability resulting from a past event (the so-called event establishing the liability). The interpretation clarifies that the event establishing the liability of levy payment is described in the relevant legislation as an activity which activates the payment of the levy. The amendment shall be effective from 1 January 2014 or later.

3 Financial Risk Management

3.1. Financial risk factors

The Group's activities are exposing it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's performance. The Group uses derivative financial instruments to mitigate certain risk exposures, if necessary.

Risk management is carried out by the Group under policies approved by the Board of Directors. The Group identifies, evaluates and hedges financial risks in cooperation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

(i) Market risk

(a) Foreign exchange risk

The Group provides electricity transit services and auctions in which payments are denominated in EUR. Similarly, the Group recognizes part of purchases and credit financing with payments denominated in EUR.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		**Assets**	
	31 December 2012	**31 December 2013**	**31 December 2012**	**31 December 2013**
USD / CZK and other	-62	-22	0	0

The impact of other currencies on the Group's operations is immaterial.

Based upon the sensitivity analysis of financial assets and liabilities recognized as at 31 December 2013, a 10 % strengthening/weakening, in the EUR against USD and CZK would result in an increase/decrease in the Group's profit by EUR 6 thousand. Management considers the risk is not significant.

(b) Price risk

The Group is not exposed to significant price risk, as it does not invest in equities.

(c) Operating risks – prices of services

The Group is the owner of the transmission system of the Slovak Republic and provides the operation of this system through which realizes the transmission of electricity including international transmission and directly associated activities. These activities include the maintenance of steady balance of Electricity System of the Slovak Republic through the provision of system services and loss coverage during the transmission. It also performs an administrative charge for operating system and its subsequent transfer to regional energy distribution companies. The operation fee serves as a state instrument to support the production of electricity from renewable sources and coverage of expenses incurred in the economic interest (mining of Slovak coal to generate electricity).

Activities of the Group are subject to regulation by The Regulatory Office of Network Industries of the Slovak Republic (hereinafter the „URSO"). URSO determines regulation policies for the current regulation period. Year 2013 belongs into the five-year regulation period started in 2012 and ending in 2016. URSO, among other decisions, determines the regulation policy, controls audit compliance of the Group with the current energy legislation and URSO revenues and issues decisions on maximum allowed revenues, expenditures and tariffs of the Group.

In this regulation period the principle of transmission service regulation was base on a price cap, however, the increase in regulation prices was restricted by inflation level. Prices for other related services were determined through maximum allowed revenues and related rates. For the part of the services maximum allowed expenditures and maximum prices for purchase services were determined. Deviations from the maximum allowed revenues and expenditures are taken into account in the future rates by the correction factors.

For 2013 URSO approved and issued in the decision for the Group rates and charges for transmission and reserved production, system services, losses and system operation. These charges create the structure of main revenues of the Group consisting mainly of electricity transmission and reserved production revenues, revenues from electricity transmission loss charges, system services revenues and system operation revenues. Additionally, the Group generates revenues from international transmission (ITC mechanism) and auctions.

The Group's costs are created mainly from regulated costs for purchase of support services needed to provide system services, system operation costs, purchase of electricity for loss coverage and own consumption, costs for international transmission and auctions, other costs needed for transmission system operation and operation of the Group.

The Group is a subject for settlement of deviations, according to which the Group realise revenues or expenses. Furthermore the Group also takes part on short term electricity market, where it realises a part of their purchasers respectively sales of electricity related with covering of losses, where the Group also realises the costs or revenues.

Together with the transmission operator in Czech Republic and from April 2013 also together with the transmission operator in Hungary uses group a system against delivery of regulated energy in opposing directions through cross-border connections (further system GCC). Revenue and costs stem from volumes of electricity acquired within GCC system and tariffs for these regulated energy, which were set for the Group by URSO decision.

The Group provides the function of shipping agent in connecting Czech, Slovak and Hungarian electricity market. Group's revenues and expenses represent payments for transferred electricity between countries with excess of electricity to the countries with deficit of electricity.

(d) Cash flow interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. All borrowings of the Group are at variable rate.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Base on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Operating revenues and operating cash flows of the Group are independent, to a large extent, of the changes in interest rates on the market. The Group does not have material interest – bearing assets other than cash and cash equivalents. In 2007 and 2008, the Group entered into interest rate swaps with a maturity date in 2014, to mitigate the risk of fluctuation in interest rates. The agreed interest rates range between 3-month EURIBOR and the interest rate of 5.05%. The interest rate swaps refer to net book value totalling EUR 5 483 thousand as of 31 December 2013 (2012: EUR 11 166 thousand). Group recognized a negative value of derivate on 31 December 2013, which dropped due to amortization. As at 31 December 2013 as a result of decrease in negative value of derivation, the Group recorded unrealized gain from interest rate swap in the amount EUR 571 thousand (liabilities related to interest rate swap as at 31 December 2012: EUR 654 thousand).

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instrument at the reporting date. For variable rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

If interest rates had been 100 basis points higher /lower and all other variables were held constant, the negative derivate value (revaluation at 31 December 2013) would decrease/increase and the Group's profit for the year ended 31 December 2013 would increase/decrease by EUR 55 thousand.

If interest rates had been 100 basis points higher /lower and all other variables were held constant, profit of 2013 would decrease/increase by EUR 231 thousand (2012: EUR 720 thousand).

(ii) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institution, as well as credit exposures to customers, including outstanding receivables. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The Group has implemented individual assessment of major customers credit risk. The input information for the assessment is payment discipline of customer, indicators from Financial Statements, available information on customer's indebtedness. Major customers include those with highest purchases of services. Payment conditions are set-up according to the results of the assessment. Average maturity of receivables upon sale of products and services is based on dates agreed in the contracts, i.e. 3 to 30 days.

The Group is managing risk of non-payment of customers through advance payment and guarantees.

The Group secures its credit risk with customers and partners operating on short-term electricity market and with participants of deviation settlement based on regulation rules through received bank guarantees or financial warranties. The Group can use them in case of customers' insolvency.

As for the trade receivables, the Group carries out its activities with a few significant counterparties. Although the receivables of the Group are generated from a few customers only, the credit risk is limited due to character of the counterparties. All the customers are strategic Slovak companies engaged in the electricity business, most of them with an influence by the state.

(All amounts are in thousands Euros unless stated otherwise)

Maximum exposure related to trade and other receivables is the nominal value of trade receivables adjusted by individual impairment of EUR 31 thousand (Note 12).

The table below shows the balances of receivables due from bank at the reporting date:

		Balance as at 31 December	
Counterparty	**Rating[2]**	**2013**	**2012**
Banks[1]			
Všeobecná úverová banka, a.s.	A3	24 142	20 579
Tatra banka, a.s.	A3	104 589	115 552
Československá obchodná banka, a.s.	Baa3	20 083	10 001
Slovenská sporiteľňa, a.s.	Api	27 252	28 199
J & T Banka, a. s.	E+	20 000	20 000
Sberbank, a. s.	BBB-	10 027	0
Other	n/a	59	66
Total		**206 152**	**194 397**

[1] The amount of cash and short-term deposits at banks as at 31 December 2013 amounts to EUR 206 152 thousand (31 December 2012: EUR 194 397 thousand). Furthermore, the Group has agreed with those banks on credit lines on current accounts totalling EUR 27 060 thousand (31 December 2012: EUR 31 030 thousand), which were not utilized. The Company has bank borrowings as at 31 December 2013 of EUR 28 573 thousand (31 December 2012: EUR 33 100 thousand), and these credit lines were utilized.
[2] The Group uses the independent rating of Moody's, Fitch Ratings a Standard & Poor's.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through and adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group manages liquidity risk by having an option to utilize bank overdrafts which should cover an immediate shortage of cash. The Group regularly monitors its liquidity position and uses overdrafts only in exceptional cases. The Group also uses the advantages of commercial terms between the Group and its suppliers to secure sufficient financing funds to cover its needs. The maturity of supplier's invoices is between 3 to 60 days.

The Group monitors movements of financial resources on its bank accounts on a regular basis.

Expected cash flow is prepared as follows:

- expected future cash inflows from main operations of the Group, and
- expected future cash outflows securing operation of the Group and leading to settlement of all liabilities of the Group, including tax payables.

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

Management monitors rolling forecasts of the Group liquidity reserve comprises un-drawn borrowing facility and cash equivalents on the basis of expected cash flow.

(All amounts are in thousands Euros unless stated otherwise)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2013				
Bank loans (principal incl. future interest charges)	15 844	9 988	2 741	0
Trade and other payables excluding liabilities not falling under IFRS 7	236 441	0	0	0
Total	**252 285**	**9 988**	**2 741**	**0**
At 31 December 2012				
Bank loans (principal incl. future interest charges)	10 190	14 445	8 916	0
Trade and other payables excluding liabilities not falling under IFRS 7	166 745	0	0	0
Total	**176 935**	**14 445**	**8 916**	**0**

The following table below summarizes liquidity analysis of Group's financial derivatives. The table has been prepared based on undiscounted net cash inflows/(outflows) from financial derivatives settled by the Group in gross amounts. For other than fixed amounts payable/receivable, recognized amounts were derived from projected interest rates as illustrated by yield curves as at the reporting date.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2013				
Interest rate swaps	-233	0	0	0
Total	**-233**	**0**	**0**	**0**
At 31 December 2012				
Interest rate swaps	-507	-200	0	0
Total	**-507**	**-200**	**0**	**0**

3.2. Capital risk management

The parent company's objectives of managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The parent company's management manages shareholders capital reported under IFRS adopted by the European Union at 31 December 2013 in value EUR 571 690 thousand (31 December 2012: EUR 578 104 thousand).

Consistent with others in the industry, the parent company' management monitors capital on the basis of the gearing ratio. This ratio is calculated as follows:

(All amounts are in thousands Euros unless stated otherwise)

	31 December 2013	31 December 2012
Total equity and liabilities	996,935	938,099
Equity (Note 14)	571,690	578,104
Equity to Total equity and liabilities ratio	57%	62%

The parent company's strategy was unchanged from 2012, i.e. to maintain Equity to Total liabilities and equity ratio above 35%, which is compliant with externally imposed capital requirements. During 2013 and 2012 the Group complied with the externally imposed capital requirements (Note 16).

3.3. Fair value estimation

The fair value of financial instruments is based on inputs other than quoted market prices as at the reporting date.
The carrying value less impairment provision of trade financial assets and liabilities are assumed to approximate their fair values.

4 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future periods. The accounting estimates due to its nature, would differ from actual results realized in future period. Critical estimates and assumptions that bear a risk that their change will cause a material adjustment to the carrying amounts of assets and liabilities within the future, are described below.

(i) Regulated revenues

The Group is the owner of the transmission system of the Slovak Republic and provides the operation of this system through which realizes the transmission of electricity including international transmission and directly associated activities. These activities include the maintenance of steady balance of Electricity System of the Slovak Republic through the provision of system services and loss coverage during the transmission. It also performs administrative charges for operating system and its subsequent transfer to regional energy distribution companies. The operation fee serves as a state instrument to support the production of electricity from renewable sources and coverage of expenses incurred in the economic interest (mining of Slovak coal to generate electricity). The Group organizes and evaluates short-term electricity market for short-term electricity market participants and deviation settlement in Slovak Republic.

Activities of the Group are subject to regulation by The Regulatory Office of Network Industries of the Slovak Republic (hereinafter the „URSO"). URSO determines regulation policies of the current regulation period. Year 2013 belongs into the five-year regulation period started in 2012 and ending in 2016. URSO, among other decisions, determines the regulation policy, controls audit compliance of the Group with the current energy legislation and URSO revenues and issues decisions on maximum allowed revenues, expenditures and prices of the Group.

In this regulation period the principle of transmission service regulation was base on a price cap, however, the increase in regulation prices was restricted by inflation level. Prices for other related services, as well as short-term electricity market organization and deviation settlement were determined through maximum allowed revenues and related rates. For the part of the services maximum allowed expenditures and maximum prices for purchase services were determined. Deviations from the maximum allowed revenues and expenditures are taken into account in the future rates by the correction factors.

For more details on description related to revenues see Note 3.1 (i) (c).

(All amounts are in thousands Euros unless stated otherwise)

Prices for other related services were determined through maximum allowed revenues and related rates. For the part of the services maximum allowed expenditures and maximum prices for purchase services were determined. Deviations from the maximum allowed revenues and expenditures are taken into account in the future rates by the correction factors.

For more details on description related to revenues see Note 3.1 (i) (c).

(ii) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions (Note 19).

(iii) Revaluation of property, plant and equipment

The main operating assets of the Group are assets used for electricity transmission. In the past, the Group valued assets at the historical acquisition costs. As at 1 January 2011 the Group applied the revaluation model to fair value according to IAS 16 for property, plant and equipment, except for the classes of property containing vehicles, inventory and artwork. Revaluation of property was made by an independent expert who used a net realizable value. In case of increase of the assets book value during revaluation, the analysis of the possible impairment was performed based on the determining value in use (present value of the current cash flows expecting from the use of property). The result of the revaluation was and increase of the assets and related increase in other comprehensive income accumulated in equity. Assumptions used in the revaluation model are based on the independent expert. The method used for revaluation is further described in Note 5.

The final reported book values of these assets and related revaluation differences are not necessarily the values at which these assets may have been or will be sold.

The Group also evaluated the expected remaining useful life of the property, plant and equipments based on the expert opinion as stated above. The result of the reassessment of useful life is the increase of the estimated useful life.

	2013	2012
Buildings, halls, networks, constructions	40 – 80 years	40 – 80 years v
Machinery, equipment and vehicles	12 - 30 years	12 - 30 years
Other non-current tangible assets	4 years	4 years

There are uncertainties regarding future economic conditions, technology changes and business environment in the sector or regulations by URSO, which may result to future possible adjustments to the estimated revaluations and useful life of property, plant and equipment. This may significantly change the reported amount of assets, equity and profit of the Group in the future.

(iv) Derivatives

The Group uses Discounted Cash Flow model that uses only observable market data for determining the fair value of common financial instrument, like interest rate swap. Availability of observable market prices and mode inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values.

(v) Impairment test

On 31 December 2011, the management of the parent company performed a test for potential impairment by comparing recoverable value and book value. Due to the nature of the business, the parent company was considered as one cash generating unit. Recoverable value was determined based on the value of use. The fair value was derived from the value of future cash flows adjusted for present value by discount. Discount rate used in impairment test was on 31 December 2011 8.4% (after income tax). This discount rate was calculated by weighted average cost of capital.

Fair value of cash generating unit was determined based on projected cash flows arising from long-term financial plan prepared by the parent company's management. The financial plans were prepared for the next five years. Projected cash flows for the next period after the five years were derived from these financial plans. In this subsequent period it is expected to achieve such operating and financial efficiency, which management consider to be sustainable. Base on this standard level of cash flows growth condition was calculated at 0% per annum.

The key assumptions that affect the fair value the most, are except for the discount rate are mainly planned capital expenditures after 2017. Most assumptions are based on a historical basis.

As at 31 December 2013 the Group's management reviewed all internal and external impairment indicators. Due to the result of impairment test for the prior year as well as increase in 2013 profit compared to results expected in the impairment test for 2012 and with respect to other facts, the Group's management did not identify such indicators that would require performing of impairment test as at 31 December 2013.

(All amounts are in thousands Euros unless stated otherwise)

5 Property, plant and equipment

	Lands	Buildings, halls and constructions	Machinery, equipment, vehicles and other assets	Capital work in progress including advances (CIP)	Total
At 1 January 2012					
Cost	13 921	407 483	195 850	110 517	727 771
Accumulated depreciation and impairment charges	0	-32 244	-19 659	-35	-51 938
Net book value	**13 921**	**375 239**	**176 191**	**110 482**	**675 833**
Year eneded 31 December 2012					
Opening net book value	13 921	375 239	176 191	110 482	675 833
Addidions	0	0	0	56 798	56 798
Transfers	24	72 003	7 353	-79 380	0
Disposals	-3	-391	-130	0	-524
Depreciation charges	0	-34 051	-17 941		-51 992
Impairment charges	0	0	0	35	35
Closing net book value	**13 942**	**412 800**	**165 473**	**87 935**	**680 150**
At 31 December 2012 after revaluation					
Cost	13 942	478 286	202 303	87 935	782 466
Accumulated depreciation and impairment charges	0	-65 486	-36 830	0	-102 316
Net book value	**13 942**	**412 800**	**165 473**	**87 935**	**680 150**
At 31 December 2012 in historical costs					
Costs	6 528	368 092	352 210	87 598	814 428
depreciation and impairment charges	0	-156 662	-225 784	0	-382 446
Net book value	**6 528**	**211 430**	**126 426**	**87 598**	**431 982**
Year ended 31 December 2013					
Opening net book value	13 942	412 800	165 473	87 935	680 150
Additions	0	0	0	99 055	99 055
Transfers	68	54 657	40 150	-94 875	0
Disposals	-10	-1 042	-89	0	-1 141
Dprereciation charges	0	-34 619	-17 892	0	-52 511
Impairment charges	0	0	0	0	0
Closing net book value	**14 000**	**431 796**	**187 642**	**92 115**	**725 553**

(All amounts are in thousands Euros unless stated otherwise)

At 31 December 2013 after revaluation					
Cost	14 000	531 330	240 827	92 115	878 272
Accumulated depreciation and impairment charges	0	-99 534	-53 185	0	-152 719
Net book value	**14 000**	**431 796**	**187 642**	**92 115**	**725 553**

At 31 December 2013 in historical costs					
Costs	6 591	419 806	385 214	91 820	903 431
Accumulated depreciation and impairment charges	0	-163 894	-231 821	0	-395 715
Net book value	**6 591**	**255 912**	**153 393**	**91 820**	**507 716**

As at 1 January 2011, the independent expert, who is not related to the parent company,nor to the subsidiary performed revaluation of property, plant and equipment based on observation of property, plant and equipment and determination of depreciable replacement cost of property, plant and equipment,with reference to the records of current market transactions with similar property items and methodology of depreciable replacement costs. Depreciable replacement costs are based on current acquisition cost, at which the property, plant and equipment would be acquired as new and estimated residual value based on the current acquisition cost, useful life, and age of existing assets (methodology of depreciable replacement costs less depreciation).

This valuation is in accordance with International Valuation Standards. The Group recorded this revaluation as at 1 January 2011. Revaluated book value is higher as residual value determined from the historical acquisition cost base by EUR 328 026 thousand and this amount is recognized in other comprehensive income.

By the revaluation of the property, plant and equipment, the Group also extended the useful life of the property, plant and equipment based on the expert opinion stated above.

As at 31 December 2011, the parent company reassessed the impairment of property, plant and equipment in accordance with IAS 36 based on the assessment of their future use, disposal or sale. The parent company concludes that all assets used within regulation activities associated with the transmission of electricity as a whole constitute one cash generating unit. Due to the increase in asset value resulting from the revaluation as at 31 December 2011 the parent company estimated discounted future cash flows based on currently effective regulation by URSO. Based on the impairment assessment, the parent company concluded, that the property, plant and equipment used for electricity transmission activities is not impaired.

As at 31 December 2013 the Group reviewed all internal and external impairment indicators. Due to the result of impairment test for the prior year as well as increase in 2013 profit compared to results expected in the impairment test for 2012 and with respect to other facts, the Group's management did not identify such indicators that would require performing of impairment test as at 31 December 2013.

As at 31 December 2013, the most significant items within property, plant and equipment represent: substations and administrative buildings in revalued net book value of EUR 272 745 thousand, in historical net book value of EUR 217 920 thousand (31 December 2012: revalued net book value of EUR 240 766 thousand, historical net book value of EUR 179 897 thousand); transmission lines at revalued net book value of EUR 318 973 thousand, in historical net book value of EUR 162 799 thousand (31 December 2012: revalued net book value of EUR 311 292 thousand, in historical net book value of EUR 130 958 thousand).

(All amounts are in thousands Euros unless stated otherwise)

Non-current assets under construction consists mainly of EUR 15 465 thousand for reconstruction of TR 400/110 kV Medzibrod (31 December 2012: EUR 11 920 thousand), EUR 7 054 thousand for substation and transmission lines in Gabčíkovo (31 December 2012: EUR 5 398 thousand), EUR 8 978 thousand for transformation 400/110 kV Voľa (31 December 2012: EUR 1 629 thousand), EUR 12 102 thousand for remote management of substation in ES Veľký Ďur (31 December 2012: EUR 23 251 thousand), EUR 5 439 thousand for remote management of substation in ES Levice (31 December 2012: EUR 12 306 thousand), EUR 9 159 thousand for 2x400 kV for TR Medzibrod (31 December 2012: EUR 1 360 thousand), EUR 5 642 thousand for transformation 2x400 kV for TR Medzibrod (31 December 2012: EUR 3 328 thousand) EUR 1 176 thousand for remote management of substation in Rimavská Sobota (31 December 2012: EUR 1 185 thousand), EUR 1 494 thousand for meshing to TR Voľa (31 December 2012: EUR 2 249 thousand), EUR 16 381 thousand for remote management of substation T402 ESt Stupava (31 December 2012: EUR 191 thousand), EUR 1 464 thousand for exchange of disk rays (31 December 2012: EUR 24 thousand),EUR 2 000 thousand for migration of UNIX systems (31 December: EUR 0), EUR 0 for transmissions line isolation (31 December 2012: EUR 2 505 thousand), EUR 0 for dispatch training simulator (31 December 2012: EUR 5 thousand), EUR 0 for remote management of substation in Križovany (31 December 2012: EUR 654 thousand), EUR 0 for transformer in Bošáca (31 December 2012: EUR 9 058 thousand), EUR 0 for transformation 400/110 for TR Medzibrod (31 December 2012: EUR 7 680 thousand. These assets are not available for use at the reporting date.

In 2013, borrowing costs are capitalized in accordance with Group accounting policies, borrowing costs are capitalized and therefore the Group capitalized interest amounting EUR 28 thousand (31 December 2012: EUR 43 thousand) as a part of the acquisition cost of non-current assets. The effective interest rate related to capitalization as at 31 December 2013 amounted 0.207% p.a. (31 December 2012: 0.751% p.a.).

The following table includes property leased by the Group as lessor under operating lease agreements:

	Land, buildings and structures	Plan, machinery and equipment	Total
As at 31 December 2013			
Cost	27 853	133	27 986
Accumulated depreciation	-2 129	-42	-2 171
Net vaule as at 31 December 2013	**25 724**	**91**	**25 815**
As at 31 December 2013			
Historical acquistion cost	26 730	159	26 889
Accumulated depreciation historical	-3 415	-70	-3 485
Historical net book value as at 31 December 2013	**23 315**	**89**	**23 404**
As at 31 December 2012			
Cost	27 772	133	27 905
Accumulated depreciation	-1 212	-31	-1 243
Net book value as at 31 December 2012	**26 560**	**102**	**26 662**
As at 31 December 2012			
Historical acquistion cost	26 721	159	26 880
Accumulated depreciation historical	-2 683	-61	-2 744
Historical net book value as at 31 December 2012	**24 038**	**98**	**24 136**

(All amounts are in thousands Euros unless stated otherwise)

The Group also leases optic fibres and circuits. The value of such fibres and circuits cannot be reasonably estimated, as they are part of other assets that are used by the Group.

There are no restrictions of ownership relating to property, plant and equipment other than those disclosed in these Notes to the Financial Statements. No property, plant and equipment has been pledged.

Type and amount of insurance of non-current intangible and tangible assets

The Company has insured its assets against the following risks:

Insured object	Type of insurance	Amount insured as at 31 Dec 2013 in ths. EUR	Name of the insurance company
Buildings, halls and constructions	Damage or total loss	170 724	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance a. s., QBE Insurance Limited, Generali Slovensko poisťovňa, a. s.)
Machines, tools and equipment, vehicles without car licence plates	Damage or total loss	87 542	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance, a. s., QBE Insurance Limited, Generali Slovensko poisťovňa, a. s.)
Transformers and control rooms	Damage or total loss	233 215	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance, a. s., QBE Insurance Limited, Generali Slovensko poisťovňa, a. s.)
RRB – radio relay point	Damage or total loss	16 641	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance, a. s., QBE Insurance Limited, Generali Slovensko poisťovňa, a. s.)
Elevated power lines	Damage or total loss	768 707	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance, a. s., QBE Insurance Limited, Generali Slovensko poisťovňa, a. s.)
Cables	Damage or total loss	2 957	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance, a. s., QBE Insurance Limited, Generali Slovensko poisťovňa, a. s.)
Office equipment	Damage or total loss	814	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance, a. s., QBE Insurance Limited, Generali Slovensko poisťovňa, a. s.)
Inventory and other tangible assets	Damage or total loss	622	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance, a. s., QBE Insurance Limited, Generali Slovensko poisťovňa, a. s.)

(All amounts are in thousands Euros unless stated otherwise)

Insured object	Type of insurance	Amount insured as at 31 Dec 2013 in ths. EUR	Name of the insurance company
Scheduled capital expenditrues automatic coverage of new assets	Damage or total loss	33 194	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance company: Kooperativa poisťovňa, a. s., QBE Insurance Limited, Generali Slovensko poisťovňa, a. s.)
Sets of movable non-current tangible assets, cables, elevated power lines	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	332	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance company: Kooperativa poisťovňa, a. s., QBE Insurance Limited, Generali Slovensko poisťovňa, a. s.)
Inventory and other TFA	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	291	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance company: Kooperativa poisťovňa, a. s., QBE Insurance Limited, Generali Slovensko poisťovňa, a. s.)
Measuring devices and notebooks in motor vehicles	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	66	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance company: Kooperativa poisťovňa, a. s., QBE Insurance Limited, Generali Slovensko poisťovňa, a. s.)
Set of machines and equipment	Machines and equipment insurance	323 541	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance company: Kooperativa poisťovňa, a. s., QBE Insurance Limited, Generali Slovensko poisťovňa, a. s.)
Scheduled capital expenditures	Machines and equipment insurance	23 236	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance company: Kooperativa poisťovňa, a. s., QBE Insurance Limited, Generali Slovensko poisťovňa, a. s.)

(All amounts are in thousands Euros unless stated otherwise)

Insured object	Type of insurance	Amount insured as at 31 Dec 2012 in ths. EUR	Name of the insurance company
Buildings, halls and structures	Damage or total loss	170 724	Allianz - Slovenská poisťovňa, a.s. (co-insurance company Generali, Kooperativa, QBE)
Machines, tools and equipments, , vehicles without licence plate	Damage or total loss	87 542	Allianz - Slovenská poisťovňa, a.s. (co-insurance company Generali, Kooperativa, QBE)
Transformers and control rooms	Damage or total loss	233 215	Allianz - Slovenská poisťovňa, a.s. (co-insurance company Generali, Kooperativa, QBE)
Radio relay point	Damage or total loss	16 641	Allianz - Slovenská poisťovňa, a.s. (co-insurance company Generali, Kooperativa, QBE)
Elevated power lines	Damage or total loss	768 707	Allianz - Slovenská poisťovňa, a.s. (co-insurance company Generali, Kooperativa, QBE)
Cables	Damage or total loss	2 957	Allianz - Slovenská poisťovňa, a.s. (co-insurance company Generali, Kooperativa, QBE)
Office equipment	Damage or total loss	814	Allianz - Slovenská poisťovňa, a.s. (co-insurance company Generali, Kooperativa, QBE)
Inventory	Damage or total loss	622	Allianz - Slovenská poisťovňa, a.s. (co-insurance company Generali, Kooperativa, QBE)
Sets of movable non-current tangible assets cables, elevated power lines	Damage or total loss, insurance against theft, burglary, and robbery, and robbery during transport and vandalism,	332	Allianz - Slovenská poisťovňa, a.s. (co-insurance company Generali, Kooperativa, QBE)

(All amounts are in thousands Euros unless stated otherwise)

Insured object	Type of insurance	Amount insured as at 31 Dec 2012 in ths. EUR	Name of the insurance company
Machines, tools	Insurance of machines and tools	323 541	Allianz - Slovenská poisťovňa, a.s. (co-insruance company Generali, Kooperativa, QBE)
Planned capital investments, automatic coverage of new assets	Damage or total loss	33 194	Allianz - Slovenská poisťovňa, a.s. (co-insruance company Generali, Kooperativa, QBE)
Inventory	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	291	Allianz - Slovenská poisťovňa, a.s. (co-insruance company Generali, Kooperativa, QBE)
Measuring devices and on-board computers in vehicles	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	66	Allianz - Slovenská poisťovňa, a.s. (co-insruance company Generali, Kooperativa, QBE)
Planned capital investments	Insurance of machines and tools	23 236	Allianz - Slovenská poisťovňa, a.s. (co-insruance company Generali, Kooperativa, QBE)

(All amounts are in thousands Euros unless stated otherwise)

6 Intangible assets

	Software and other intangible assets	Intangible assets not yet in use	Total
At 1 January 2012			
Cost	47 875	2 418	50 293
Accumulated amortisation	-31 918	0	-31 918
Net book value	**15 957**	**2 418**	**18 375**
Year ended 31 December 2012			
Opening net book amount	15 957	2 418	18 375
Additions	0	6 220	6 220
Transfers	3 463	-3 463	0
Disposals	0	0	0
Depreciation charges	-7 347	0	-7 347
Closing net book value	**12 073**	**5 175**	**17 248**
At 31 December 2012			
Cost	51 338	5 175	56 513
Accumulated amortisation	-39 265	0	-39 265
Net book value	**12 073**	**5 175**	**17 248**
Year ended 31 December 2013			
Opening net book amount	12 073	5 175	17 248
Additions	0	5 967	5 967
Tranfers	7 838	-7 838	0
Disposals	0	0	0
Depreciation charges	-6 187	0	-6 187
Closing net book value	**13 724**	**3 304**	**17 028**
At 31 December 2012			
Cost	59 176	3 304	62 480
Depreciation charges	-45 452	0	-45 452
Net book value	**13 724**	**3 304**	**17 028**

The computer software consists mainly of SAP, STET, XMatic, DAMAS (auction portal), Oracle and XM Trade and ISZO and ISOT (information system for deviation settlement, organization of daily electricity market.) Net book value of SAP is EUR 579 thousand (31 December 2012: EUR 739 thousand), remaining amortization period is between 2 and 4 years. Net book value of DAMAS is EUR 720 thousand (31 December 2012: EUR 1 865 thousand), remaining amortization period is between 1 and 3 years. Net book value of ISZO and ISOT are EUR 1 731 thousand (31 December 2012: 2 864 thousand)

(All amounts are in thousands Euros unless stated otherwise) 37

Intangible assets not yet in use include EUR 763 thousand for upgrade of infrastructure CITRIX (31 December 2012: EUR 0), EUR 531 thousand for exchange of disk arrays (31 December 2012: EUR 0), EUR 484 thousand for implementation of SAP – BCP (31 December 2012: EUR 0), EUR 316 thousand for solution of document sharing (31 December 2012: EUR 0), EUR 240 thousand for upgrade of system DaE (31 December 2012: EUR 0), EUR 106 thousand for upgrade and innovation RIS SED Žilina (31 December 2012: EUR 0),EUR 780 thousand for integration of support systems SED(31 December 2012 EUR 779 thousand), EUR 0 for dispatcher training simulator (31 December 2012: EUR 541 thousand), EUR 0 for investments related to substation Košice – Lemešany (31 December 2012: EUR 739 thousand) and EUR 0 for building of information system of trading measurement ISOM for the subsidiary. (31 December 2012: EUR 2 960 thousand).

Internally generated intangible assets are immaterial.

There are no restrictions of ownership relating to intangible assets and no intangible assets are pledged

7 Non-current assets held for sale

Non–current assets held for sale as at 31 December 2012 represented administrative building in Bratislava, apartment in Horná Ždaňa and machines and equipment that are to be recovered through a sale transaction rather than use and the sale is considered highly probable. As at 31 December 2013 the non-current assets held for sale sold.

	31 December 2012	Additions	Sales	31 December 2013
Cost of assets	5 261	0	5261	0
Recorded accumulated depreciation	-2 511	0	-2511	0
Impairment loss upon revaluation	-18	0	-18	0
Total	**2 732**	**0**	**2732**	**0**

8 Shares and other investments

	2013	2012
At the beginning of the year	**62**	**62**
Additions	0	0
Disposals	0	0
At the end of the year	**62**	**62**

Eight providers of transmission systems: Verbund - Austrian Power Grid AG, ČEPS, a.s., Electro-Slovenija d.o.o., E.ON Netz GmbH, MAVIR Hungarian TSO Company Ltd., PSE-Operator S.A., SEPS, a.s. and Vattenfall Europe Transmission GmbH estabilished Central Auction Office (CAO) based in Gute Änger 15, Freising, Germany for the purpose of introducing regional coordinated management of network overloading. In year 2011 the Company contributed into CAO EUR 50 thousands, overall contribution increased to EUR 62 thousands and has the share of 12.5 % remained unchanged.

9 Financial assets

Loans to the company CAO

The balance as at 31 December 2012 represented the outstanding loan granted to the auction Office (Note 8) with final maturity in year 2013 and repayment thereof in five annual instalments.

(All amounts are in thousands Euros unless stated otherwise)

	2013	2012
At the beginning of the year	15	30
Additions	0	0
Disposals	15	15
At the end of the year	**0**	**15**
Less non-current portion of Loans to the company	0	0
Current portion of Loans to the Company	**0**	**15**

The fair value of the loan granted to the auction Office was calculated using the method of the discounted cash flows, using the discount rate of 12-month EURIBOR. The fair value is approximately equal to the carrying value of the loan. The credit risk exposure related to this loan is limited by the carrying value of the loan.

10 Financial instruments by category

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

As at 31 December 2013	Financial liabilities at fair value through profit and loss	Other financial liabilities-carried at amortized cost	Total
Liabilities as per Statement of Financial Position			
Trade and other payables	0	80 286	80 286
Received guarantees	0	75 906	75 906
Liabilities due from derivative financial instruments	329	0	329
Payables due to employees	0	1151	1 151
Social security	0	644	644
Dividens	0	78177	78 177
Other payables	0	1 743	1 743
Bank loans	0	28 573	28 573
Total	**329**	**266 480**	**266 809**

As at 31 December 2013	Financial assets at fair value through profit and loss	Loans and receivables	Total
Assets as per Statement of Financial Position			
Trade receivables (before impairment provision)	0	37 550	37 550
Receivables due from derivative financial instruments	0	0	0
Other receivables	0	1 219	1 219
Cash at bank and in hand	0	206 152	206 152
Short-term bank deposits	0	0	0
Loans to the company CAO	0	0	0
Total	**0**	**244 921**	**244 921**

(All amounts are in thousands Euros unless stated otherwise)

As at 31 December 2012	Financial assets at fair value through profit and loss	Loans and receivables	Total
Assets as per Statement of Financial Position			
Trade receivables (before impairment provision)	0	32 116	32 116
Receivables due from derivative financial instruments	0	0	0
Other receivables	0	1 317	1 317
Cash at bank and in hand	0	194 397	194 397
Short-term bank deposits	0	0	0
Loans to the company CAO	0	15	15
Total	**0**	**227 845**	**227 845**

As at 31 December 2012	Financial liabilities at fair value through profit and loss	Other financial liabilities-carried at amortized cost	Total
Liabilities as per Statement of Financial Position			
Trade and other payables	0	84 258	84 258
Received guarantees	0	77 800	77 800
Liabilities due from derivative financial instruments	950	0	950
Payables due to employees	0	1 486	1 486
Social security	0	652	652
Other payables	0	1 612	1 612
Bank loans	0	33 100	33 100
Total	**950**	**198 908**	**199 858**

11 Inventories

	As at 31 December 2013	2012
Advance payments made for inventory	0	0
Materials and spare parts	1 045	948
	1 045	**948**

The Group has no limited right to dispose with inventory and does not use them to guarantee its liabilities.

(All amounts are in thousands Euros unless stated otherwise)

12 Trade and other receivables

	As at 31 December 2013	2012
Current receivables and prepayments:		
Neither past due nor impaired trade receivables	37 391	30 628
Past due but not impaired trade receivables	111	1 463
Individually impaired trade receivables	48	25
Trade receivables (before provision for impairment)	**37 550**	**32 116**
Less: Provision for impairment of receivables	-31	-4
Trade receivables - net	**37 519**	**32 112**
VAT receivable	7 436	5 619
Prepayments	28	2 527
Other receivables	1 219	1 317
Prepaid expenses and accrued income	893	972
Other receivables - net	**9 576**	**10 435**
Total trade and other receivables	**47 095**	**42 547**

The analysis of trade receivables by the remaining period to maturity is shown in the following table:

	As at 31 December 2013	2012
Receivables within due date	37 391	30 628
Overdue receivables	159	1 488
Total	**37 550**	**32 116**

The analysis of trade receivables that are neither past due nor impaired by their credit quality is as follows:

	As at 31 December 2013	2012
Slovenské elektrárne, a.s.	4 597	4 765
Západoslovenská energetika, a. s.	45	37
Západoslovenská energetika Distribúcia, a. s.	6 703	7 688
Západoslovenská energetika Energia, a. s.	1 818	1 596
Stredoslovenská energetika, a. s.	1 463	2 459
Stredoslovenská energetika Distribúcia, a. s.	5 121	4 411
Východoslovenská energetika, a. s.	1 186	895
Východoslovenská energetika Distribúcia, a. s.	3 140	2 668
Other	13 318	6 109
Neither past due or impaired trade recivables	**37 391**	**30 628**

All receivables that are neither past due nor impaired are classified as trade receivables. The credit quality of receivables that are neither past due nor impaired is monitored regularly by the management of the parent company. Although the receivables of the Group are generated from a few customers only, the credit risk is limited due to character of the counterparties. Most of the customers are strategic Slovak companies, most of them engaged in electricity business, with an influence by the state.

(All amounts are in thousands Euros unless stated otherwise)

Credit risk of participiant on electricity short-term market and deviation settlement participant is covere by received guarantee or financial warranty.

As at 31 December 2013 trade receivables of EUR 111 thousand (31 December 2012: EUR 1 463 thousand) were past due but not impaired. Their ageing analysis is as follows.

	As at 31 December 2013	2012
1 to 90 days	110	610
91 to 180 days	1	853
Total past due but not impaired trade receivables	**111**	**1 463**

The closing balance of the Group's trade receivables includes receivables in the carrying amount of up to EUR 111 thousand (2012: EUR 1 463 thousand), overdue at the reporting date, for which no provisions were recorded by the Group as there were no significant changes in creditworthiness of the debtors and the amounts are still considered recoverable. The Group recorded no collateralized receivables.

As at 31 December 2013, trade receivables of EUR 48 thousand (2012: EUR 25 thousand). As at 31 December 2013, the Group recorded an impairment provision of EUR 31 thousand (2012: EUR 4 thousand).

The ageing of these receivables is as follows:

	As at 31 December 2013	2012
from 180 to 360 days	0	21
over 361 days	48	4
Total individually impaired receivables	**48**	**4**

The movements in the provision for impairment of trade receivables are recognized in the Consolidated Income Statement. Movements are presented below:

	2013	2012
At the beginning of the year	4	4
Additional provision for receivables impairment	28	0
Unused amounts released	0	0
Receivables written-off as uncollectible	-1	0
At the end of the year	**31**	**4**

No receivables have been pledged as collateral. The Group does not have any restrictions to deal with receivables.

(All amounts are in thousands Euros unless stated otherwise)

13 Cash and cash equivalents

	As at 31 December 2013	2012
Cash at bank and in hand	117 011	83 818
Short-term bank deposits	89 141	110 579
	206 152	**194 397**

As at 31 December 2013 cash and cash equivalents were fully available for the Group's use. The Group has two bank accounts with deposited guarantees for deviations of daily market with electricity (31 December 2013: EUR 43 513 thousand, 31 December 2012: EUR 19 906 thousand) and daily market with electricity (31 December 2013: EUR 28 890 thousand, 31 December 202: EUR 7 003 thousand) .

For the purposes of the Statement of Cash Flow, the cash and cash equivalents comprise the following:

	As at 31 December 2013	2012
Cash and bank balances and depoisits with original maturities of less than three months	206 152	144 397
Cash and bank balances and deposits with original maturities of more than three months	0	50 000
	206 152	**194 397**

The carrying amounts of cash and cash equivalents as of 31 December 2013 are not substantially different from their fair value. The maximum exposure to credit risk is limited by the carrying value of cash and cash equivalents.

The analysis by credit quality is reported in Note 3.1 (ii).

14 Shareholder's Equity

As at 31 December 2013, the registered capital of the parent company at a total nominal value of EUR 81 833 thousand. consists of: 2 382 bearer shares at a nominal value of EUR 33 thousand, 793 bearer shares at a nominal value of EUR 34, 82 registered shares at a nominal value of EUR 33 thousand and 459 registered shares at a nominal value of EUR 34.

Equal rights are attributable to all types of shares.

Legal reserve fund is obligatorily created from profit of the Company in accordance with the Slovak Commercial Code. The minimum prescribed creation of the Legal reserve fund is 10 % of its share capital at the time of the incorporation of the parent company. This amount must be increased annually by at least 10 % from net profit until the Legal reserve fund chieves 20 % of the share capital. Use of this fund is restricted under the Commercial Code only to cover losses of the parent company and it is no a distributable reserve. Legal reserve fund amounted to EUR 16 504 thousand as at 31 December 2013 (as at 31 December 2012: EUR 16 464 thousand).

Other capital reserves comprise statutory fund of EUR 146 139 thousand (in year 2012: EUR 145 151 thousand) and differences from revaluation of assets amounted to EUR 174 222 thousand (in year: EUR 196 846 thousand).

The statutory fund to finance future capital expenditures is used to accumulate internal funds of the parent company generated from profit dedicated to cover future capital expenditures.

(All amounts are in thousands Euros unless stated otherwise)

In 2013, the Company contributed to this fund an amount of EUR 0 (31 December 2012: 19 006 thousand). The rules for the use of funds allocated to the statutory fund for capital expenditures are governed by the general financing principles of the parent company in relation to capital expenditures, and by the acquisition guidelines. Funds on the statutory fund to finance capital expenditures are accumulated from amounts allocated to the statutory fund based on the decision of General Meeting.

The movements in revaluation assets fund are presented in the table below:

	2013
Positive revaluation 1 January 2013	196 846
Revaluation surplus reclassified to retained earnigns as at 31 December 2013	-32 456
Deferred tax on revaluation surplus as at 31 December 2013	7 465
Deferred tax related to changes in tax rates and special levy from profit in regulated industry	2 367
At the end of the period	**174 222**

	2012
Positive revaluation 1 January 2012	237 382
Revaluation surplus reclassified to retained earnigns as at 31 December 2012	-35 623
Deferred tax on revaluation surplus as at 31 December 2012	6 768
Deferred tax related to changes in tax rates and special levy from profit in regulated industry	-11 681
At the end of the period	**196 846**

The parent company believes that the property revaluation surplus is not immediately available for distribution to the shareholders. Parts of the revaluation surplus are reclassified to retained earnings by the difference between depreciation of the revaluated values and original acquisition costs of the property. The rest of the revaluation is reclassified into retained earnings at the sale and disposal of the assets. These transfers to retained earnings are available for distribution to shareholders.

The General Meeting held on 23 May 2013 approved the Consolidated Financial Statements for 2012 The General Meeting held on 19 December 2013 decided to pay dividends to the shareholders for 2012. In 2013, a dividend of EUR 32 thousand (rounded) per share at nominal value of EUR 33 thousand and EUR 32.48 (rounded) per share at nominal value of EUR 34 (in 2012: EUR 9 thousand) per share at a nominal value of EUR 33 thousand and EUR 8.88 per share at a nominal value EUR 34).

The profit accounting of the parent company for the year 2012 of EUR 78 873 thousand was distributed as follows:

	2012 profit distribution	**2011 profit distribution**
Dividends paid	78 177	21 374
Appropriation to the Statutory Fund	305	19 006
Appropriation to the Reserve Fund	40	98
Transfer to retained earnings	351	1 810
Total	**78 873**	**42 288**

(All amounts are in thousands Euros unless stated otherwise)

15 Trade and other payables

	As at 31 December 2013	2012
Trade payables	80 286	84 258
Received guarantees	75 906	77 800
Payables due to employees	1 151	1 486
Social security	644	652
Accrued personnel expenses	3 363	3 559
Liabilities due from derivative financial instruments	329	730
Social fund	237	207
Dividends	78 177	0
Other payables	1 743	1 612
Total	**241 836**	**170 304**

The liabilities from derivative financial instruments include derivate transactions, other than hedging. These derivatives are used especially for the purpose of managing the risk related to the usual business transactions. As at 31 December 2013, the Group has three interest rate swaps with a negative fair value in the amount of EUR 233 thousand (31 December 2012: negative fair value of swaps was EUR 804 thousand), this amount is recognized in the short-term liabilities. Unpaid interest as at 31 December 2013 recognized in short-term liabilities amount of EUR 96 thousand (As at 31 December 2012: EUR 146 thousand).
The fair value of trade and other payables is not significantly different from their carrying amount.

No payables are secured by a lien or other collateral.

The analysis of payables by the remaining maturity period is as follows:

	As at 31 December 2013	2012
Payables not yet due	236 512	166 919
Overdue payables	5 324	3 385
Total	**241 836**	**170 304**

Social Fund

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

	2013	2012
Opening balance at 1 January	**207**	**201**
Creation	669	605
Usage	-639	-599
Closing balance at 31 December	**237**	**207**

(All amounts are in thousands Euros unless stated otherwise)

16 Bank loans and finance lease liabilities

	As at 31 December 2013	2012
Non-current		
Long-term portion of bank loans (a)	12 729	23 100
	12 729	**23 100**
Current		
Short-term portion of bank loans (a)	15 844	10 000
	15 844	**10 000**

(a) Bank loans

The maturity of bank loans is as follows:

Maturity	As at 31 December 2013	2012
Short-term portion of bank loans	15 844	10 000
Long-term portion of bank loans		
1-5 years	12 729	23 100
over 5 years	0	0
Total	**28 573**	**33 100**

The fair value of current borrowing approximates their carrying amount, as the impact of discounting is not significant.

The Group has the following borrowing facilities:

	As at 31 December 2013	2012
Floating rate:		
expiring within one year	26 780	26 780
expiring beyond one year	280	4 250
Fixed rate		
expiring within one year	0	0
Total	**27 060**	**31 030**

Loans from VÚB and from Tatra banka, a.s. include certain financial covenants related to limits on debt ratios, interest coverage and debt to operating profit ration calculated on the basis of the individual Financial Statements of the parent company. The parent company complied with these covenants at the reporting date of these Consolidated Financial Statements.

The effective interest rates at the reporting date were as follows:

	2013	2012
Bank borrowings	0.207%	0.751%

Structure of bank loans as at 31 December 2013 is as follows:

Bank/Creditor			Amount in EUR 31 December 2013	31 December 2012	Interest rate % p. a.	Maturity	Collateral	Part due in next 12 months	Part due after 12 months
Tatra banka, a.s.	Investment	EUR	5 469	0	EURIBOR +1.95	31.12.2017	0	1 240	4 229
Tatra banka, a.s.	Credit cards	EUR	4	0	0	January 2014	0	4	0
Tatra banka, a.s.	Investment	EUR	1 400	7 000	3M EURLIBOR + 0.145%	23.4.2014	0	1 400	0
SLSP, a.s.	Investment	EUR	4 700	9 100	3M EURIBOR + 0.145%	31.12.2014	0	4 700	0
VÚB, a. s.	Investment	EUR	17 000	17 000	3M EURIBOR + 0.85%	3.12.2015	0	8 500	8 500
Total	X	X	**28 573**	**33 100**	X	X	X	**15 844**	**12 729**

Notes to the Consolidated Financial Statements for the year ended 31 December 2013 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (all amounts are in thousands of euro unless stated otherwise)

17 Grants and deferred revenues

Deferred revenues include the following items:

	As at 31 December 2013	2012
Deferred revenues		
EBOR grant Križovany – long-term portion (a)	15 160	15 962
– current portion (a)	802	802
EBOR grant Lemešany – long-term portion (b)	38 119	36 085
– current portion (b)	1 315	577
US Steel – long-term portion (c)	4 601	4 829
– current portion (c)	228	281
EU TEN-E – long-term portion (d)	861	890
– current portion (d)	29	29
E.On – long-term portion (e)	3 214	3 367
– current portion (e)	153	158
Slovenské elektrárne, a. s. – long-term portion (f)	3 102	3 230
– current portion (f)	111	40
EU TEN-E – long-term portion (g)	914	943
– current portion (g)	29	29
Other – long-term portion (h)	7 903	9 791
– current portion (h)	10 151	1 325
Total	**86 692**	**78 338**

a)
On 10 December 2003, the parent company concluded a grant contract with the European Bank for Reconstruction and Development (EBOR), under which the EBOR undertook to provide a grant of EUR 24 million for IPR "Križovany 400 kV, Reconstruction– Structure 2, Part 2 and Structure 3". The contract became effective on 4 August 2004. The subsidy proceeds were drawn over the period of 2004 – 2010.

An amount of EUR 15 962 thousand (31 December 2012: EUR 16 764 thousand) was recognized in deferred revenue related to the grant.

At the reporting date, the parent company has no executor warranties or other contingent liabilities related to grant other than expenses connected to the project in accordance with an approved budget and its structure.

b)
On 18 December 2007 the parent company concluded a grant contract with the European Bank for Reconstruction and Development (EBOR), under which the EBOR undertook to provide a grant of EUR 43.9 million for extension IPR Bošáca 400 kV, transformer station 400/110kV Medzibrod – 2. construction, transformer station 400/110kV Medzibrod – 3. construction, power lines 2 x 400kV Lemešany - Košice - Moldava - 4. construction. The contract became effective on 4 July 2008.

An amount of EUR 39 434 thousand (31 December 2012: EUR 36 662 thousand) was recognized in deferred revenue related to the subsidy.

At the reporting date, the parent company has no executor warranties or other contingent liabilities related to grant other than expenses connected to the project in accordance with an approved budget and its structure.

c)
Deferred revenues include an amount EUR 4 829 thousand (31 December 2012: EUR 5 110 thousand), related to investment in the substation in Košice, which remains in property of the parent company, however, the company US Steel was obligated to co-finance the half of the substation's acquisition costs. The cash receipt will be released into the Income Statement on a straight-line basis during the expected useful life of the station.

d)
Amount of EUR 890 thousand represents a co-finance provided to the Company from an European Commission's program EÚ TEN-E (Trans – European Network) in the amount of 10% of the value of transmission lines EK-Moldava – SS Košice (31 December 2012: EUR 919 thousand).

e)
Amount of EUR 3 367 thousand included in Deferred revenues is related to a 100 % co financing by company E.ON for a part of substation in Križovany, field 13 (31 December 2012: EUR 3 525 thousand).

f)
Amount of EUR 3 213 thousand relates to refinancing of cost of Slovenské elektrárne, a.s. for connecting to transmission systems EMO 3 and 4 in Veľký Ďur (31 December 2012: EUR 3 270 thousand).

g)
Amount of EUR 943 thousand represents co-finance provided to Group from European Commission for the transmission line SS Košice – Lemešany (31 December 2012: EUR 972).

h)
Within other deferred income the Group recorded an income in amount of EUR 7 092 thousand which does not belong to the Group in 2013 because of over collected maximum allowed income set by regulations. This will be realized in 2015.

Within other deferred income the Group recorded an income in amount of EUR 8 965 thousand which does not belong to the Group in 2012 because of over collected maximum allowed income set by regulations. These will be realized in 2014.

18 Deferred tax

Deferred taxes are calculated on temporary differences under the balance sheet liability method using a principal tax rate of 22% (31 December 2012: 23%). As at 31 December 2013 tax rate will increase by 4.3% for temporary differences in long term property due to charges for regulated subjects based on act No. 235/2012 Z. z. (31 December 2012: 4.3 %). According to currently effective legislation as at 31 December 2012 this special levy will be effective until 31 December 2016. This levy increased the tax rate for temporary differences, which will reprise by the end of 2014 related to fixed assets only, as the value of the levy is calculated from profit before tax calculated according to the Slovak Act on Accounting, not taking into consideration temporary differences.

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

(all amounts are in thousands of Euros unless stated otherwise)

The movements in the deferred tax assets and liabilities were as follows:

	At 1 January 2013	Change recognized as (-) expenses/(+) revenues	Change of equity	At 31 December 2013
Positive revaluation of fixed assets	-60 595	7 465	2 367	-50 763
Negative revaluation of fixed assets	1 841	-352	0	1 489
Receivables	0	5	0	5
Non-current tangible and intangible assets	-10 276	-3 714	0	-13 990
Retirement benefit	1 069	526	0	1 595
Provisions	600	-84	0	516
Other	316	324	0	640
Total	**-67 045**	**4 170**	**2 367**	**-60 508**

The movements in deffered tax assets and liabilities during previous year were as follows:

	At 1 January 2012	Change recognized as (-) expenses/(+) revenues	Change of equity	At 31 December 2012
Positive revaluation of fixed assets	-55 682	6 768	-11 681	-60 595
Negative revaluation of fixed assets	2 331	-490	0	1 841
Receivables	0	0	0	0
Non-current tangible and intangible assets	-5 007	-5 269	0	-10 276
Retirement benefit	666	403	0	1 069
Provisions	2 150	-1 550	0	600
Other	258	58	0	316
Total	**-55 284**	**-80**	**-11 681**	**-67 045**

19 Provisions for liabilities and charges

	Pension benefits and other long-term benefits (a)	Legal claims (b)	Others (c)	Total
At 1 January 2013	**4 646**	**33**	**0**	**4 679**
Creation of provisions	2 920	0	0	2 920
Provisions used	-313	-33	0	-346
At 31 December 2013	**7 253**	**0**	**0**	**7 253**

(all amounts are in thousands of Euros unless stated otherwise)

Analysis of total provisions	As at 31 December 2013	2012
Non-current	7 253	4 646
Current	0	33
Total	**7 253**	**4 679**

(a) Pension benefits and other long-term benefits

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

(i) post employment benefits

Analysis of total provisions	As at 31 December 2013	2012
Present value of unfunded retirement obligations	7 105	4 506
Unrecognised actuarial gains/(losses) and portion of past service cost	0	0
Obligation in the Statement of Financial Position	**7 105**	**4 506**

The amount recognized in the Consolidated Statement of Comprehensive Income are as follows:

Analysis of current provisions	2013	2012
Current service cost	456	293
Past service cost	2 259	0
Recognised actuarial gains/(losses)	20	905
Interest cost	159	175
Pension (credit) / cost, included in personnel costs	**2 894**	**1 373**

Movements in the present value of defined benefit obligation are:

	2013	2012
Present value of unfunded retirement obligation at the beginning of the year	4 506	3 391
Current service cost	456	293
Past service cost	2 259	0
Interest cost	159	175
Benefits paid	-295	-258
Cancelled	0	0
Actuarial (gains)/losses	20	905
Present value of unfunded retirement obligations at the end of the year	**7 105**	**4 506**

(all amounts are in thousands of Euros unless stated otherwise)

(ii) other long – term benefits (jubilees and loyalties)

	As at 31 December 2013	2012
Present value of unfunded obligations	148	140
Obligation in the Statement of Financial Position	**148**	**140**

The amounts recognized in the Consolidated Statement of Comprehensive Income are as follows:

	2013	2012
Current service cost	11	10
Recognised actuarial gains/(losses)	10	30
Interest expense	5	6
Pension (credit) / cost included in personnel costs	**26**	**46**

Movements in the present value of defined benefit obligation are:

	2013	2012
Present value of unfunded retirement obligations at befinning of the year	140	112
Current service cost	11	10
Past service cost	0	0
Interest cost	5	6
Benefits paid	-18	-18
Actuarial gains/(losses)	10	30
Present value of unfunded retirement obligations at the end of the year	**148**	**140**

The principal actuarial assumptions to determine the pension liability were as follows:

As at 31 December 2013	
Percentage of employees, who will terminate their employment with SEPS a.s. prior to retirement (fluctuation rate)	2.2 – 3.8 % p.a., differing with age and sex
Expected salary increases - long-term	3.5% p. a.
- short-term	2.8% p. a.
Discount rate	3.41% p. a.

As at 31 December 2012	
Percentage of employees, who will terminate their employment with SEPS a.s. prior to retirement (fluctuation rate)	2.6 – 6.1 % p.a., differing with age and sex
Expected salary increases - long-term	4.5% p. a.
- short-term	2.5% p. a.
Discount rate	3.54% p. a.

(all amounts are in thousands of Euros unless stated otherwise)

(b) Provision for legal claims

A provision is created for those legal claims where it is probable, at the reporting date, that an outflow of resources embodying economic benefits will be required to settle the obligation an a reliable estimate can be made of the amount of the obligation. In the opinion of the parent company´s management, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided.

The Group recorded a provision for the legal dispute with E.I.S. spol. s r.o, in which E.I.S. spol. s.r.o. has claimed damages from the Company in the amount of EUR 33 thousand. Legal dispute was as at 31 December 2013 ended.

20 Revenues

Revenues include the following:

Revenues from electricity transmission and transit, deviation settlement and fees for organization of daily electricity market:

	2013	2012
Access to transmission grid	145 890	146 963
Covering losses	20 951	18 259
System operation	69 029	85 060
System services	158 791	135 561
Auctions	19 600	31 083
Deviations and regulated electricity	77 935	93 004
Shipping	64 987	7 793
CBT mechanism	8 398	11 723
MO profile	8 063	3 033
Transit and other services	354	457
Total revenues from electricity transmission and transit, deviation settlement and organization of daily electricity market	**573 998**	**532 936**
Rental	537	272
Telecommunications services	509	530
Other revenues	890	1 051
Total other revenues	**1 936**	**1 853**
Total revenues	**575 934**	**534 789**

The revenue from the Group's core activities mainly results from the regulatory framework and the URSO decisions, issued by this institution for the relevant year.

Revenues from rental comprise income from the rental of non-residential premises, electric masts for various types of transmitters and lease of power lines. Telecommunications services include the lease of fibre optic cables and management information system.

The Group is acting as a shipping agent in connecting Czech, Slovak and Hungarian electricity market from 11 September 2012. Group's revenues and expenses represent payment for transferred electricity between countries with excess of electricity to the countries with deficit of electricity. The Group presents these sales as revenues from sale of merchanidise and the costs of merchandise sold. The net result is presented within line „Transit and other services“ In 2013 were realized transactions in the total amount of EUR 123 632 thousand and related costs in the amount of EUR 58 645 thousand (31 December 2012: transaction in amount of EUR 39 175 thousand and related costs were EUR 31 382 thousand).

(all amounts are in thousands of Euros unless stated otherwise)

21 Consumed materials and services

Consumed materials and services included the following:

	2013	2012
Consumption of material, energy and other non-storable items	14 885	15 113
Sale of electricity on daily market	63 652	8 705
Repair and maitenance	12 854	10 376
Travel expenses	399	328
Representation expenses	296	374
Rental	578	489
Communication lines outputs	514	650
Stations service	4 082	3 889
Protection and maintenance of area	1 650	2 148
Revisions, controls and security services	1 835	1 329
Technical advisory	74	233
Cleaning	249	200
Bialogical recultivation, ecological costs	149	310
Geodetic and engineering services	23	294
Experts examinations, analysis, experts opinion, certifications	2 700	1 937
Information technology services, advertisement	8 864	8 003
Expenses for support services	142 073	122 267
Expenses for system operation	69 297	83 133
Expenses for deviations	34 248	37 894
Cross-boarder assistance expenses	0	141
Expenses for auctions	4 169	2 135
Expenses for regulation energy	32 959	48 892
Cross-boarder assistance expenses (CBT/ITC)	7	4
Audit of Financial Statements provided by auditor	64	51
Advisory services	269	502
Tax advisory	38	18
Other services provided by auditor	0	36
Usage of MO profile (ČEPS)	1 156	1 733
Other	1 050	901
Total	**398 134**	**352 085**

The Group's costs are created mainly from regulated costs for purchase of support services needed to provide system services, system operation costs, regulated cost for deviatons, purchase of electricity for loss coverage and own consumption, costs for international transmission and auctions, other costs needed for transmission system operation and operation of the Group.

Except mentioned above, the Group presents revenues from sale of electricity and costs from purchased electricity on daily electricity market on net basis. In 2013, the Group realised revenues from sold electricity in the amount of EUR 76 301 thousand (2012: EUR 248 647 thousand). In 2013 related costs were in amount of EUR 139 953 thousand (2012: EUR 248 647 thousand).

Together with the transmission operator in Czech Republic introduced the Group effective from 19 January 2012 a system against delivery of regulated energy in opposing directions through cross-border connections (further system GCC). Revenues and costs stem from volumes of electricity acquired within GCC system and tariffs for these regulated energy, which were set for the Company by URSO decision. The Group presents the revenues from these services within line Sales from merchandise and respective costs as merchanidise sold. The net result is presented within line "Consumption of material, energy and other unstorable supplies". In 2013, transactions were realised in total amount of EUR 2 281 thousand and related costs were in amount of EUR 2 296 thousand (31 December 2012: transaction in amount EUR 1 750 thousand and related cost were EUR 1 771 thousand).

(all amounts are in thousands of Euros unless stated otherwise)

22 Personnel costs

	2013	2012
Wages and saleries	15 889	15 659
Other personnel costs	1 518	1 858
Pension costs-definite contribution plan	5 331	4 656
Current service cost	467	303
Past service cost	2 259	0
Interest cost related to pension and other employee benefits	164	181
Recognized actuarial losses/(gains)	30	935
Total	**25 658**	**23 592**

23 Other operating expenses

	2013	2012
Insurance costs	2 271	2 258
Loss from sale of fixed assets	0	41
Taxes and other fees	221	219
Gifts	746	759
Other operating expenses	365	289
Total	**3 603**	**3 566**

24 Other operating income

	2013	2012
Gain from sale of fixed assets	453	0
Gain from sale of material	35	148
Release of deferred revenues from grant	1 711	1 158
Change in value adjustment to trade receivables	0	0
Contractual penalties	1 600	2 587
Release of provision	0	0
Release of deferred revenues - Košice	281	281
Other operating income (mainly insurance claims)	492	930
Total	**4 572**	**5 104**

(all amounts are in thousands of Euros unless stated otherwise)

25 Finance expense, net

	2013	2012
Interest income	803	226
Interest expense from borrowings	-195	-443
Foreign exchange gains	3	5
Foreign exchange losses	-2	-3
Finance income on derivative instruments	573	654
Finance expense on derivative instruments	-583	-851
Other financial expenses	-25	-30
Net financial expenses	**574**	**-442**

26 Income tax expense

Reconciliation from the theoretical to the reported income tax charge is presented in the following table:

	Year ended 31 December 2013	2012
Profit before tax	95 987	101 621
Theoretical income tax related to current period at 23 % / 19 %	22 077	19 308
Other income not subject to tax (permanent)	-1 252	-235
Non-deductible expenses (permanent)	1 079	1 114
Increase of tax due to charges for regulated subjects	5 147	1 850
Deferred tax from temporary differences to which no Deferred tax has been accounted historically	0	-226
Additional income tax	0	135
Deferred tax increase to 1 January due to increase of tax rate	-460	802
	26 591	**22 748**
Income tax expense for the period		
The tax charge for the period comprises:		
Deferred tax charge - expense/(income) (Note 18)	-4 170	80
Deferred tax total	**-4 170**	**80**
Special levy for regulated industry	5 147	1 850
Additional income tax	0	135
Current income tax expense	25 614	20 683
Income tax total	**30 761**	**22 668**
Total tax for period	**26 591**	**22 748**
Effective tax rate	**27,70%**	**22,39%**

Deferred tax is provided, using the balance sheet liability method, on temporary differences using the basic tax rate of 22% (31 December 2012: 23%). This tax rate has been increased as at 31 December 2013 for additional 4.3% for temporary differences in fixed assets because of special levy for regulated industry paid according to Act Nr. 235/2012 (31 December 2012: 4.3%). According to currently effective legislation as at 31 December 2013 this special levy will be effective until 31 December 2016.

This levy increased the tax rate for temporary differences, which will reprise by the end of 2014 related to fixed assets only, as the value of the levy is calculated from profit before tax calculated according to the Slovak Act on Accounting, not taking into consideration temporary differences.

27 Contingencies

(a) Taxation

Many areas of Slovak tax law (e.g. transfer-pricing regulations) have not been sufficiently tested in practice, so there is some uncertainty as how the tax authorities would apply them. The extent of this uncertainty cannot be quantified. It will be reduced only if legal precedents or official interpretations are available. Neither the parent company's managmenet, nor the subsidiary management is aware of any circumstance that may give rise to future material expense in this respect.

(b) Regulation and liberalization in energy industry

Regulatory framework for the electricity market in the Slovak Republic

Based on the current legislation, the electricity market in the Slovak Republic is liberalized and allows free selection of electricity supplier for all customers.

Activities of the Group are subject to regulation by URSO.

In the next period, The Group is planning to expand its regulatory activities by management of data collection and also by the central billing of charges related to operation of transmission system.

(c) Other

The Group is currently involved in a legal case with its former employee who is suing the parent company for alleged unfair dismissal. According to the opinion of the parent company's management and taking into account relevant legal advices, it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate cannot be made of the amount of the obligation at the reporting date.

28 Commitments

(a) Future capital commitments

The Group has contractual obligations under the contracts for the purchase of non-current assets entered into before 31 December 2013, the performance of which is scheduled only after 31 December 2013. The total obligation under the contracts amount to EUR 61 217 thousand (EUR 2012: 54 135 thousand). Capital commitments represent mainly remote management of substations, transformers exchange and transformation 400/110 kV Voľa.

The Group approved its capital expenditure budget for 2014 in the amount of EUR 122 560 thousand (the 2013 capital expenditure budget: EUR 106 585 thousand). Capital expenditures mainly relate to the reconstruction of power lines 400/100 kV Voľa, to remote management of substation, to power lines 2x400 kV Gabčíkovo – Veľký Ďúr and innovation RIS SED.

It is expected that both internal and external funds will be used to finance these capital expenditures.

(all amounts are in thousands of Euros unless stated otherwise)

(b) Future operating lease receivables – Group as lessor

The Group has the following future minimum lease installments in relation to the above operating lease contracts:

	31 December 2013	31 December 2012
Due within 1 year	154	530
Due in 2 to 5 years	262	1 552
Due after 5 years	10	12
Total	**426**	**2 094**

The Group has also entered into an operating lease for an unlimited period of time with a possibility of termination with a 3-month termination period. The annual lease payments amount to EUR 220 thousand (31 December 2012: EUR 253 thousand). The main items include the lease of telecommunications routes.

(c) Future operating lease commitments – Group as lessee

The Group leases out mainly radio relay points and optic fiber cables.

The Group has the following future minimum lease instalments in relation to the operating lease contracts:

	31 December 2013	31 December 2012
Due within 1 year	358	361
Due in 2 to 5 years	1 272	1 350
Due after 5 years	3 536	3 814
Total	**5 166**	**5 525**

The Group has also entered into an operating lease for an unlimited period of time, for which the annual lease payments is in the amount of EUR 512 thousand (31 December 2012: EUR 523 thousands).

The Group leases 2x110kV power lines ESt Lemešany - ES SS Košice from supporting point in Bukovec to supporting point in Lemešany in length of 18,678 km. Lease expires in 50 years, rent is calculated every year according to capital, investment and operating costs. Annual rent for 2013 amounts to EUR 311 thousand (31 December 2012: EUR 310 thousand). The basic component of the rent will be paid to lessee for the time of 20 years and operating component of the rent will be paid to lessor for the time of 50 years. The minimal lease payment includes the basic component of the rent in the amount of EUR 271 thousand annually (31 December 2012: EUR 271 thousand).

29 Contingent assets

Participants of short–term electricity market and deviaton settlement enclose the contract with banks on bank guarantees in favour of the Group that the Group has the right to use in case of insolvency. The amount of received bank guarantees as at 31 December 2013 is EUR 72 995 thousand (as at 31 December 2012: EUR 80 644 thousand)

(all amounts are in thousands of Euros unless stated otherwise)

30 Cash generated from operations

	Note	2013	2012
Profit before income tax		95 987	101 621
Adjustments for:			
Depreciation of property, plan and equipments	5	52 511	51 992
Depreciation of non-current intangible assets	6	6 187	7 347
Negative revaluation	5	0	0
Impairment charge for non-current assets	5,7	-18	-35
Changes in provisions for receivables	12	27	0
Changes in fair value of derivatives		-571	-654
(Gain) / loss from disposal of property, plant and equipment	23	-453	41
Interest income / expense net	25	-608	218
Net movements in provisions	19	2 574	7 951
Changes in working capital:			
Inventories (gross)		-1 258	6 193
Trade and other receivables		-6 582	-4 380
Trade and other payables, deferred revenues		5 656	29 229
Cash generated from operations		**153 452**	**199 523**

In the consolidated cash flow statement, proceeds from sale of property, plant and equipment are as follows:

	Note	2013	2012
Net book amount		2 988	352
Profit / (loss) on disposal of property, plant and equipment	24, 23	453	-41
Proceeds from disposal of property, plant and equipment		**3 441**	**311**

31 Related party transactions

Parties related to the Group include its sole shareholder, the company CAO and key management personnel of the Company or the shareholder.

The National Property Fund (FNM), an entity fully owned by the Slovak Republic was the sole shareholder of the parent company until 1 October 2012. Since 2 October 2012 the sole shareholder is the Ministry of Finance of Slovak Republic.

Transactions with entities that are owned or controlled directly or indirectly by the State are realized in accordance with the prevalling regulatory principles.

The National Property Fund (FNM), an entity fully owned by the Slovak Republic, is the 51 % shareholder of Západoslovenská energetika, a.s., Východoslovenská energetika, a.s. and Stredoslovenská energetika, a.s.

(all amounts are in thousands of Euros unless stated otherwise)

Západoslovenská distribučná, a.s., Západoslovenská energetika – Energia, a.s., Východoslovenská energetika – Distribúcia, a.s. and Stredoslovenská energetika – Distribúcia, a.s. are 100% subsidiaries of these companies.

As at 31 December 2013, the outstanding balances with state-controlled entities and government bodies were as follows:

	Gross amount of trade receivables	Other receivables	Value adjustment to trade receivables	Trade and other payables
Slovenské elektrárne, a.s.	4 597	638	0	-5 336
Západoslovenská energetika, a.s.	58	0	0	-100
Západoslovenská energetika – Distribúcia, a.s.	6 703	0	0	0
Západoslovenská energetika – Energia, a.s.	1 818	0	0	-1 139
Východoslovenská energetika, a.s.	1 186	0	0	-514
Východoslovenská energetika – Distribúcia, a.s.	3 140	0 0	0	-243
Stredoslovenská energetika, a.s.	1 463	0	0	-2 544
Stredoslovenská energetika – Distribúcia, a.s.	5 121	0	0	-3 571
Tepláreň Košice, a. s.	10	0	0	-621
Žilinská teplárenská, a. s.	0	0	0	-159
Martinská teplárenská, a. s.	24	0	0	-236
Zvolenská teplárenská, a. s.	3	0	0	-380
CAO	441	0	0	-1 495

(all amounts are in thousands of Euros unless stated otherwise)

The income and expense items with state-controlled entities and government bodies for the year ended 31 December 2013 were as follows:

	Sales of services	**Purchase of services**
CAO, a. s.	19 598	-4 157
Slovenské elektrárne, a.s.	24 388	-92 365
Západoslovenská energetika, a.s.	192	-541
Západoslovenská energetika – Distribúcia, a.s.	158 168	-44
Západoslovenská energetika – Energia, a.s.	20 287	-6 827
Východoslovenská energetika, a.s.	11 392	-6 432
Východoslovenská energetika – Distribúcia, a.s.	64 922	-5 116
Stredoslovenská energetika, a.s.	15 350	-16 497
Stredoslovenská energetika – Distribúcia, a.s.	94 368	-64 943
Tepláreň Košice, a. s.	175	-4 930
Žilinská teplárenská, a. s.	29	-870
Martinská teplárenská, a. s.	98	-1 586
Zvolenská teplárenská, a. s.	72	-2 616

As at 31 December 2012, the outstanding balances with state-controlled entities and government bodies were as follows:

	Gross amount of trade receivables	**Other receivables**	**Value adjustment to trade receivables**	**Trade and other payables**
Slovenské elektrárne, a.s.	4 767	621	0	-7 685
Západoslovenská energetika, a.s.	55	0	0	-107
Západoslovenská energetika – Distribúcia, a.s.	7 688	0	0	0
Západoslovenská energetika – Energia, a.s.	1 596	0	0	-659
Východoslovenská energetika, a.s.	895	0	0	-404
Východoslovenská energetika – Distribúcia, a.s.	2 668	0 0	0	-896
Stredoslovenská energetika, a.s.	2 459	0	0	-1 668
Stredoslovenská energetika – Distribúcia, a.s.	4 411	0	0	-3 880
Stredoslovenská energetika Project Development, spol. s r. o.	35	0	0	-307
Tepláreň Košice, a. s.	9	0	0	-860
Žilinská teplárenská, a. s.	1	0	0	-189
Martinská teplárenská, a. s.	6	0	0	-317
Zvolenská teplárenská, a. s.	8	0	0	-419
CAO	292	0	0	-217

(all amounts are in thousands of Euros unless stated otherwise)

The income and expense items with state-controlled entities and government bodies for the year ended 31 December 2012 were as follows:

	Sales of services	Purchase of services
CAO, a. s.	31 065	-2 107
Slovenské elektrárne, a.s.	31 710	-82 647
Západoslovenská energetika, a.s.	227	-506
Západoslovenská energetika – Distribúcia, a.s.	163 403	-20
Západoslovenská energetika – Energia, a.s.	19 186	-3 471
Východoslovenská energetika, a.s.	8 068	-7 488
Východoslovenská energetika – Distribúcia, a.s.	59 248	-16 978
Stredoslovenská energetika, a.s.	25 886	-4 205
Stredoslovenská energetika – Distribúcia, a.s.	80 315	-66 916
Stredoslovenská energetika Project Development, spol. s r. o.	0	-2 545
Tepláreň Košice, a. s.	326	-6 336
Žilinská teplárenská, a. s.	28	-1 084
Martinská teplárenská, a. s.	118	-1 621
Zvolenská teplárenská, a. s.	128	-2 700

Key management personnel compensation

Salaries and bonuses paid to the parent company's management, directors and other members of top managment for the year ended 31 December 2013 and 31 December 2012, are as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
Salaries and short-term employee benefits	1 207	2 200
Total	**1 207**	**2 200**

32 Events after the reporting period

The Consolidated Financial Statements for the year ended 31 December 2013 prepared in accordance with International Financial Reporting Standards as adopted by the European Union were prepared and authorized for issue on 25 March 2014.

....
Ing. Miroslav Stejskal
Chairman of the Board of Directors

....
Ing. Martin Malaník
Member of the Board of Directors

....
Ing. Ján Oráč
Person responsible for preparation of the Consolidated Financial Statements

Gerthoferová

....
Štefánia Gerthoferová
Person responsible for bookkeeping