HLB mandat

TAX & AUDIT SERVICES

INDEPENDENT AUDITOR´S REPORT
(unofficial translation)

on the consolidated financial statements prepared as of December 31, 2014

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

of company

Slovenská elektrizačná prenosová sústava, a.s.

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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

HLB mandat

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, 2014, 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, 2014, 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.

Bratislava, on March 25th, 2015

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 2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	5	754 842	725 553
Intangible assets	6	15 890	17 028
Non-current financial assets	8	0	0
Other investments	7	62	62
Receivables		0	0
		770 794	**742 643**
Current assets			
Inventories	10	1 208	1 045
Trade and other receivables	11	67 575	47 095
Cash and cash equivalents	12	121 663	206 152
Current income tax receivable		3 272	0
		193 718	**254 292**
Non-current assets held for sale		0	0
Total assets		**964 512**	**996 935**
EQUITY			
Share capital and reserves attributable to equity			
Share capital	13	81 833	81 833
Legal reserve fund	13	16 541	16 504
Other reserves	13	146 399	146 139
Revaluation reserve	13	148 893	174 222
Retained earnings	13	177 768	152 992
Total equity		**571 434**	**571 690**
LIABILITIES			
Non-current liabilities			
Non-current bank loans	15	48 574	12 729
Grants and other deferred revenues	16	89 342	73 874
Deferred tax liability	17	57 361	60 508
Non-current provisions for liabilities and charges	18	8 060	7 253
		203 337	**154 364**
Current liabilities			
Current bank loans	15	10 434	15 844
Trade and other payables	14	164 328	241 836
Grants and other deferred revenue	16	14 914	12 818
Provisions for current liabilities and charges	18	65	0
Current income tax payable		0	383
		189 741	**270 881**
Total liabilities		**393 078**	**425 245**
Total equity and liabilities		**964 512**	**996 935**

The Consolidated Financial Statements for the year ended 31 December 2014 prepared in accordance with International Financial Reporting Standards as adopted by the European Union were approved and authorized for issue on 25 March 2015 by the Board of Directors.

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

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

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

	Note	Year ended 31 December 2014	2013
Revenues	19	972 292	575 934
Capitalized costs		622	982
Consumables and services	20	-790 358	-398 134
Personnel costs	21	-25 832	-25 658
Depreciation and amortisation	5,6	-64 524	-58 698
(Impairment)/Reversal of impairment of fixed assets	5	0	18
Other operating income	23	5 769	4 572
Other operating expense	22	-4 810	-3 603
Operating profit		**93 159**	**95 413**
Interest income	24	405	803
Interest expense	24	-395	-195
Other finance income/expense)	24	-78	-34
Finance cost, net		**-68**	**574**
Profit before tax		**93 091**	**95 987**
Income tax expense	25	-25 465	-26 591
Profit for the year		**67 626**	**69 396**
Other comprehensive income			
Items that will not be reclassified			
Revaluation of property, plant and equpment			
Deferred tax from revaluation of property, plant and eq		31	2 367
Total comprehensive income		**67 657**	**71 763**
Profit attributable:			
Owners of the parent		67 626	69 396
Non-controlling interest		0	0
Profit for the year		**67 626**	**69 396**
Total comprehensive income attributable to:			
Owners of the parent		67 657	71 763
Non-controlling interest		0	0
Total comprehensive income for the period		**67 657**	**71 763**

(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 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**
Dividends paid (Note 13)	0	0	0	0	-78 177	-78 177
Profit appropriation to Statutory Fund (Note 13)	0	0	988	0	-988	0
Contribution to legal 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**
Balance at 1 January 2014	**81 833**	**16 504**	**146 139**	**174 222**	**152 992**	**571 690**
Net profit for the year 2014	0	0	0	0	67 626	67 626
Other comprehensive income	0	0	0	-25 329	25 360	31
Total comprehensive income for the year 2014	**0**	**0**	**0**	**-25 329**	**92 986**	**67 657**
Dividens paid (Note 13)					-67 913	-67 913
Profit appropriation to Statutory Fund (Note 13)	0	0	260	0	-260	0
Appropriaton to Reserve Fund	0	37	0	0	-37	0
Balance at 31 December 2014	**81 833**	**16 541**	**146 399**	**148 893**	**177 768**	**571 434**

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

	Note	Year ended 31 December 2014	2013
Cash flows from operating activities			
Cash generated from operations	29	153 684	153 452
Income tax paid		-32 223	-36 687
Interest received		520	741
Net cash generated from operating activities		**121 981**	**117 506**
Cash flows from investing activities			
Purcase of property, plant and equipment and intangible assets		-90 730	-104 485
Proceeds from sale of property, plant and equipment	29	265	3 441
Interest received		0	0
Repayment of loan granted to the company CAO	8	0	15
Net cash used in financing activities		**-90 465**	**-101 029**
Cash flows from financing activities			
Proceeds/(repayments) of loans		30 435	-4 527
Interest paid		-350	-195
Dividends paid	13	-146 090	0
Net cash used in financing activities		**-116 005**	**-4 722**
Net increase (+) / decrease (-) in cash and cash equivalents		**-84 489**	**11 755**
Cash and cash equivalents at the beginning of the year	12	**206 152**	**194 397**
Cash and cash equivalent at the end of the year	12	**121 663**	**206 152**

(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 2014 and during the year then ended 31 December 2014 (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 2014 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 transferred the shares of the parent 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 parent 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 2014 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	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 Group employed 554 personnel on average during 2014 (2013: 547), 12 of which were management (2013: 11).

Registered address and identification number of the parent company

Mlynské nivy 59/A
824 84 Bratislava
Slovak Republic

Identification number (IČO) of the parent company is: 358 291 41
Tax identification number (IČ DPH) of the parent 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 2014 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 2014 to 31 December 2014.

The Accounting Act requires the Group to prepare Consolidated Financial Statements for the year ended 31 December 2014 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 2014.

These Consolidated 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 Consolidated 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 2014. The Company has evaluated and examined the impact of the following amendments on the separate financial statements.

Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities

Amendments to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities

IFRIC 21 - Levies – moment of recognition of a liability

Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions

Improvements to IFRS 2012

- IFRS 2 clarifies the definition of a "vesting condition" and separetely defines "performance condition" and "service condition"
- IFRS 3 clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity
- IFRS 8 requires disclosure of the judgements made by management in aggregating operating segments and a a reconciliation of segment assets to the entity's assets when segment assets are reported
- IFRS 13 clarifies the measurement of short term receivables and payables
- IAS 16 and IAS 38 clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model
- IAS 24 regulates provided personnel servises to key management

Improvements to IFRS 2013

- IFRS 1 regulates in application of IFRS an option of usage either the old or the new version of the same standard for the first-time.
- IFRS 3 clarifies, that it does not apply to accounting of establishment of any joint venture, but relates only to financial statements of joint venture.
- IFRS 13 allows the entity to measure fair value of the group financial assets and liabilities on a net basis.
- IAS 40 regulates the distinction between investment immovable assets and owner-occupied immovable assets

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 Group 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 Group 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.

(All amounts are in thousands Euros unless stated otherwise)

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 25 and 60 years (2013: between 40 and 80 years).

(ii) Revaluation

In 2011 the property, plant and equipment were for the first time recognized in consolidated statement of financial position in revaluated amounts as at the revaluation date less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The first revaluation of property plant and equipment 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 taking into account the amount of which is alternatively realesed the impairment of the same asset items previously recognized in profit or loss.
In this case, 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 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 which exceeds the balance on account of revaluation surplus assets in relation to a previous revaluation of that asset. The depreciation of revalued asset items are recognized as an expense in the income statement. The revaluation surplus is transferred to retained earnings gradually during the period when the asset is used. In this case the surplus amount is the difference between depreciation quantified from the revalued asset carrying amount and depreciation quantified from asset's acquisition cost. In the case of asset sale or disposal from accountancy the balance of the related revaluation surplus is transferred to retained earnings.

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

	2014	2013
Buildings, halls, networks and constructions	25 – 60 years	40 – 80 years
Machines, equipment and vehicles	4 - 50 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 Group 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 Group 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 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 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 of Income 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.

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 Group 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 2014.

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.

(All amounts are in thousands Euros unless stated otherwise)

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.

2.22. Employee benefits

The Group 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	7
3 – 9	9
10 – 14	10
15 – 19	11
Over 20	12

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 (2013: 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% (2013: 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% (2013: 13.4%). The cost of these payments is charged to the Income Statement in the same period as the related salary cost.

In addition, with respect to employees who have chosen to participate in a supplementary pension scheme, the 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 Group´s financial statements are listed below:

IFRS 9 – Financial Instruments: Classification and measurement

Key features of standard are:

Financial assets are required to be classified into two categories for measurement purposes:

- assets that will be subsequently measured at fair value
- assets that will be subsequently evaluated at amortised cost using the effective value of the interest rate

The classification has to be made at the time of acquisition and initial recognition of financial asset and depends on the entity's business model for managing its financial instruments and on the contractual cash flow nature of the financial instrument.

Financial assets is measured at amortised cost using the effective interest rate value; in case of debt instrument and the entity's business model aims to hold the asset for collecting the contractual cash flows and these contractual cash flows from the assets represent only the principal and interest payments (i.e. financial instrument has only "basic loan features"). All other debt instruments should be measured at their fair value, where the change can be recognized in profit and loss statement (P&L).

All shares and ownership interest will be measured at their fair value. Shares and ownership interest for trading will be measured at their fair value, where the change can be recognized in P&L. At the time of initial recognition for all other shares and ownership interests the entity can decide irrevocably that all realized and unrealized gains or losses from revaluation can be recognized in other comprehensive income (OCI) and not as a part of P&L. Fair value reclassification in P&L will not be possible. This decision will be done separately for each acquired investment within the meaning of shares and ownership interests. Dividends should be reported in profits or losses only in case of representing investment income

Most of the requirements of IAS 39 for the classification and recognition of financial liabilities were transferred to IFRS 9. The main change is the entity's obligation to recognize effects of changes in its own financial liabilities credit risk at its fair value, where the change can be recognized in profits and losses in other comprehensive income.

The requirements for hedge accounting method has been modified to provide a better link with risk management. The standard provides entities the choice between applying IFRS 9 and continuing in implementation of IAS 39 to all hedging relationships.

This standard was issued in July 2014 and will be effective for period beginning on or after 1 January 2018.

IFRS 14 – Regulatory deferral accounts

Standard permits to entities which adopt IFRS standards for first-time to continue to recognised regulatory deferral account balances in accordance with its previous GAAP. To increase compatibility with entities that follow IFRS and di not report such balances the standard requires to present the impact of rate-regulation separately from other items. This standard can not be applied in an entity which financial statements has been already prepared according to IFRS. This standard was issued in January 2014 and will be effective for period beginning on or after 1 January 2016.

IFRS 15 – Revenue from contracts with customers

Standard introduced principle that revenues should recognised at their transaction price at the time, when goods or services are transfer to customer. Any bounded goods or services, that are distinguished must be accounted separately and sale price discounts or rebates must be allocated to each items. If the price is for any reason variable the minimum value at which it is highly probable that will not be reversed must be accounted. The customer contract acquisition costs must be capitalized and amortized over the period when the economic benefits from the customer contract result directly to company. This standard was issued on 28 May 2014 and wil be effective for period beginning on or after 1 January 2017.

Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations

The amendment adds new guidance on the how to account for the acquisition of an interest in a joint operation that constitutes a business. Standard issued on 6 May 2014 and effective for period beginning on or after 1 January 2016.

Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation

Amendments clarify that the use of revenuebased methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Amendments issued on 12 May 2014 and effective for period beginning on or after 1 January 2016.

Amendments to IAS 16 and IAS 41 – Agriculture: Bearer plants

Amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which should be accounted for in the same way as property, plant and equipment because

their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. Amendments issued on 30 June 2014 and effective for period beginning on 1 January 2016.
Amendments to IAS 27 Equity method in separate financial statements

These amendments allow entities to use the equity method to account for investments in subsidiaries,joint ventures and associates in their separate financial statements. Amendments issued on 12 August 2014 and effective for period beginning on or after 1 January 2016.

Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture

Amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. Amendments issued on 11 September 2014 and effective for period beginning on or after 1 January 2016.

Improvements to IFRS 2014:
IFRS 5 clarifies the change in methods of assets disposals. Reclassification from "held for sale" to "held for distribution", or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such

IFRS 7 regulates whether servicing contract is continuing involvement in a transferred asset and the offsetting disclosures is required in interim financial statements if IAS 34 does not require otherwise

IAS 19 clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country.

IAS 34 requires a crossreference from interim financial reporting to "elsewhere in the interim financial report"

Amendments issued on 25 September 2014 and effective for period beginning on or after 1 January 2016.

Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment entities

Amendments clarify the possibility of applying the consolidation exception. Amendments issued in December 2014 and effective for period beginning on or after 1 January 2016.

Amendments to IAS 1 - Presentation of Financial Statements

Amendments clarify approaches to presentation financial statements. Amendments issued in December 2014 and effective for period beginning on or after 1 January 2016.

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.

(All amounts are in thousands Euros unless stated otherwise)

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 2014	31 December 2013	31 December 2014	31 December 2013
USD / CZK and other	-35	-62	1	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 2014, a 10 % strengthening/weakening, in the EUR against USD and CZK would result in an increase/decrease in the Group's profit by EUR 3 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 provides the electricity transmission of the Slovak Republic and directly associated activities. Moreover the Group carries out activities as organizer of spot electricity market. Activities of the Group are subject to regulation by The Regulatory Office of Network Industries of the Slovak Republic (hereinafter the „URSO").

URSO in its decisions determines allowed revenues, costs, prices and tariffs while in its determinations it applies a calculation methodology of described in the ordinance that URSO drawn up on the basis of regulatory policy for the regulatory period established by the Regulation Committee.

In regulatory period 2012 - 2016, which includes also the year 2014, the principle of regulation of electricity transmission based on the price cap while the increase of the eligible costs included in the price for transmission during the regulatory period is possible only if the inflation is higher than 3.5 %. The tariffs for losses, system services, system operation and tariffs for organizer´s activities of spot electricity market are determined on the basis of maximum permitted revenues and costs. Within each type of support services maximum prices of purchased services or the maximum allowable costs are set. Within each types of supplied regulatory electricity the maximum, minimum or fixed prices are set.

The main part of the Group's revenue consists of revenues from URSO's tariffs that have been approved and issued in its ordinances (electricity transmission and reserved capacity revenues, revenues from tariffs for electricity losses in transmission, system services revenues and revenues from tariffs for organization activities of spot electricity market). Furthermore, the Group generates revenues related to cross border electricity transmission (clearing of international transfers revenues -

ITC mechanism, from auctions and revenues from electricity transmitted through cross border connections within the links to electricity markets - Market Coupling) and revenues related to deviation of billing subjects.

The Groups's costs consists mainly costs for purchase of support services needed to provide system services, the cost of system operating, electricity purchase costs to cover losses and own consumption, the cost for payments related to deviations of billing subjects, the costs associated with cross-border electricity transmission and other costs needed for transmission system operation and operation of the Group.

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 collection and payment of tariffs for system operation is part of the central billing of charges, which is one of the activities carried out by the Group.

Within Czech, Slovak, Hungarian and Romanian electricity market interconnection the Group acts as shipping agent. Respective revenues and costs are formed on the basis of payments for electricity transmission through cross-connections within the direct links on electricity markets. The prices for this transmitted electricity, as well as other fees associated to cross-border electricity transmission are not regulated by URSO.

(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 consolidated 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.

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, profit of 2014 would decrease/increase by EUR 140 thousand (2013: EUR 231 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.

(All amounts are in thousands Euros unless stated otherwise)

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.

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.

Maximum exposure related to trade and other receivables is the nominal value of trade receivables adjusted by individual impairment of EUR 1 083 thousand (Note 11).

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

		Balance as at 31 December	
Counterparty	**Rating**[2]	**2014**	**2013**
Banks[1]			
Všeobecná úverová banka, a.s.	A3	10 919	24 142
Tatra banka, a.s.	A3	64 345	104 589
Československá obchodná banka, a.s.	Baa3	112	20 083
Slovenská sporiteľňa, a.s.	A	9 073	27 252
J & T Banka, a. s.	-	19 084	20 000
Sberbank, a. s.	BBB-	3 059	10 027
Poštová Banka, a. s.	-	15 000	0
Other	n/a	71	59
Total		**121 663**	**206 152**

[1] The amount of cash and short-term deposits at banks as at 31 December 2014 amounts to EUR 121 663 thousand (31 December 2013: EUR 206 152 thousand). Cash and cas equivalents are at the Group's full disposal. Furthermore, the Group has agreed with those banks on credit lines on current accounts totalling EUR 19 057 thousand (31 December 2013: EUR 27 060 thousand), which were not utilized. The Group has bank borrowings as at 31 December 2014 of EUR 59 008 thousand (31 December 2013: EUR 28 573 thousand), and these credit lines were utilized.
[2] The Group uses the independent rating of Moody's and 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.

(All amounts are in thousands Euros unless stated otherwise)

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.

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 2014				
Bank loans	10 434	8 862	26 512	13 200
Trade and other payables excluding liabilities not falling under IFRS 7	158 294	0	0	0
Total	**168 728**	**8 862**	**26 512**	**13 200**
At 31 December 2013				
Bank loans	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**

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 2014				
Interest rate swaps	0	0	0	0
Total	**0**	**0**	**0**	**0**
At 31 December 2013				
Interest rate swaps	-233	0	0	0
Total	**-233**	**0**	**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 2014 in value EUR 571 434 thousand (31 December 2013: EUR 571 690 thousand).

(All amounts are in thousands Euros unless stated otherwise)

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:

	31 December 2014	**31 December 2013**
Total equity and liabilities	964 512	996 935
Equity (Note 13)	571 434	571 690
Equity to Total equity and liabilities ratio	59%	57%

The parent company's strategy was unchanged from 2014, i.e. to maintain Equity to Total liabilities and equity ratio above 35%, which is compliant with externally imposed capital requirements. During 2014 and 2013 the Group complied with the externally imposed capital requirements (Note 15).

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).

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 2014 belongs into the five-year regulation period started in 2012 and ending in 2016. URSO, among decisions about regulation policies, controls compliance of the Group´s activities with the current energy legislation and issues decisions on maximum allowed revenues, expenditures, rates respectively fees.

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)

(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 18).

(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.

	2014	2013
Buildings, halls, networks, constructions	25 – 60 years	40 – 80 years v
Machinery, equipment and vehicles	4 - 50 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. Based 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 2014 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 2014 profit compared to results expected in the impairment test for 2013 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 2014.

(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 2013					
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**
Year eneded 31 December 2013					
Opening net book value	13 942	412 800	165 473	87 935	680 150
Addidions	0	0	0	99 055	99 055
Transfers	68	54 657	40 150	-94 875	0
Disposals	-10	-1 042	-89	0	-1 141
Depreciation 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**
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
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**
Year ended 31 December 2014					
Opening net book value	14 000	431 796	187 642	92 115	725 553
Additions	0	0	0	89 097	89 097
Transfers	5	48 019	73 838	-121 862	0
Disposals	0	-1 294	-1 006	0	-2 300
Dprereciation charges	0	-36 388	-21 120	0	-57 508
Impairment charges	0	0	0	0	0
Closing net book value	**14 005**	**442 133**	**239 354**	**59 350**	**754 842**

(All amounts are in thousands Euros unless stated otherwise)

	Lands	Buildings, halls and constructions	Machinery, equipment, vehicles and other assets	Capital work in progress including advances (CIP)	Total
At 31 December 2014 after revaluation					
Cost	14 005	577 130	312 239	59 350	962 724
Accumulated depreciation and impairment charges	0	-134 997	-72 885	0	-207 882
Net book value	**14 005**	**442 133**	**239 354**	**59 350**	**754 842**
At 31 December 2014 in historical costs					
Costs	6 595	465 131	452 886	58 969	983 581
Accumulated depreciation and impairment charges	0	-168 925	-247 098	0	-416 023
Net book value	**6 595**	**296 206**	**205 788**	**58 969**	**567 558**

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. The parent company management mentioned that the impairment test made by the parent company is sufficient also for the purposes of the consolidated financial statement.

As at 31 December 2014 the Group reviewed all internal and external impairment indicators. Due to the result of impairment test for the prior year as well as increase profit in 2014 compared to results expected in the impairment test for 2013 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 2014.

As at 31 December 2014, the most significant items within property, plant and equipment represent: substations and administrative buildings in revalued net book value of EUR 334 218 thousand, in historical net book value of EUR 285 849 thousand (31 December 2013: revalued net book value of EUR 272 745 thousand, historical net book value of EUR 217 920 thousand); transmission lines at revalued net book value of EUR 316 084 thousand, in historical net book value of EUR 184 173 thousand (31 December 2013: revalued net book value of EUR 318 973 thousand, in historical net book value of EUR 162 799 thousand).

Non-current assets under construction consists mainly of EUR 882 thousand for remote management of substation in ES Podunajské Biskupice (31 December 2013: EUR 21 thousand), EUR 765 thousand for remote management of substation in ES Spišská Nová Ves (31 December 2013: EUR 90 thousand), EUR 1 627 thousand for transformation 2x400 kV in Bystričany - Križovany (31 December 2013: EUR 200 thousand), EUR 911 thousand for remediation of collapsing slope in Liptovská Mara (31 December 2013: EUR 857 thousand), EUR 23 thousand for restorationTR 400/110 kV in Medzibrod (31 December 2013: EUR 15 465 thousand), EUR 26 604 thousand for substation and transmission lines in Gabčíkovo (31 December 2013: EUR 7 054 thousand), EUR 7 305 thousand for remote management of substation in ES Veľký Ďur (31 December 2013: EUR 12 102 thousand), EUR 4 618 thousand for remote management of substation in ES Levice (31 December 2013: EUR 5 439 thousand), EUR 7 641 thousand for remote management of substation in ES Rimavská Sobota (31. december 2013: EUR 1 176 thousand), EUR 3 573 thousand for remote management of substation and completion of T402 in ESt Stupava (31 December 2013: EUR 16 381 thousand), EUR 2 092 thousand for migration of UNIX systems (31 December 2013: EUR 2 000 thousand), EUR 0 for transformation 400/110 kV Voľa (31 December 2013: EUR 8 978 thousand), EUR 0 for substation 2x400 kV for TR Medzibrod (31 December 2013: EUR 9 159 thousand), EUR 0 for transformation 2x400 kV for TR Medzibrod (31 December 2013: EUR 5 642 thousand), EUR 0 for meshing to TR Voľa (31 December 2013: EUR 1 494 thousand), EUR 0 for exchange of disk arrays (31 December 2013: EUR 1 464 thousand). These assets are not available for use at the reporting date.

In 2014, borrowing costs are capitalized in accordance with Group accounting policies, borrowing costs are capitalized and therefore the Group capitalized interest amounting EUR 5 thousand (31 December 2013: EUR 28 thousand) as a part of the acquisition cost of non-current assets. The effective interest rate related to capitalization as at 31 December 2014 amounted 0.232% p.a. (31 December 2013: 0.207% p.a.).

(All amounts are in thousands Euros unless stated otherwise)

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 2014			
Cost	27 603	133	27 736
Accumulated depreciation	-3 017	-53	-3 070
Net vaule as at 31 December 2014	**24 586**	**80**	**24 666**
As at 31 December 2014			
Historical acquistion cost	26 646	159	26 805
Accumulated depreciation historical	-4 097	-81	-4 178
Historical net book value as at 31 December 2014	**22 549**	**78**	**22 627**
As at 31 December 2013			
Cost	27 853	133	27 986
Accumulated depreciation	-2 129	-42	-2 171
Net book value 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**

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.

(All amounts are in thousands Euros unless stated otherwise)

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

The Group has insured its assets against the following risks:

Insured object	Type of insurance	Amount insured as at 31 Dec 2014 in ths. EUR	Name of the insurance company
Buildings, halls and constructions	Damage or total loss (natural disaster)	217 370	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali Poisťovňa, a. s.)
Machines, tools and equipment, vehicles without car licence plates, transformers, RRB – radio relay point, cables	Damage or total loss (natural disaster)	613 424	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali Poisťovňa, a. s.)
Elevated line	Damage or total loss (natural disaster)	731 368	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali Poisťovňa, a. s.)
Office equipment	Damage or total loss (natural disaster)	1 775	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali Poisťovňa, a. s.)
Inventory and other tangible assets	Damage or total loss (natural disaster)	1 331	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali Poisťovňa, a. s.)
Scheduled capital expenditures, automatic coverage of new assets	Damage or total loss (natural disaster)	93 746	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali Poisťovňa, a. s.)
Inventories	Damage or total loss (natural disaster)	1 500	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali Poisťovňa, a. s.)

(All amounts are in thousands Euros unless stated otherwise)

Insured object	Type of insurance	Amount insured as at 31 Dec 2014 in ths. EUR	Name of the insurance company
Cash, valuables, stamps and vouchers, documentary securities deposited in the vaults and mailboxes	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	17	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali Poisťovňa, a. s.)
Set of movable tangible fixed assets, cables, elevated power line	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	332	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali 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: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali Poisťovňa, a. s.)
Inventories, construction components	Insurance against theft, burglary and robbery, and robbery during transport and vandalism	166	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali Poisťovňa, a. s.)
Measuring devices, cables, and laptops 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: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali Poisťovňa, a. s.)
Machinery, equipment and cables	Insurance of machinery and equipments (damage or destruction of machinery)	591 146	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali Poisťovňa, a. s.)
Scheduled capital expenditures	Insurance of machinery and equipments (damage or destruction of machinery)	65 000	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali Poisťovňa, a. s.)
Isurance of cybernetic risks		500	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali 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
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)

6 Intangible assets

	Software and other intangible assets	Intangible assets not yet in use	Total
At 1 January 2013			
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
Transfers	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 2013			
Cost	59 176	3 304	62 480
Accumulated amortisation	-45 452	0	-45 452
Net book value	**13 724**	**3 304**	**17 028**
Year ended 31 December 2014			
Opening net book amount	13 724	3 304	17 028
Additions	0	5 879	5 879
Tranfers	6 816	-6 816	0
Disposals	0	0	0
Depreciation charges	-7 017	0	-7 017
Closing net book value	**13 523**	**2 367**	**15 890**
At 31 December 2014			
Cost	65 992	2 367	68 359
Depreciation charges	-52 469	0	-52 469
Net book value	**13 523**	**2 367**	**15 890**

The computer software consists mainly of SAP, STET, XMatic, Damas Energy, Oracle, XM Trade and ISZO and ISOT ((information system for deviation settlement, organization of daily electricity market). Net book value of SAP is EUR 680 thousand (31 December 2013: EUR 579 thousand), remaining amortization period is between 1 and 4 years. Net book value of Damas Energy is EUR 416 thousand (31 December 2013: EUR 720 thousand), remaining amortization period is between 1 and 3 years. Net book value of ISZO and ISOT are EUR 2 355 thousand (31 December 2013: 1 731 thousand)

(All amounts are in thousands Euros unless stated otherwise)

Intangible assets not yet in use include EUR 1 006 thousand for upgrade of system DaE (31 December 2013: EUR 248 thousand), EUR 722 thousand for migration UNIX systems (31 December 2013: EUR 0), 309 thousand EUR for extension of ISOM system (31 December 2013: EUR 0), EUR 107 thousand for upgrade and innovation RIS SED Žilina (31 December 2013: EUR 106 thousand), 0 EUR for integration of support systems SED (31 December 2013: EUR 780 thousand), EUR 0 for infrastructure upgrade Citrix (31 December 2013: EUR 763 thousand), EUR 0 for exchange of disk arrays (31 December 2013: EUR 531 thousand), EUR 15 thousand for implementation of SAP – BCP (31 December 2013: EUR 484 thousand), EUR 0 for solution of document sharing (31 December 2013: EUR 316 thousand).

Internally generated intangible assets are immaterial.

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

7 Shares and other investments

	2014	2013
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 parent company´s share on the capital was 12.5 %. On 23 May 2014 was entered in the German Register a new parner - Croatian provider HOPS d. o. o. and Company´s share on the capital was reduced to 11.11%.

8 Financial assets

Loans to the company CAO

	2014	2013
At the beginning of the year	0	15
Additions	0	0
Disposals	0	15
At the end of the year	**0**	**0**
Less non-current portion of Loans to the company	0	0
Current portion of Loans to the Company	**0**	**0**

The balance as at 31 December 2012 represented the outstanding loan granted to the auction Office (Note 7) with final maturity in year 2013 and repayment thereof in five annual instalments.

(All amounts are in thousands Euros unless stated otherwise)

9 Financial instruments by category

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

As at 31 December 2014	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	114 347	114 347
Received guarantees	0	42 930	42 930
Liabilities due from derivative financial instruments	24	0	24
Payables due to employees	0	1 838	1 838
Social security	0	934	934
Other payables	0	993	993
Bank loans	0	59 008	59 008
Total	**24**	**220 050**	**220 074**

As at 31 December 2014	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	61 501	61 501
Receivables due from derivative financial instruments	0	0	0
Other receivables	0	465	465
Cash at bank and in hand	0	121 663	121 663
Short-term bank deposits	0	0	0
Loans to the company CAO	0	0	0
Total	**0**	**183 629**	**183 629**

(All amounts are in thousands Euros unless stated otherwise)

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**

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	1 151	1 151
Social security	0	644	644
Dividens	0	78 177	78 177
Other payables	0	1 743	1 743
Bank loans	0	28 573	28 573
Total	**329**	**266 480**	**266 809**

10 Inventories

	As at 31 December 2014	2013
Advance payments made for inventory	0	0
Materials and spare parts	1 208	1 045
	1 208	**1 045**

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)

11 Trade and other receivables

	As at 31 December 2014	2013
Current receivables and prepayments:		
Neither past due nor impaired trade receivables	60 347	37 391
Past due but impaired trade receivables	4	0
Past due but not impaired trade receivables	1 047	111
Individually impaired trade receivables	103	48
Trade receivables (before provision for impairment)	**61 501**	**37 550**
Less: Provision for impairment of receivables	-1 083	-31
Trade receivables - net	**60 418**	**37 519**
VAT receivable	3 844	7 436
Claim on grant	2 072	0
Prepayments	6	28
Other receivables	465	1 219
Prepaid expenses and accrued income	770	893
Other receivables - net	**7 157**	**9 576**
Total trade and other receivables	**67 575**	**47 095**

The claim for grant represents the TEN project for the 2x400 kV electric line implementation among the V409 and V071/072 lines intersection and Voľa transformer.

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

	As at 31 December 2014	2013
Receivables within due date	60 351	37 391
Overdue receivables	1 150	159
Total	**61 501**	**37 550**

(All amounts are in thousands Euros unless stated otherwise)

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

	As at 31 December 2014	2013
Slovenské elektrárne, a.s.	5 085	4 597
Západoslovenská energetika, a. s.	0	45
Západoslovenská distribučná, a. s.	6 640	6 703
Západoslovenská energetika Energia, a. s.	9 576	1 818
Stredoslovenská energetika, a. s.	9 008	1 463
Stredoslovenská energetika Distribúcia, a. s.	1 825	5 121
Východoslovenská energetika, a. s.	3 907	0
Východoslovenská energetika Holding, a. s.	0	1 186
Východoslovenská distribučná, a. s.	6 708	3 140
ČEPS, a. s.	1 891	635
MAVIR	892	3 194
Other	14 815	9 489
Neither past due or impaired trade recivables	**60 347**	**37 391**

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.

There was created provision in the amount of 4 thousand to past due but not impaired trade receivables.

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

As at 31 December 2014 trade receivables of EUR 1 047 thousand (31 December 2013: EUR 111 thousand) were past due but not impaired. Their ageing analysis is as follows.

	As at 31 December 2014	2013
1 to 90 days	490	110
91 to 180 days	557	1
Total past due but not impaired trade receivables	**1 047**	**111**

The closing balance of the trade receivables at the reporting date includes overdue receivables in the carrying amount of EUR 1 047 thousand (2013: EUR 111 thousand). There was created provison on receivables in the amount of EUR 987 thousand. No provisions were recorded on receivables in the amount of EUR 60 thousand 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 2014, the Group recorded individually impaired trade receivables in the gross amount of EUR 103 thousand (2013: EUR 48 thousand). As at 31 December 2014 was created provision in the amount of EUR 92 thousand (2013: EUR 31 thousand).

(All amounts are in thousands Euros unless stated otherwise)

The ageing of these receivables is as follows:

	As at 31 December 2014	2013
from 180 to 360 days	0	0
over 361 days	103	48
Total individually impaired receivables	**103**	**48**

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

	2014	2013
At the beginning of the year	31	4
Additional provision for receivables impairment	1 076	28
Unused amounts released	0	0
Receivables written-off as uncollectible	-24	-1
At the end of the year	**1 083**	**31**

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

12 Cash and cash equivalents

	As at 31 December 2014	2013
Cash at bank and in hand	94 781	117 011
Short-term bank deposits	26 882	89 141
	121 663	**206 152**

As at 31 December 2014 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 2014: EUR 12 019 thousand, 31 December 2013: EUR 43 513 thousand) and daily market with electricity (31 December 2014: EUR 4 539 thousand, 31 December 2013: EUR 28 890 thousand).

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

	As at 31 December 2014	2013
Cash and bank balances and depoisits with original maturities of less than three months	121 663	206 152
Cash and bank balances and deposits with original maturities of more than three months	0	0
	121 663	**206 152**

(All amounts are in thousands Euros unless stated otherwise)

The carrying amounts of cash and cash equivalents as of 31 December 2014 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).

13 Shareholder's Equity

As at 31 December 2014, 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 16 541 thousand as at 31 December 2014 (as at 31 December 2013: EUR 16 504 thousand).

Other capital reserves comprise statutory fund of EUR 146 399 thousand (2013: EUR 146 139 thousand) and differences from revaluation of assets amounted to EUR 148 893 thousand (2013: EUR 174 222 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. In 2014, the Company contributed to this fund an amount of EUR 0 (31 December 2013: EUR 0). 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:

	2014
Positive revaluation 1 January 2014	174 222
Revaluation surplus reclassified to retained earnigns as at 31 December 2014	-32 513
Deferred tax on revaluation surplus as at 31 December 2014	7 153
Deferred tax related to changes in tax rates and special levy from profit in regulated industry	31
At the end of the period	**148 893**

	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**

(All amounts are in thousands Euros unless stated otherwise)

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 29 May 2014 approved the Consolidated Financial Statements for 2013 In 2014 were approved payment of dividend for 2013 to shareholders in the amount of EUR 28 thousand (rounded) per share at the nominal value of EUR 33 thousand and EUR 28.22 (rounded) per share at the nominal value of EUR 34 (in 2013: EUR 32 thousand (rounded) per share at the nominal value of EUR 33 thousand and EUR 32.48 (rounded) per share at the nominal value of EUR 34).

The profit accounting of the parent company for the year 2013 of EUR 69 396 thousand was distributed as follows:

	2014 profit distribution	2013 profit distribution
Dividends paid	67 913	78 177
Appropriation to the Statutory Fund	260	305
Appropriation to the Reserve Fund	37	40
Transfer to retained earnings	1 186	351
Total	**69 396**	**78 873**

14 Trade and other payables

	As at 31 December 2014	2013
Trade payables	114 347	80 286
Received guarantees	42 930	75 906
Payables due to employees	1 838	1 151
Social security	934	644
Accrued personnel expenses	2 993	3 363
Liabilities due from derivative financial instruments	24	329
Social fund	269	237
Dividends	0	78 177
Other payables	993	1 743
Total	**164 328**	**241 836**

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 2014, the Group has no opened interest rate swaps (as at 31 December 2013 it has negative fair value of swaps in the amount of EUR 233 thousand, unpaid interests as at 31 December 2013 were recognized in short-term liabilities in the amount of EUR 96 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.

(All amounts are in thousands Euros unless stated otherwise)

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

	As at 31 December 2014	2013
Payables not yet due	158 890	236 512
Overdue payables	5 438	5 324
Total	**164 328**	**241 836**

Social Fund

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

	2014	2013
Opening balance at 1 January	**237**	**207**
Creation	707	669
Usage	-675	-639
Closing balance at 31 December	**269**	**237**

15 Bank loans and finance lease liabilities

	As at 31 December 2014	2013
Non-current		
Long-term portion of bank loans (a)	48 574	12 729
	48 574	**12 729**
Current		
Short-term portion of bank loans (a)	10 434	15 844
	10 434	**15 844**

(a) Bank loans

The maturity of bank loans is as follows:

Maturity	As at 31 December 2014	2013
Short-term portion of bank loans	10 434	15 844
Long-term portion of bank loans		
1-5 years	35 374	12 729
over 5 years	13 200	0
Total	**59 008**	**28 573**

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

(All amounts are in thousands Euros unless stated otherwise)

The Group has the following unoverdraft borrowing facilities:

	As at 31 December	
	2014	**2013**
Floating rate:		
expiring within one year	3 550	26 780
expiring beyond one year	507	280
Fixed rate		
expiring within one year	15 000	0
Total	**19 057**	**27 060**

Loans from VÚB, Slovenská sporiteľna and Tatra banka 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:

	2014	**2013**
Bank borrowings	0.232%	0.207%

(All amounts are in thousands Euros unless stated otherwise)

Structure of bank loans as at 31 December 2014 is as follows:

Bank/Creditor			Amount in EUR 31 December 2014	31 December 2013	Interest rate % p. a.	Maturity	Collateral	Part due in next 12 months	Part due after 12 months
Tatra banka, a.s.	Investment	EUR	5 503	5 469	EURIBOR +1.95	31.12.2017	0	1 929	3 574
Tatra banka, a.s.	Credit cards	EUR	5	4	0	January 2014 and January 2015	0	5	0
Tatra banka, a.s.	Investment	EUR	0	1 400	3M EURLIBOR + 0.145%	23.4.2014	0	0	0
SLSP, a.s.	Investment	EUR	0	4 700	3M EURIBOR + 0.145%	31.12.2014	0	0	0
VÚB, a. s.	Investment	EUR	8 500	17 000	3M EURIBOR + 0.932%	3.12.2015	0	8 500	0
SLSP, a.s.	Investment	EUR	15 000	0	1.3%	31.7.2022	0	0	15 000
VÚB, a. s.	Investment	EUR	30 000	0	1.3%	18.9.2022	0	0	30 000
Total	**X**	**X**	**59 008**	**28 573**	**X**	**X**	**X**	**10 434**	**48 574**

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

16 Grants and deferred revenues

Deferred revenues include the following items:

	As at 31 December 2014	2013
Deferred revenues		
EBOR grant Križovany – long-term portion (a)	14 359	15 160
– current portion (a)	802	802
EBOR grant Lemešany – long-term portion (b)	37 724	38 119
– current portion (b)	1 501	1 315
US Steel – long-term portion (c)	4 371	4 601
– current portion (c)	229	228
EU TEN-E – long-term portion (d)	831	861
– current portion (d)	29	29
E.On – long-term portion (e)	3 051	3 214
– current portion (e)	158	153
Slovenské elektrárne, a. s. – long-term portion (f)	3 656	3 102
– current portion (f)	162	111
EU TEN-E – long-term portion (g)	886	914
– current portion (g)	29	29
EU TEN-E – long-term portion (h)	2 170	0
– current portion (h)	66	0
Západoslovenská distribučná, a. s. – long-term portion (i)	3 539	0
– current portion (i)	141	0
Východoslovenská distribučná, a.s. – long-term portion (j)	4 897	0
– current portion (j)	214	0
Other – long-term portion (k)	13 858	7 903
– current portion (k)	11 583	10 151
Total	**104 256**	**86 692**

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 15 161 thousand (31 December 2013: EUR 15 962 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 39 225 thousand (31 December 2013: EUR 39 434 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 4 600 thousand (31 December 2013: EUR 4 829 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 860 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 2013: EUR 890 thousand).

e)
Amount of EUR 3 209 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 2013: EUR 3 367 thousand).

f)
Amount of EUR 3 818 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 2013: EUR 3 213 thousand).

g)
Amount of EUR 915 thousand represents co-finance provided to Group from European Commission for the transmission line SS Košice – Lemešany (31 December 2013: EUR 943).

h)
Amount of EUR 2 236 represents co-finance provided from European Commission for the meshing V 409 line to the new transformer station 400 / 110kV in Voľa electric station (31 December 2013: EUR 0).

i)
Amount EUR 3 680 is related to the refinancing of Západoslovenská distribučná a.s. costs for enlargement of second transformer in the Stupava electric station (31 December 2013: EUR 0).

j)
Amount EUR 5 111 is related to the refinancing of Východoslovenská distribučná a.s. costs for the construction of devices necessary to connect R 400/110 kV Voľa into electric transmission system (31 December 2013: EUR 0).

k)
Within other deferred income the Group recorded an income in amount of EUR 12 644 thousand which does not belong to the Group in 2014 because of over collected maximum allowed income set by regulations. This will be realized in 2016.

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 and will be realized in 2015 and an income in amount of EUR 3 086 thousand which does not belong to the Group in 2014 because of over collected maximum allowed income set by regulations and will be realized in 2015.

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

17 Deferred tax

Deferred taxes are calculated on temporary differences under the balance sheet liability method using a principal tax rate of 22% (31 December 2013: 22%). As at 31 December 2014 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 2013: 4.3 %). According to currently effective legislation as at 31 December 2014 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 2015 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.

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

	At 1 January 2014	Change recognized as (-) expenses/(+) revenues	Change of equity	At 31 December 2014
Positive revaluation of fixed assets	-50 763	7 153	31	-43 579
Negative revaluation of fixed assets	1 489	-247	0	1 242
Receivables	5	14	0	19
Non-current tangible and intangible assets	-13 990	-4 454	0	-18 444
Retirement benefit	1 595	178	0	1 773
Provisions	516	-81	0	435
Other	640	553	0	1 193
Total	**-60 508**	**3 116**	**31**	**-57 361**

The movements in deffered tax assets and liabilities during previous year 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**

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

18 Provisions for liabilities and charges

	Pension benefits and other long-term benefits (a)	Legal claims (b)	Others (c)	Total
At 1 January 2014	**7 253**	**0**	**0**	**7 253**
Creation of provisions	1 287	65	0	1 352
Provisions used	-480	0	0	-480
At 31 December 2014	**8 060**	**65**	**0**	**8 125**

Analysis of total provisions	As at 31 December 2014	2013
Non-current	8 060	7 253
Current	65	0
Total	**8 125**	**7 253**

(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 2014	2013
Present value of unfunded retirement obligations	7 888	7 105
Unrecognised actuarial gains/(losses) and portion of past service cost	0	0
Obligation in the Statement of Financial Position	**7 888**	**7 105**

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

Analysis of current provisions	2014	2013
Current service cost	540	456
Past service cost	0	2 259
Recognised actuarial gains/(losses)	464	20
Interest cost	242	159
Pension (credit) / cost, included in personnel costs	**1 246**	**2 894**

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

Movements in the present value of defined benefit obligation are:

	2014	**2013**
Present value of unfunded retirement obligation at the beginning of the year	7 105	4 506
Current service cost	540	456
Past service cost	0	2 259
Interest cost	242	159
Benefits paid	-463	-295
Cancelled	0	0
Actuarial (gains)/losses	464	20
Present value of unfunded retirement obligations at the end of the year	**7 888**	**7 105**

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

	As at 31 December 2014	**2013**
Present value of unfunded obligations	172	148
Obligation in the Statement of Financial Position	**172**	**148**

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

	2014	**2013**
Current service cost	13	11
Recognised actuarial gains/(losses)	23	10
Interest expense	5	5
Pension (credit) / cost included in personnel costs	**41**	**26**

Movements in the present value of defined benefit obligation are:

	2014	**2013**
Present value of unfunded retirement obligations at befinning of the year	148	140
Current service cost	13	11
Past service cost	0	0
Interest cost	5	5
Benefits paid	-17	-18
Actuarial gains/(losses)	23	10
Present value of unfunded retirement obligations at the end of the year	**172**	**148**

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

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

As at 31 December 2014	
Percentage of employees, who will terminate their employment prior to retirement (fluctuation rate)	1.8 – 3.6 % p.a., depending on the age and sex
Expected salary increases – long - term	4.9 % p. a.
- short - term	2.5 % p. a.
Discount rate	2.05 % p. a.

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

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 and a reliable estimate can be made of the amount of the obligation. The Group is involved in a legal cases regarding the cost reimbursement for bush cutting in the protection electricity lines zone and compensation for easements. In the opinion of the Group'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.

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

19 Revenues

Revenues include the following:

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

	2014	2013
Access to transmission grid	137 896	145 890
Covering losses	19 799	20 951
System operation	428 633	69 029
System services	165 074	158 791
Auctions	22 183	19 600
Deviations and regulated electricity	111 598	77 935
Shipping	66 856	64 987
CBT mechanism	9 535	8 398
MO profile	8 375	8 063
Other regulated revenues	746	354
Total revenues from electricity transmission and transit, deviation settlement and oraanization of dailv electricitv market	**970 695**	**573 998**
Rental	522	537
Telecommunications services	510	509
Other revenues	565	890
Total other revenues	**1 597**	**1 936**
Total revenues	**972 292**	**575 934**

The revenue structure 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. Based on the application of the Romanian TS operator and the Romanian energy exchange, the project covering extension of trilateral Market Coupling operated among the Czech Republic, Slovakia, and Hungary. According to the project plan, on 19th November 2014, the four-lateral Market Coupling (so called 4MMC) was commissioned, i.e. the operation of day-ahead markets in the form of implicit allocation of cross-border capacities among the Czech, Slovak, Hungarian, and Romanian market areas. 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" respectively the costs of merchandise sold. In 2014 were realized transactions in the total amount of EUR 129 451 thousand and related costs in the amount of EUR 62 595 thousand (31 December 2013: transaction in amount of EUR 123 632 thousand and related costs were EUR 58 645 thousand).

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

20 Consumed materials and services

Consumed materials and services included the following:

	2014	2013
Consumption of material, energy and other non-storable items	12 626	14 885
Sale of electricity on daily market	63 901	63 652
Repair and maitenance	14 321	12 854
Travel expenses	424	399
Representation expenses	432	296
Rental	218	578
Communication lines outputs	531	514
Stations service	3 804	4 082
Protection and maintenance of area	3 003	1 650
Revisions, controls and security services	782	1 835
Technical advisory	77	74
Cleaning	251	249
Bialogical recultivation, ecological costs	182	149
Geodetic and engineering services	45	23
Experts examinations, analysis, experts opinion, certifications	2 597	2 700
Information technology services, advertisement	8 774	8 864
Expenses for support services	149 631	142 073
Expenses for system operation	422 778	69 297
Expenses for deviations	67 406	34 248
Cross-boarder assistance expenses	3 477	0
Expenses for auctions	30 639	4 169
Expenses for regulation energy	58	32 959
Cross-boarder assistance expenses (CBT/ITC)	59	7
Audit of Financial Statements provided by auditor	324	64
Advisory services	38	269
Tax advisory	38	38
Other services provided by auditor	2 146	0
Usage of MO profile (ČEPS)	452	1 156
Other	1 344	1 050
Total	**790 358**	**398 134**

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 regulated electricity, cost for payment related to deviations of billing subjects, 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 2014, the Group realised revenues from sold electricity in the amount of EUR 84 039 thousand (2013: EUR 76 301 thousand). In 2014 related costs were in amount of EUR 147 940 thousand (2013: EUR 139 953 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). Transmission operator in Romania began to participate in this system in 2013. 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 2014, transactions were realised in total amount of EUR 1 702 thousand and related costs were in amount of EUR 2 463 thousand (31 December 2013: transaction in amount EUR 2 281 thousand and related cost were EUR 2 296 thousand).

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

21 Personnel costs

	2014	2013
Wages and saleries	16 950	15 889
Other personnel costs	1 565	1 518
Pension costs-definite contribution plan	6 030	5 331
Current service cost	553	467
Past service cost	0	2 259
Interest cost related to pension and other employee benefits	247	164
Recognized actuarial losses/(gains)	487	30
Total	**25 832**	**25 658**

22 Other operating expenses

	2014	2013
Insurance costs	1 974	2 271
Loss from sale of fixed assets	463	0
Taxes and other fees	180	221
Gifts	712	746
Creation of provision	1 046	0
Other operating expenses	435	365
Total	**4 810**	**3 603**

23 Other operating income

	2014	2013
Gain from sale of fixed assets	0	453
Gain from sale of material	16	35
Release of deferred revenues from grant	2 203	1 711
Contractual penalties	1 993	1 600
Insurance income	199	32
Release of deferred revenues - Košice	229	281
Release of deferred revenues E.ON	157	158
Revenues from connection to transmission system	349	0
Other operating income (mainly insurance claims)	623	302
Total	**5 769**	**4 572**

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

24 Finance expense, net

	2014	2013
Interest income	405	803
Interest expense from borrowings	-395	-195
Foreign exchange gains	0	3
Foreign exchange losses	-7	-2
Finance income on derivative instruments	233	573
Finance expense on derivative instruments	-237	-583
Other financial expenses	-67	-25
Net financial expenses	**-68**	**574**

25 Income tax expense

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

	Year ended 31 December 2014	2013
Profit before tax	93 091	95 987
Theoretical income tax related to current period at 22% / (2013: 23%)	20 480	22 077
Other income not subject to tax (permanent)	-3 912	-1 252
Non-deductible expenses (permanent)	1 681	1 079
Increase of tax due to charges for regulated subjects	5 068	5 147
Deferred tax from temporary differences to which no Deferred tax has been accounted historically	0	0
Additional income tax	2 148	0
Deferred tax increase to 1 January due to increase of tax rate	0	-460
	25 465	**26 591**
Income tax expense for the period		
The tax charge for the period comprises:		
Deferred tax charge - expense/(income) (Note 18)	-3 116	-4 170
Deferred tax total	**-3 116**	**-4 170**
Special levy for regulated industry	5 068	5 147
Additional income tax	2 148	0
Current income tax expense	21 365	25 614
Income tax total	**28 581**	**30 761**
Total tax for period	**25 465**	**26 591**
Effective tax rate	**27,35%**	**27,70%**

Deferred tax is provided, using the balance sheet liability method, on temporary differences using the basic tax rate of 22% (31 December 2013: 22%). This tax rate has been increased as at 31 December 2014 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 2013: 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 2015 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.

26 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.

27 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 2014, the performance of which is scheduled only after 31 December 2014. The total obligation under the contracts amount to EUR 114 739 thousand (EUR 2013: 61 217 thousand).
Capital commitments represent mainly the contruction of transformation 2x400 kV Gabčíkovo – Veľký Ďur, remote management of substations, exchange of transformers, grounding cable, re-insulation of electricity line V439.

The Group approved its capital expenditure budget for 2015 in the amount of EUR 100 528 thousand (the 2014 capital expenditure budget: EUR 122 560 thousand). Capital expenditures mainly relate to transformation 2x400 kV Gabčíkovo – Veľký Ďur, with a set of structures in Gabčíkovo - Veľký Ďur – Rimavská Sobota - Hungarian border, to remote management of substation 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 2014	31 December 2013
Due within 1 year	84	154
Due in 2 to 5 years	150	262
Due after 5 years	9	10
Total	**243**	**426**

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 288 thousand (31 December 2013: EUR 220 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 2014	31 December 2013
Due within 1 year	286	358
Due in 2 to 5 years	1 123	1 272
Due after 5 years	3 192	3 536
Total	**4 601**	**5 166**

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 721 thousand (31 December 2013: EUR 512 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 2014 amounts to EUR 306 thousand (31 December 2013: EUR 311 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 266 thousand annually (31 December 2013: EUR 271 thousand).

28 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 2014 is EUR 103 901 thousand (as at 31 December 2013: EUR 72 995 thousand)

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

29 Cash generated from operations

	Note	2014	2013
Profit before income tax		93 091	95 987
Adjustments for:			
Depreciation of property, plan and equipments	5	57 508	52 511
Depreciation of non-current intangible assets	6	7 017	6 187
Negative revaluation	5	0	0
Impairment charge for non-current assets	5,7	0	-18
Changes in provisions for receivables	12	1 052	27
Changes in fair value of derivatives		-233	-571
(Gain) / loss from disposal of property, plant and equipment	23	463	-453
Interest income / expense net	25	-10	-608
Net movements in provisions	19	872	2 574
Changes in working capital:			
Inventories (gross)		-163	-1 258
Trade and other receivables		-19 721	-6 582
Trade and other payables, deferred revenues		13 808	5 656
Cash generated from operations		**153 684**	**153 452**

In the consolidated cash flow statement, proceeds from sale of assets are as follows:

	Note	2014	2013
Net book amount		728	2 988
Profit / (loss) on disposal of asset	24, 23	-463	453
Proceeds from disposal of asset		**265**	**3 441**

30 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.

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.

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

As at 31 December 2014, the outstanding balances with joint venture, 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.	5 085	1	0	-14 539
Západoslovenská energetika, a.s.	0	0	0	0
Západoslovenská distribučná, a.s.	6 653	0	0	-3 296
Západoslovenská energetika – Energia, a.s.	9 576	0	0	-6 175
Východoslovenská energetika, a.s.	3 907	0	0	-3 149
Východoslovenská energetika Holding, a.s.	0	0	0	-4
Východoslovenská distribučná, a.s.	6 708	0	0	-3 197
Stredoslovenská energetika, a.s.	9 008	0	0	-12 096
Stredoslovenská energetika – Distribúcia, a.s.	1 825		0	-8 285
Tepláreň Košice, a. s.	-10	0	0	-1 055
Žilinská teplárenská, a. s.	6	0	0	-126
Martinská teplárenská, a. s.	89	0	0	-331
Zvolenská teplárenská, a. s.	36	0	0	-432
CAO, GmbH	54	0	0	-1 175

The income and expense items with joint venture, state-controlled entities and government bodies for the year ended 31 December 2014 were as follows:

	Sales of services	Purchase of services
CAO, GmbH	22 176	-3 454
Slovenské elektrárne, a.s.	15 084	-167 228
Západoslovenská energetika, a.s.	0	-1
Západoslovenská distribučná, a.s.	65 970	-98 121
Západoslovenská energetika – Energia, a.s.	203 786	-15 128
Východoslovenská energetika, a.s.	43 421	-9 322
Východoslovenská energetika Holding, a.s.	44 086	-7 559
Východoslovenská distribučná, a.s.	31 022	-97 451
Stredoslovenská energetika, a.s.	145 703	-36 801
Stredoslovenská energetika – Distribúcia, a.s.	38 771	-136 487
Tepláreň Košice, a. s.	1 546	-5 884
Žilinská teplárenská, a. s.	15	-775
Martinská teplárenská, a. s.	269	-1 524
Zvolenská teplárenská, a. s.	638	-2 737

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

As at 31 December 2013, the outstanding balances with joint venture, 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	-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, GmbH	441	0	0	-1 495

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

	Sales of services	Purchase of services
CAO, GmbH	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

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

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 2014 and 31 December 2013, are as follows:

	Year ended 31 December 2014	**Year ended 31 December 2013**
Salaries and short-term employee benefits	1 357	1 207
Total	**1 357**	**1 207**

31 Events after the reporting period

The Consolidated Financial Statements for the year ended 31 December 2014 prepared in accordance with International Financial Reporting Standards as adopted by the European Union were prepared and authorized for issue on 25 March 2015.

....
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