HLB mandat

TAX & AUDIT SERVICES

INDEPENDENT AUDITOR´S REPORT
(unofficial translation)

on the consolidated financial statements prepared as of December 31, 2015

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, 2015, the consolidated income statement and the consolidated statement of comprehensive income for the year then ended, consolidated statement of Changes in equity, consolidated statement of 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, 2015, 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 10th, 2016

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 at 31 December 2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	5	788 754	754 842
Intangible assets	6	16 274	15 890
Non-current financial assets		0	0
Other investments	7	200	62
Receivables		0	0
		805 228	**770 794**
Current assets			
Inventories	9	1 157	1 208
Trade and other receivables	10	45 050	67 575
Cash and cash equivalents	11	144 361	121 663
Current income tax receivable		0	3 272
		190 568	**193 718**
Non-current assets held for sale		0	0
Total assets		**995 796**	**964 512**
EQUITY			
Share capital and reserves attributable to equity			
Share capital	12	105 000	81 833
Legal reserve fund	12	16 556	16 541
Other reserves	12	146 399	146 399
Revaluation of financial investment		108	0
Actuarial gains/loss		-736	0
Revaluation reserve	12	127 643	148 893
Retained earnings	12	206 123	177 768
Total equity		**601 093**	**571 434**
LIABILITIES			
Non-current liabilities			
Non-current bank loans	14	69 594	48 574
Grants and other deferred revenues	15	87 351	89 342
Deferred tax liability	16	55 546	57 361
Non-current provisions for liabilities and charges	17	9 156	8 060
		221 647	**203 337**
Current liabilities			
Current bank loans	14	9 487	10 434
Trade and other payables	13	143 930	164 328
Grants and other deferred revenue	15	17 873	14 914
Provisions for current liabilities and charges	17	67	65
Current income tax payable		1 699	0
		173 056	**189 741**
Total liabilities		**394 703**	**393 078**
Total equity and liabilities		**995 796**	**964 512**

The Consolidated Financial Statements for the year ended 31 December 2015 prepared in accordance with International Financial Reporting Standards as adopted by the European Union were approved and authorized for issue on 10 March 2016 by the Board of Directors.

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

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

	Note	Year ended 31 December 2015	2014
Revenues	18	977 957	972 292
Capitalized costs		794	622
Consumables and services	19	-789 752	-790 358
Personnel costs	20	-25 463	-25 832
Depreciation and amortisation	5,6	-65 296	-64 524
(Impairment)/Reversal of impairment of fixed assets	5	-33	0
Other operating income	22	5 754	5 769
Other operating expense	21	-3 599	-4 810
Operating profit		**100 362**	**93 159**
Interest income	23	252	405
Interest expense	23	-914	-395
Other finance income/expense)	23	10	-78
Finance cost, net		**-652**	**-68**
Profit before tax		**99 710**	**93 091**
Income tax expense	24	-26 512	-25 465
Profit for the year		**73 198**	**67 626**
Other comprehensive income			
Items that will not be reclassified			
Revaluation of financial investment		-736	0
Actuarial gains/loss		108	0
Deferred tax from revaluation of property, plant and equipment		56	31
Total comprehensive income		**72 626**	**67 657**

	2015	2014
Profit attributable:		
Owners of the parent	73 198	67 626
Non-controlling interest	0	0
Profit for the year	**73 198**	**67 626**
Total comprehensive income attributable to:		
Owners of the parent	72 626	67 657
Non-controlling interest	0	0
Total comprehensive income for the period	**72 626**	**67 657**

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

	Share capital	Legal reserve fund	Other funds	Revaluation of financial investment	Actuarial gains/loss	Revaluation reserve	Retained earnings	Total equity
Balance as at 1 January 2014	**81 833**	**16 504**	**146 139**	**0**	**0**	**174 222**	**152 992**	**571 690**
Net profit for the year 2014	0	0	0	0	0	0	67 626	67 626
	0	0	0	0	0	-25 329	25 360	31
Other comprehensive income year 2014	**0**	**0**	**0**	**0**	**0**	**-25 329**	**92 986**	**67 657**
Dividens paid (Note 12)	0	0	0	0	0	0	-67 913	-67 913
Profit appropriation to Statutory Fund (Note 12)	0	0	260	0	0	0	-260	0
Appropriaton to Reserve Fund	0	37	0	0	0	0	-37	0
Balance as at 31 December 2014	**81 833**	**16 541**	**146 399**	**0**	**0**	**148 893**	**177 768**	**571 434**
Balance at 1 January 2015	**81 833**	**16 541**	**146 399**	**0**	**0**	**148 893**	**177 768**	**571 434**
Net profit for the year 2015	0	0	0	0	0	0	73 198	73 198
	0	0	0	108	-736	-21 250	21 306	-572
Other comprehensive income year 2015	**0**	**0**	**0**	**108**	**-736**	**-21 250**	**94 504**	**72 626**
Dividens paid (Note 12)							-66 134	-66 134
Decrease of share capital	-81 833							-81 833
Increase of share capital	105 000							105 000
Profit appropriation to Statutory Fund (Note 12)	0	0	0	0	0	0	0	0
Profit appropriation to reserve fund	0	15	0	0	0	0	-15	0
Balance as at 31 December 2015	**105 000**	**16 556**	**146 399**	**108**	**-736**	**127 643**	**206 123**	**601 093**

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

		Year ended 31 December	
	Note	**2015**	**2014**
Cash flows from operating activities			
Cash generated from operations	28	157 358	153 684
Income tax paid		-23 121	-32 223
Interest received		236	520
Net cash generated from operating activities		**134 473**	**121 981**
Cash flows from investing activities			
Purcase of property, plant and equipment and intangible assets		-88 239	-90 730
Proceeds from sale of property, plant and equipment	28	261	265
Interest received		0	0
Net cash used in financing activities		**-87 978**	**-90 465**
Cash flows from financing activities			
Proceeds/(repayments) of loans		20 073	30 435
Interest paid		-903	-350
Income from subscribed shares and participations		23 167	0
Dividends paid	12	-66 134	-146 090
Net cash used in financing activities		-23 797	-116 005
Net increase (+) / decrease (-) in cash and cash equivalents		**22 698**	**-84 489**
Cash and cash equivalents at the beginning of the year	11	**121 663**	**206 152**
Cash and cash equivalent at the end of the year	11	**144 361**	**121 663**

(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 2015 and during the year then ended 31 December 2015 (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 as at 31 December 2015 was as follows:

	Absolute amount thousands EUR	Ownership interest and voting rights %
Slovak Republic represented by Ministry of Finance	105 000	100%
Total	**105 000**	**100%**

The structure of the parent company´s shareholders as 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%**

(All amounts are in thousands Euros unless stated otherwise)

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.

The members of the parent company´s statutory bodies during the year ended 31 December 2015 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 549 personnel on average during 2015 (2014: 554), 11 of which were management (2014: 12).

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 2015 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 2015 to 31 December 2015.

The Accounting Act requires the Group to prepare Consolidated Financial Statements for the year ended 31 December 2015 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 2015.

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 2015.

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.

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 (2014: between 25 and 60 years).

(ii) Revaluation

(All amounts are in thousands Euros unless stated otherwise)

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:

	2015	2014
Buildings, halls, networks and constructions	25 – 60 years	25 – 60 years
Machines, equipment and vehicles	4 - 50 years	4 - 50 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 Coll. 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 400/110 kV in Bystričany. This grant has been drawn partially in 2015.

2.18. Borrowings

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

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

2.19. Provisions

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

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

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

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

(All amounts are in thousands Euros unless stated otherwise)

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. They are disclosed in the Notes to the Consolidated Financial Statements, 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 (2014: 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% (2014: 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% (2014: 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 2018.

IFRS 16 - Leases

This standard replaces the existing accounting practices in IAS 17. IFRS 16 will have an impact on accounting for leases mainly on the lessees. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied.
According to IAS 17 lessee must be a distinction between finance leases and operating leases. IFRS 16 now requires the lessee to practice at all leasing contracts showed liability from the lease, which represents the future lease payments and asset representing the right to use. IASB to incorporate standard and optional exemption for certain short-term leases and leases the asset for a low value. This exception may be applied only lessees.
Accounting for lessors is unchanged. According to IFRS 16 a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
Standard issued on 13 January 2016 and effective for period beginning on or after 1 January 2019.

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 revenue based 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

(All amounts are in thousands Euros unless stated otherwise)

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.

Amendments to IAS 12 - Income Taxes

The objective of this project is to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. Amendments issued in January 2016 and effective for period beginning on or after 1 January 2017.

Amendments to IAS 7 - Statement of Cash Flow

The objective of the amendments is to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.
Amendments issued in January 2016 and effective for period beginning on or after 1 January 2017.

3 Financial Risk Management

3.1. Financial risk factors

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

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

(i) Market risk

(a) Foreign exchange risk

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

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

	Liabilities		**Assets**	
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**
USD / CZK and other	-33	-35	0	1

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 2015, 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"), which in its decisions determines tariffs, prices and costs allowed the Group. URSO applies in its determinations procedures and formulas describe in the URSO ordinance based on the principles established by the Regulation Committee for the regulatory period.

The year 2015 is including to regulatory period 2012 – 2016 and the determination of prices for access to the transmission system and electricity transmission based on the price cap. Tariffs for losses, system services, providing system services and tariffs for operation of activities of short-term electricity market are determined on the basis of maximum permitted costs. By different types of support services sets maximum prices of purchased services or the maximum allowable cost. By different types of balancing electricity supplied setting maximum, minimum or fixed prices.

Tariffs for losses, system services, system operation and tariff for the performance of activities of spot electricity market are determined based on the maximum permitted revenues and expenses. When different types of support services sets maximum prices of purchased services or the maximum allowable cost. When different types of balancing electricity supplied setting maximum, minimum or fixed prices.

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 (see 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 2015 would decrease/increase by EUR 93 thousand (2014: EUR 140 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.

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 1 094 thousand (Note 10).

The table below shows the balances of receivables due from bank and other cash and cash equivalents at the reporting date:

(All amounts are in thousands Euros unless stated otherwise)

		Balance as at 31 December	
Counterparty	**Rating[2]**	**2015**	**2014**
Banks[1]			
Všeobecná úverová banka, a.s.	A3	10 463	10 919
Tatra banka, a.s.	A3	76 871	64 345
Československá obchodná banka, a.s.	Baa3	4	112
Slovenská sporiteľňa, a.s.	A	15 765	9 073
J & T Banka, a. s.	-	31 176	19 084
Sberbank, a. s.	BBB-	6	3 059
Poštová Banka, a. s.	-	10 001	15 000
Other	n/a	75	71
Total		**144 361**	**121 663**

[1] The amount of cash and short-term deposits at banks as at 31 December 2015 amounts to EUR 144 361 thousand (31 December 2014: EUR 121 663 thousand). As at 31 December 2015 cash and cash equivalents are at the Group's full disposal. Furthermore, the Group has agreed with those banks on credit lines on current accounts totalling EUR 18 550 thousand (31 December 2014: EUR 19 057 thousand), which were not utilized. The Group has bank borrowings as at 31 December 2015 of EUR 79 081 thousand (31 December 2014: EUR 59 008 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.

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.

(All amounts are in thousands Euros unless stated otherwise)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2015				
Bank loans	9 487	13 808	35 233	20 553
Trade and other payables excluding liabilities not falling under IFRS 7	138 982	0	0	0
Total	**148 469**	**13 808**	**35 233**	**20 553**
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**

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 2015 in value EUR 601 093 thousand (31 December 2014: EUR 571 434 thousand).

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

	31 December 2015	**31 December 2014**
Total equity and liabilities	995 796	964 512
Equity (Note 13)	601 093	571 434
Equity to Total equity and liabilities ratio	60%	59%

The parent company's strategy was unchanged from 2015, i.e. to maintain Equity to Total liabilities and equity ratio above 35%, which is compliant with externally imposed capital requirements. During 2015 and 2014 the Group complied with the externally imposed capital requirements (Note 14).

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 2015 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).

(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 17).

(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.

(All amounts are in thousands Euros unless stated otherwise)

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.

	2015	2014
Buildings, halls, networks, constructions	25 – 60 years	25 – 60 years
Machinery, equipment and vehicles	4 - 50 years	4 - 50 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.

(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. Most assumptions are based on a historical basis.

As at 31 December 2015 the Group's management reviewed all internal and external impairment indicators. The Group did not identify such indicators that would require performing of impairment test as at 31 December 2015.

(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 2014					
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**
Year eneded 31 December 2014					
Opening net book value	14 000	431 796	187 642	92 115	725 553
Addidions	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
Depreciation 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**
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
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**
Year ended 31 December 2015					
Opening net book value	14 005	442 133	239 354	59 350	754 842
Additions	0	0	0	94 120	94 120
Transfers	1 214	16 880	34 274	-52 368	0
Disposals	-7	-286	-498	0	-791
Dprereciation charges	0	-36 965	-22 419	0	-59 384
Impairment charges	0	0	-33	0	-33
Closing net book value	**15 212**	**421 762**	**250 678**	**101 102**	**788 754**

(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 2015 after revaluation					
Cost	15 212	593 343	343 320	100 952	1 052 827
Accumulated depreciation and impairment charges	0	-171 581	-92 492	0	-264 073
Net book value	15 212	421 762	250 828	100 952	788 754
At 31 December 2015 in historical costs					
Costs	7 802	481 171	480 037	100 780	1 069 790
Accumulated depreciation and impairment charges	0	-184 671	-254 150	0	-438 821
Net book value	7 802	296 500	225 887	100 780	630 969

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 2015 the Group reviewed all internal and external impairment indicators. The Group did not identify such indicators that would require performing of impairment test as at 31 December 2015.

As at 31 December 2015, the most significant items within property, plant and equipment represent: substations and administrative buildings in revalued net book value of EUR 350 508 thousand, in historical net book value of EUR 307 503 thousand (31 December 2014: revalued net book value of EUR 334 218 thousand, historical net book value of EUR 285 849 thousand); transmission lines at revalued net book value of EUR 289 731 thousand, in historical net book value of EUR 181 852 thousand (31 December 2014: revalued net book value of EUR 316 084 thousand, in historical net book value of EUR 184 173 thousand).

Non-current assets under construction consists mainly of EUR 1 533 thousand for operating building PS Východ (31 December 2014: EUR 135 thousand), EUR 1 103 thousand for remote management of substation in ES Podunajské Bikupice (31 December 2014: EUR 882 thousand), EUR 3 222 thousand for transformation 2x400 kV in Bystričany - Križovany (31 December 2014: EUR 1 627 thousand), EUR 3 thousand for restorationTR 400/110 kV in Medzibrod (31 December 2014: EUR 23 thousand), EUR 90 391 thousand for substation and transmission lines in Gabčíkovo (31 December 2014: EUR 26 604 thousand), EUR 1 012 thousand for remote management of substation in ES Spišská Nová Ves (31 December 2014: EUR 765 thousand), EUR 760 thousand for transformation 2x400 kV Bystričany – Horná Ždaňa (31 December 2014: EUR 282 thousand), EUR 410 thousand for substation 400 kV Horná Ždaňa – extension (31 December 2014: EUR 16 thousand), EUR 0 for remote management of substation in ES Veľký Ďur (31 December 2014: EUR 7 305 thousand), EUR 0 for remediation of collapsing slope in Liptovská Mara (31 December 2014: EUR 911 thousand), EUR 0 for remote management of substation in ES Spišská Nová Ves (31 December 2014: EUR 765 thousand), EUR 0 for remote management of substation in ES Levice (31 December 2014: EUR 4 618 thousand), EUR 0 for remote management of substation in ES Rimavská Sobota (31 December 2014: EUR 7 641 thousand), EUR 0 for remote management of substation and completion of T402 in ESt Stupava (31 December 2014: EUR 3 573 thousand), EUR 0 for migration of UNIX systems (31 December 2014: EUR 2 092 thousand). These assets are not available for use at the reporting date.

In 2015, borrowing costs are capitalized in accordance with Group accounting policies, borrowing costs are capitalized and therefore the Group capitalized interest amounting EUR 28 thousand (31 December 2014: EUR 5 thousand) as a part of the acquisition cost of non-current assets. The effective interest rate related to capitalization as at 31 December 2015 amounted 1.306% p.a. (31 December 2014: 0.232% 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 2015			
Cost	26 317	15	26 332
Accumulated depreciation	-3 972	-13	-3 985
Net vaule as at 31 December 2015	**22 345**	**2**	**22 347**
As at 31 December 2015			
Historical acquistion cost	25 489	23	25 512
Accumulated depreciation historical	-4 330	-22	-4 352
Historical net book value as at 31 December 2015	**21 159**	**1**	**21 160**
As at 31 December 2014			
Cost	27 603	133	27 736
Accumulated depreciation	-3 017	-53	-3 070
Net book value 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**

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 2015 and 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 2015 and 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)

6 Intangible assets

	Software and other intangible assets	Intangible assets not yet in use	Total
At 1 January 2014			
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
Transfers	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
Accumulated amortisation	-52 469	0	-52 469
Net book value	**13 523**	**2 367**	**15 890**
Year ended 31 December 2015			
Opening net book amount	13 523	2 367	15 890
Additions	0	6 296	6 296
Tranfers	6 115	-6 115	0
Disposals	0	0	0
Depreciation charges	-5 912	0	-5 912
Closing net book value	**13 726**	**2 548**	**16 274**
At 31 December 2015			
Cost	72 107	2 548	74 655
Depreciation charges	-58 381	0	-58 381
Net book value	**13 726**	**2 548**	**16 274**

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 380 thousand (31 December 2014: EUR 680 thousand), remaining amortization period is between 1 and 3 years. Net book value of Damas Energy is EUR 1 419 thousand (31 December 2014: EUR 416 thousand), remaining amortization period is 2 and 4 years. Net book value of ISZO and ISOT are EUR 2 673 thousand (31 December 2014: 2 355 thousand), remaining amortization period is between 1 and 4 years.

(All amounts are in thousands Euros unless stated otherwise)

Intangible assets not yet in use include EUR 184 thousand for upgrade and innovation RIS SED Žilina (31 December 2014: EUR 107 thousand), EUR 2 315 thousand for innovation system ASZD (31 December 2014: EUR 0), EUR 83 thousand for the tool for the simulation of dispatching management (31 December 2014: EUR 0), EUR 0 for upgrade of system DaE (31 December 2014: EUR 1 006 thousand), EUR 0 for migration UNIX systems (31 December 2014: EUR 722 thousand), EUR 0 for extension of ISOM system (31 December 2014: EUR 309 thousand), EUR 0 for implementation of SAP – BCP (31 December 2014: EUR 15 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

	2015	2014
At the beginning of the year	**62**	**62**
Additions	138	0
Disposals	0	0
At the end of the year	**200**	**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 2013 the Group had share on the capital 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%.

The General Assembly of the Central Allocation Office GmbH (CAO) and the Capacity Allocation Service Company.EU S.A. (CASC.EU), two regional offices for allocating cross-border capacity for electricity transmission, on 24 June 2015 approved the merger agreement and the creation of a Joint Allocation Office (JAO).

JAO is a service company founded by twenty-transmission system operators of the seventeen countries - 50Hertz (Germany), Admie (Greece), Amprion (Germany), APG (Austria), ČEPS (Czech Republic), CREOS (Luxembourg), ELES (Slovenia), ELIA (Belgium), EnerginetDK (Denmark), HOPS (Croatia) MAVIR (Hungary), PSE (Poland), RTE (France), Slovenská elektrizačná prenosová sústava, a.s./ SEPS, Statnett (Norway), Swissgrid (Switzerland) TenneT (Germany), TenneT (Netherlands), Terna (Italy), TransnetBW (Germany). Its main task is to conduct an annual, monthly and daily auctions of rights to transmit electricity across 27 borders in Europe and act as backup for the European Market Coupling.

New allocative platform was established on 1 September 2015. Following the merger until the end of 2015, both agencies operated in parallel to ensure the uninterrupted implementation of monthly and daily auctions on all relevant borders. All acts and activities are fully moved to Luxembourg in the first quarter of 2016. For the year 2015 are not available data about equity and profit/loss yet. The Company does not expect that the investment is impaired.

(All amounts are in thousands Euros unless stated otherwise)

8 Financial instruments by category

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

As at 31 December 2015	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	92 775	92 775
Received guarantees	0	45 108	45 108
Liabilities due from derivative financial instruments	0	0	0
Payables due to employees	0	994	994
Social security	0	589	589
Other payables	0	1 099	1 099
Bank loans	0	79 081	79 081
Total	0	219 646	219 646

As at 31 December 2015	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	42 778	42 778
Receivables due from derivative financial instruments	0	0	0
Other receivables	0	237	237
Cash at bank and in hand	0	144 361	144 361
Short-term bank deposits	0	0	0
Loans to the company CAO	0	0	0
Total	0	187 376	187 376

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 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**

9 Inventories

	As at 31 December 2015	2014
Advance payments made for inventory	0	0
Materials and spare parts	1 157	1 208
	1 157	**1 208**

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

10 Trade and other receivables

	As at 31 December 2015	2014
Current receivables and prepayments:		
Neither past due nor impaired trade receivables	40 928	60 347
Past due but impaired trade receivables	0	4
Past due but not impaired trade receivables	756	1 047
Individually impaired trade receivables	1 094	103
Trade receivables (before provision for impairment)	**42 778**	**61 501**
Less: Provision for impairment of receivables	-1 094	-1 083
Trade receivables - net	**41 684**	**60 418**
VAT receivable	0	3 844
Claim on grant	2 339	2 072
Prepayments	6	6
Other receivables	237	465
Prepaid expenses and accrued income	784	770
Other receivables - net	**3 366**	**7 157**
Total trade and other receivables	**45 050**	**67 575**

(All amounts are in thousands Euros unless stated otherwise)

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	
	2015	**2014**
Receivables within due date	40 928	60 351
Overdue receivables	1 850	1 150
Total	**42 778**	**61 501**

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

	As at 31 December	
	2015	**2014**
Slovenské elektrárne, a.s.	477	5 085
Západoslovenská energetika, a. s.	0	0
Západoslovenská distribučná, a. s.	2 973	6 640
Západoslovenská energetika Energia, a. s.	7 550	9 576
Stredoslovenská energetika, a. s.	8 141	9 008
Stredoslovenská energetika Distribúcia, a. s.	1 829	1 825
Východoslovenská energetika, a. s.	4 584	3 907
Východoslovenská energetika Holding, a. s.	0	0
Východoslovenská distribučná, a. s.	1 426	6 708
ČEPS, a. s.	401	1 891
MAVIR	2 553	892
Other	10 994	14 815
Neither past due or impaired trade recivables	**40 928**	**60 347**

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 as at 31 December 2014 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 2015 trade receivables of EUR 756 thousand (31 December 2014: EUR 1 047 thousand) were past due but not impaired. Their ageing analysis is as follows.

(All amounts are in thousands Euros unless stated otherwise)

	As at 31 December 2015	2014
1 to 90 days	756	490
91 to 180 days	0	557
Total past due but not impaired trade receivables	**756**	**1 047**

The closing balance of the trade receivables at the reporting date includes overdue receivables in the carrying amount of EUR 756 thousand (2014: EUR 1 047 thousand). No provisions were recorded on receivables 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 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 mounts).

As at 31 December 2015, the Group recorded individually impaired trade receivables in the gross amount of EUR 1 094 thousand (2014: EUR 103 thousand). As at 31 December 2015 was created provision in the amount of EUR 1 094 thousand (2014: EUR 92 thousand).

The ageing of these receivables is as follows:

	As at 31 December 2015	2014
from 180 to 360 days	0	0
over 361 days	1 094	103
Total individually impaired receivables	**1094**	**103**

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

	2015	2014
At the beginning of the year	1 083	31
Additional provision for receivables impairment	11	1 076
Unused amounts released	0	0
Receivables written-off as uncollectible	0	-24
At the end of the year	**1 094**	**1 083**

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

11 Cash and cash equivalents

	As at 31 December 2015	2014
Cash at bank and in hand	100 772	94 781
Short-term bank deposits	43 589	26 882
	144 361	**121 663**

As at 31 December 2015 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 2015: EUR 6 118 thousand, 31 December 2014: EUR 12 019 thousand) and daily market with electricity (31 December 2015: EUR 15 238 thousand, 31 December 2014: EUR 4 539 thousand).

(All amounts are in thousands Euros unless stated otherwise)

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

	As at 31 December	
	2015	**2014**
Cash and bank balances and depoisits with original maturities of less than three months	144 361	121 663
Cash and bank balances and deposits with original maturities of more than three months	0	0
	144 361	121 663

The carrying amounts of cash and cash equivalents as of 31 December 2015 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).

12 Shareholder's Equity

As at 31 December 2014, the registered capital of the parent company as a total nominal value of EUR 81 833 thousand consisted 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. On 28 July 2015, the Ministry of Finance of the Slovak Republic as the sole shareholder of the parent company decided to reduce registered capital by the amount of EUR 81 833 thousand to EUR 0 and at the same time withdrawn from circulation 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 in the form of the cancellation of the registration of dematerialized securities due to an increase in capital.

On 28 July 2015, the Ministry of Finance of the Slovak Republic as the sole shareholder of the Company decided to increase the registered capital by the amount of EUR 105 000 thousand to EUR 105 000 thousand subscription of new bearer shares in the number of 105 issued registered shares at a nominal value EUR 1 000 thousand with the issue price of EUR 1 million per subscribed share. The parent company has no subscribed capital that has not been entered in the Commercial Register.

Shares are associated with equal rights.

Legal reserve fund is obligatorily created from profit of the parent 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 16 556 thousand as at 31 December 2015 (as at 31 December 2014: EUR 16 541 thousand).

Other capital reserves comprise statutory fund of EUR 146 399 thousand (2014: EUR 146 399 thousand) and differences from revaluation of assets amounted to EUR 127 643 thousand (2014: EUR 148 893 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 2015, the parent company contributed to this fund an amount of EUR 0 (31 December 2014: 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.

(All amounts are in thousands Euros unless stated otherwise)

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

	2015
Positive revaluation 1 January 2015	148 893
Revaluation surplus reclassified to retained earnigns as at 31 December 2015	-27 316
Deferred tax on revaluation surplus as at 31 December 2015	6 010
Deferred tax related to changes in tax rates and special levy from profit in regulated industry	56
At the end of the period	**127 643**

	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**

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 28 May 2015 approved the Consolidated Financial Statements for 2014. In 2015 were approved payment of dividend for 2014 to shareholders in the amount of EUR 27 thousand (rounded) per share at the nominal value of EUR 33 thousand and EUR 27.48 (rounded) per share at the nominal value of EUR 34 (in 2014: 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).

The profit accounting of the parent company for the year 2014 of EUR 67 626 thousand was distributed as follows:

	2015 profit distribution	**2014 profit distribution**
Dividends paid	66 134	67 913
Appropriation to the Statutory Fund	0	260
Appropriation to the Reserve Fund	15	37
Transfer to retained earnings	1 477	1 186
Total	**67 626**	**69 396**

(All amounts are in thousands Euros unless stated otherwise)

13 Trade and other payables

	As at 31 December 2015	2014
Trade payables	92 775	114 347
Received guarantees	45 108	42 930
Payables due to employees	994	1 838
Social security	589	934
Accrued personnel expenses	3 132	2 993
Liabilities due from derivative financial instruments	0	24
Social fund	233	269
Dividends	0	0
Other payables	1 099	993
Total	**143 930**	**164 328**

The fair value of trade and other payables is not significantly different from their carrying amount.

No payables are secured by a lien or other collateral.

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

	As at 31 December 2015	2014
Payables not yet due	142 834	158 890
Overdue payables	1 096	5 438
Total	**143 930**	**164 328**

Social Fund

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

	2015	2014
Opening balance at 1 January	**269**	**237**
Creation	705	707
Usage	-741	-675
Closing balance at 31 December	**233**	**269**

(All amounts are in thousands Euros unless stated otherwise)

14 Bank loans and finance lease liabilities

	As at 31 December	
	2015	**2014**
Non-current		
Long-term portion of bank loans (a)	69 594	48 574
	69 594	**48 574**
Current		
Short-term portion of bank loans (a)	9 487	10 434
	9 487	**10 434**

(a) Bank loans

The maturity of bank loans is as follows:

Maturity	As at 31 December 2015	2014
Short-term portion of bank loans	9 487	10 434
Long-term portion of bank loans		
1-5 years	49 041	35 374
over 5 years	20 553	13 200
Total	**79 081**	**59 008**

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

The Group has the following unoverdraft borrowing facilities:

	As at 31 December 2015	2014
Floating rate:		
expiring within one year	3 550	3 550
expiring beyond one year	0	507
Fixed rate		
expiring within one year	15 000	15 000
Total	**18 550**	**19 057**

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

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

	2015	**2014**
Bank borrowings	1.306%	0.232%

(All amounts are in thousands Euros unless stated otherwise)

Structure of bank loans as at 31 December 2015 is as follows:

Bank/Creditor			Amount in EUR 31 December 2015	31 December 2014	Interest rate % p. a.	Maturity	Collateral	Part due in next 12 months	Part due after 12 months
Tatra banka, a.s.	Investment	EUR	4 081	5 503	EURIBOR +1.95	31.12.2017	0	2 018	2 063
Tatra banka, a.s.	Credit cards	EUR	0	5	0	January 2015	0	0	0
VÚB, a. s.	Investment	EUR	0	8 500	3M EURIBOR + 0.932%	3.12.2015	0	0	0
SLSP, a.s.	Investment	EUR	30 000	15 000	1.30%	31.7.2022	0	4 444	25 556
VÚB, a. s.	Investment	EUR	45 000	30 000	1.20% a 1.30% depending on the tranche	18.9.2022	0	3 025	41 975
Total	**X**	**X**	**79 081**	**59 008**	**X**	**X**	**X**	**9 487**	**69 594**

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

15 Grants and deferred revenues

Deferred revenues include the following items:

	As at 31 December 2015	As at 31 December 2014
Deferred revenues		
EBOR grant Križovany – long-term portion (a)	13 566	14 359
– current portion (a)	802	802
EBOR grant Lemešany – long-term portion (b)	38 087	37 724
– current portion (b)	1 486	1 501
EBOR grant Bystričany – long-term portion (c)	64	0
– current portion (c)	0	0
US Steel – long-term portion (d)	4 147	4 371
– current portion (d)	226	229
EU TEN-E – long-term portion (e)	802	831
– current portion (e)	29	29
E.On – long-term portion (f)	2 895	3 051
– current portion (f)	158	158
Slovenské elektrárne, a. s. – long-term portion (g)	3 494	3 656
– current portion (g)	162	162
EU TEN-E – long-term portion (h)	857	886
– current portion (h)	29	29
EU TEN-E – long-term portion (i)	2 099	2 170
– current portion (i)	66	66
EU TEN-E – long-term portion (j)	2 339	0
– current portion (j)	0	0
Západoslovenská distribučná – long-term portion (k)	3 398	3 539
– current portion (k)	141	141
Východoslovenská distribučná – long-term portion (l)	4 683	4 897
– current portion (l)	214	214
Others – long-term portion (m)	10 920	13 858
– current portion (m)	14 560	11 583
Total	105 224	104 256

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 14 368 thousand (31 December 2014: EUR 15 161 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 39 573 thousand (31 December 2014: EUR 39 225 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)
On 14 December 2010 was concluded a grant agreement between Slovenská elektrizačná a prenosová sústava, a. s. and the European Bank for Reconstruction and Development (EBOR), in which the EBOR agreed to provide a grant of EUR 76 000 thousand. This agreement effected on 17 December 2014. The grant funds will be used to set of buildings Bystričany – transformation 400/110 kV, for expansion substation in Horná Ždaňa and Križovany crossing the 400 kV Križovany - Bystričany and 400 kV Oslany - Horná Ždaňa. Grant funds will be drawn till 2020.

The amount of EUR 64 thousand (31 December 2014: EUR 0) was recognized in deferred revenue related to the subsidy.

At the reporting date, the 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.

d)
Deferred revenues include an amount EUR 4 373 thousand (31 December 2014: EUR 4 600 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.

e)
Amount of EUR 831 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 2014: EUR 860 thousand).

f)
Amount of EUR 3 053 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 2014: EUR 3 209 thousand).

g)
Amount of EUR 3 659 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 2014: EUR 3 818 thousand).

h)
Amount of EUR 886 thousand represents co-finance provided to Group from European Commission for the transmission line SS Košice – Lemešany (31 December 2014: EUR 915 thousand).

i)
Amount of EUR 2 165 thousand 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 2014: EUR 2 236 thousand).

j)
Amount of EUR 2 339 thousand represents co-finance provided to Company from European Commission for the transmission line 400 kV Gabčíkovo – Veľký Ďur (31 December 2014: EUR 0).

k)
Amount EUR 3 539 thousand is related to the refinancing of Západoslovenská distribučná a.s. costs for enlargement of second transformer in the Stupava electric station (31 December 2014: EUR 3 680 thousand).

l)
Amount EUR 4 897 thousand 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 2014: EUR 5 111 thousand).

m)
Within other long-term deferred income the Company recorded an income in amount of EUR 9 737 thousand, representing the proceeds of regulated tariffs, which does not belong to the Company in 2015 according to regulatory accounting rules and procedures, but in 2017, when they will be realised.

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 and will be realized in 2016.

16 Deferred tax

Deferred taxes are calculated on temporary differences under the balance sheet liability method using a principal tax rate of 22% (31 December 2014: 22%). As at 31 December 2015 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 Coll. (31 December 2014: 4.3 %). According to currently effective legislation as at 31 December 2015 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 2016 related to fixed assets only, as the value of the levy is calculated from profit before tax calculated according to the Slovak Act on Accounting, not taking into consideration temporary differences.

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

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

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

	At 1 January 2015	Change recognized as (-) expenses/(+) revenues	Change of equity	At 31 December 2015
Positive revaluation of fixed assets	-43 579	6 010	56	-37 513
Negative revaluation of fixed assets	1 242	-225	0	1 017
Receivables	19	0	0	19
Non-current tangible and intangible assets	-18 444	-5 663	0	-24 107
Financial investments	0	0	-30	-30
Retirement benefit	1 773	34	208	2 015
Provisions	435	107	0	542
Other	1 193	1 318	0	2 511
Total	**-57 361**	**1 581**	**234**	**-55 546**

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

17 Provisions for liabilities and charges

	Pension benefits and other long-term benefits (a)	Legal claims (b)	Others (c)	Total
At 1 January 2015	**8 060**	**65**	**0**	**8 125**
Creation of provisions	1 730	2	0	1 732
Provisions used	-634	0	0	-634
At 31 December 2015	**9 156**	**67**	**0**	**9 223**

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

Analysis of total provisions	**As at 31 December 2015**	**2014**
Non-current	9 156	8 060
Current	67	65
Total	9 223	8 125

(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 2015**	**2014**
Present value of unfunded retirement obligations	8 970	7 888
Unrecognised actuarial gains/(losses) and portion of past service cost	0	0
Obligation in the Statement of Financial Position	8 970	7 888

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

Analysis of current provisions	**2015**	**2014**
Current service cost	608	540
Past service cost	0	0
Recognised actuarial gains/(losses)	0	464
Interest cost	161	242
Pension (credit) / cost, included in personnel costs	769	1 246

Value recognized in Equity are as follows:

	2015	2014
Recognized actuarial gains/(losses)	927	0
Total change recognized in equity	927	0

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

Movements in the present value of defined benefit obligation are:

	2015	2014
Present value of unfunded retirement obligation at the beginning of the year	7 888	7 105
Current service cost	608	540
Past service cost	0	0
Interest cost	161	242
Benefits paid	-614	-463
Cancelled	0	0
Actuarial (gains)/losses	927	464
Present value of unfunded retirement obligations at the end of the year	**8 970**	**7 888**

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

	As at 31 December 2015	2014
Present value of unfunded obligations	186	172
Obligation in the Statement of Financial Position	**186**	**172**

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

	2015	2014
Current service cost	14	13
Recognised actuarial gains/(losses)	0	23
Interest expense	4	5
Pension (credit) / cost included in personnel costs	**18**	**41**

Value recognized in Equity are as follows:

	2015	2014
Recognized actuarial gains/(losses)	16	0
Total change recognized in equity	16	0

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

Movements in the present value of defined benefit obligation are:

	2015	2014
Present value of unfunded retirement obligations at befinning of the year	172	148
Current service cost	14	13
Past service cost	0	0
Interest cost	4	5
Benefits paid	-20	-17
Actuarial gains/(losses)	16	23
Present value of unfunded retirement obligations at the end of the year	**186**	**172**

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

As at 31 December 2015

Percentage of employees, who will terminate their employment prior to retirement (fluctuation rate)	1.3 – 2.4 % p.a., depending on the age and sex
Expected salary increases – long - term	5.2 % p. a.
- short - term	2.5 % p. a.
Discount rate	1.75 % p. a.

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.

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)

18 Revenues

Revenues include the following:

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

	2015	2014
Access to transmission grid	138 973	137 896
Covering losses	14 305	19 799
System operation	474 756	428 633
System services	164 018	165 074
Auctions	21 663	22 183
Deviations and regulated electricity	77 591	111 598
Shipping	26 633	66 856
CBT mechanism	7 605	9 535
MO profile	13 296	8 375
Settlement of differences	36 376	0
Other regulated services	1 196	746
Total revenues from electricity transmission and transit, deviation settlement and organization of daily electricity market	**976 412**	**970 695**
Rental	825	522
Telecommunications services	318	510
Other revenues	402	565
Total other revenues	**1 545**	**1 597**
Total revenues	**977 957**	**972 292**

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.

Since 11 September 2012 the Group is acting as a shipping agent in connecting Czech, Slovak and Hungarian electricity market. At the request of the Romanian operator and Romanian power stock exchange was launched extension project operated trilateral market coupling between the Czech Republic, the Slovak Republic and Hungary. As planned, the project launched on 19 November 2014 the operation Quadripartite Market Coupling (ie. 4MMC), thus the operation of the interconnected markets through an implicit allocation of cross-border capacity between the Czech, Slovak, Hungarian and Romanian market area. Relevant Company's revenues and expenses represent payments for transferred electricity transmitted through the cross-border links within the interconnection of electricity markets.The Group recognizes these sales as "Revenues from sale of merchanidise" respectively the costs of merchandise sold. In 2015 were realized transactions in the total amount of EUR 149 698 thousand and related costs in the amount of EUR 123 065 thousand (31 December 2014: transaction in amount of EUR 129 451 thousand and related costs were EUR 62 595 thousand).

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

19 Consumed materials and services

Consumed materials and services included the following:

	2015	2014
Consumption of material, energy and other non-storable items	11 414	12 626
Sale of electricity on daily market	15 227	63 901
Repair and maitenance	12 867	14 321
Travel expenses	430	424
Representation expenses	476	432
Rental	204	218
Communication lines outputs	455	531
Stations service	3 074	3 804
Protection and maintenance of area	1 357	3 003
Revisions, controls and security services	1 240	782
Technical advisory	66	77
Cleaning	259	251
Bialogical recultivation, ecological costs	176	182
Geodetic and engineering services	31	45
Experts examinations, analysis, experts opinion, certifications	2 224	2 597
Information technology services, advertisement	9 209	8 774
Expenses for support services	146 210	149 631
Expenses for system operation	465 466	422 778
Expenses for deviations	39 162	67 406
Expenses for auctions	6 420	3 477
Expenses for regulation energy	29 197	30 639
Cross-boarder assistance expenses (CBT/ITC)	-50	58
Settlement of differences	36 376	0
Audit of Financial Statements provided by auditor	59	59
Advisory services	591	324
Tax advisory	40	38
Other services provided by auditor	45	38
Usage of MO profile (ČEPS)	6 334	2 146
Demolation	0	452
Other	1 193	1 344
Total	**789 752**	**790 358**

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 2015, the Group realised revenues from sold electricity in the amount of EUR 174 083 thousand (2014: EUR 84 039 thousand). In 2015 related costs were in amount of EUR 189 310 thousand (2014: EUR 147 940 thousand).

Together with the transmission operator in Czech Republic introduced the Group effective from 19 January 2012 a system against delivery of regulated energy in opposing directions through cross-border connections (further system GCC). Revenues and costs stem from volumes of electricity acquired within GCC system and tariffs for these regulated energy, which were set for the Company by URSO decision. The Group presents the revenues from these services within line Sales from merchandise and respective costs as merchanidise sold. The net result is presented within line "Consumption of material, energy and other unstorable supplies". In 2015, transactions were realised in total amount of EUR 1 851 thousand and related costs were in amount of EUR 2 036 thousand (31 December 2014: transaction in amount EUR 1 702 thousand and related cost were EUR 2 463 thousand).

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

20 Personnel costs

	2015	2014
Wages and saleries	17 237	16 950
Other personnel costs	1 702	1 565
Pension costs-definite contribution plan	5 737	6 030
Current service cost	622	553
Past service cost	0	0
Interest cost related to pension and other employee benefits	165	247
Recognized actuarial losses/(gains)	0	487
Total	25 463	25 832

21 Other operating expenses

	2015	2014
Insurance costs	2 124	1 974
Loss from sale of fixed assets	288	463
Taxes and other fees	183	180
Gifts	545	712
Creation of provision	1	1 046
Other operating expenses	458	435
Total	3 599	4 810

22 Other operating income

	2015	2014
Gain from sale of fixed assets	0	0
Gain from sale of material	36	16
Release of deferred revenues from grant	2 278	2 203
Contractual penalties	2 090	1 993
Insurance income	120	199
Release of deferred revenues - Košice	228	229
Release of deferred revenues E.ON	156	157
Revenues from connection to transmission system	0	349
Other operating income (mainly insurance claims)	846	623
Total	5 754	5 769

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

23 Finance expense, net

	2015	2014
Interest income	252	405
Interest expense from borrowings	-914	-395
Foreign exchange gains	0	0
Foreign exchange losses	-18	-7
Finance income on derivative instruments	0	233
Finance expense on derivative instruments	0	-237
Dividends	84	0
Other financial expenses	-56	-67
Net financial expenses	**-652**	**-68**

24 Income tax expense

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

	Year ended 31 December 2015	2014
Profit before tax	99 710	93 091
Theoretical income tax related to current period at 22%	21 936	20 480
Other income not subject to tax (permanent)	-1 099	-3 912
Non-deductible expenses (permanent)	393	1 681
Increase of tax due to charges for regulated subjects	5 269	5 068
Deferred tax from temporary differences to which no Deferred tax has been accounted historically	0	0
Additional income tax	13	2 148
Deferred tax increase to 1 January due to increase of tax rate	0	0
	26 512	**25 465**
Income tax expense for the period		
The tax charge for the period comprises:		
Deferred tax charge - expense/(income) (Note 16)	-1 581	-3 116
Deferred tax total	**-1 581**	**-3 116**
Special levy for regulated industry	5 269	5 068
Additional income tax	13	2 148
Current income tax expense	22 811	21 365
Income tax total	**28 093**	**28 581**
Total tax for period	**26 512**	**25 465**
Effective tax rate	**26,59%**	**27,35%**

Deferred tax is provided, using the balance sheet liability method, on temporary differences using the basic tax rate of 22% (31 December 2014: 22%). This tax rate has been increased as at 31 December 2015 for additional 4.3% for temporary differences in fixed assets because of special levy for regulated industry paid according to Act Nr. 235/2012 Coll. (31 December 2014: 4.3%). According to currently effective legislation as at 31 December 2015 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 2016 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.

25 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.

26 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 2015, the performance of which is scheduled only after 31 December 2015. The total obligation under the contracts amount to EUR 46 847 thousand (2014: EUR 114 739 thousand). Capital commitments represent mainly the contruction of transformation 2x400 kV Gabčíkovo – Veľký Ďur, innovation of system ASZD and remote management of substation 400 kV Gabčíkovo.

The Group approved its capital expenditure budget for 2016 in the amount of EUR 89 823 thousand (the 2015 capital expenditure budget: EUR 100 528 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.

(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:

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

	31 December 2015	31 December 2014
Due within 1 year	70	84
Due in 2 to 5 years	79	150
Due after 5 years	8	9
Total	157	243

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 295 thousand (31 December 2014: EUR 288 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 2015	31 December 2014
Due within 1 year	280	286
Due in 2 to 5 years	1 084	1 123
Due after 5 years	2 863	3 192
Total	4 227	4 601

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 623 thousand (31 December 2014: EUR 721 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 2016 amounts to EUR 300 thousand (31 December 2014: year 2015: EUR 306 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 260 thousand annually (31 December 2014: EUR 266 thousand).

27 Contingent assets

Participants of spot 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 2015 is EUR 100 550 thousand (as at 31 December 2014: EUR 103 901 thousand)

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

28 Cash generated from operations

	Note	2015	2014
Profit before income tax		99 710	93 091
Adjustments for:			
Depreciation of property, plan and equipments	5	59 384	57 508
Depreciation of non-current intangible assets	6	5 912	7 017
Negative revaluation	5	0	0
Impairment charge for non-current assets	5,7	33	0
Changes in provisions for receivables	10	11	1 052
Changes in fair value of derivatives		0	-233
(Gain) / loss from disposal of property, plant and equipment	21	288	463
Interest income / expense net	23	662	-10
Net movements in provisions	17	1 098	872
Changes in working capital:			
Inventories (gross)		52	-163
Trade and other receivables		23 752	-19 721
Trade and other payables, deferred revenues		-33 544	13 808
Cash generated from operations		**157 358**	**153 684**

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

	Note	**2015**	**2014**
Net book amount		549	728
Profit / (loss) on disposal of asset	21	-288	-463
Proceeds from disposal of asset		261	265

29 Related party transactions

Parties related to the Group include its sole shareholder, the company CAO, Joint Allocation Office, S. A. 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 prevailing regulatory principles.

T Ministry of Economy of Slovak Republic, an entity fully owned by the Slovak Republic, is the 51 % shareholder of Západoslovenská energetika, a.s., Východoslovenská energetika Holding, a.s. and Stredoslovenská energetika, a.s.

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

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

As at 31 December 2015, 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.	476	1	0	-14 827
Západoslovenská energetika, a.s.	0	0	0	0
Západoslovenská distribučná, a.s.	2 973	0	0	-5 985
Západoslovenská energetika – Energia, a.s.	7 550	0	0	-3 841
Východoslovenská energetika, a.s.	4 584	0	0	-2 562
Východoslovenská energetika Holding, a.s.	0	0	0	-4
Východoslovenská distribučná, a.s.	1 426	0	0	-4 019
Stredoslovenská energetika, a.s.	8 141	0	0	-10 359
Stredoslovenská energetika – Distribúcia,	1 829		0	-8 783
Tepláreň Košice, a. s.	100	0	0	-836
Žilinská teplárenská, a. s.	0	0	0	-119
Martinská teplárenská, a. s.	48	0	0	-354
Zvolenská teplárenská, a. s.	27	0	0	-364
CAO, GmbH	0	0	0	0
Joint Allocation Office, S. A. Luxembursko	0	0	0	-992
Joint Allocation Office, S. A. Nemecko	18	0	0	-861
Slovenské elektrárne Predaj, s. r. o.	1 392	0	0	-711
Vodohospodárska výstavba, a. s.	242	0	0	-1 182
Bratislavská teplárenská, a. s.	0	0	0	-77
Slovenský plynárenský priemysel, a. s.	639	0	0	-291

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

The income and expense items with joint venture, state-controlled entities and government bodies for the year ended 31 December 2015 were as follows:

	Sales of services	Purchase of services
CAO, GmbH	15 081	-3 834
Slovenské elektrárne, a.s.	14 741	-178 391
Západoslovenská energetika, a.s.	0	0
Západoslovenská distribučná, a.s.	57 046	-115 459
Západoslovenská energetika – Energia, a.s.	201 356	-16 584
Východoslovenská energetika, a.s.	89 362	-6 613
Východoslovenská energetika Holding, a.s.	3	-44
Východoslovenská distribučná, a.s.	28 909	-98 049
Stredoslovenská energetika, a.s.	146 427	-11 921
Stredoslovenská energetika – Distribúcia, a.s.	37 490	-156 882
Tepláreň Košice, a. s.	1 376	-5 364
Žilinská teplárenská, a. s.	0	-550
Martinská teplárenská, a. s.	704	-1 385
Zvolenská teplárenská, a. s.	669	-2 657
Joint Allocation Office, Nemecko	6 490	-2 573
Slovenské elektrárne Predaj, s. r. o.	88 659	-3 832
Vodohospodárska výstavba, a. s.	5 124	-14 791
Bratislavská teplárenská, a. s.	0	-228
Slovenský plynárenský priemysel, a. s.	15 154	-2 223

(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
Slovenské elektrárne Predaj, s. r. o.	2 627	3	0	-678
Vodohospodárska výstavba, a. s.	102	0	0	-873
Bratislavská teplárenská, a. s.	2	0	0	-76
Slovenský plynárenský priemysel, a. s.	259	0	0	-458

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

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
Slovenské elektrárne Predaj, s. r. o.	22 525	-4 853
Vodohospodárska výstavba, a. s.	804	-7 474
Bratislavská teplárenská, a. s.	0	-279
Slovenský plynárenský priemysel, a. s.	1 788	-1 055

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 2015 and 31 December 2014, are as follows:

	Year ended 31 December 2015	**Year ended 31 December 2014**
Salaries and short-term employee benefits	1 359	1 357
Total	**1 359**	**1 357**

30 Events after the reporting period

The parent company was awarded a grant in the amount of EUR 1 559 for co-financing project and engineering activities for SK - HU management Gabčíkovo - Gönyű - Veľký Ďur and Rimavská Sobota - Sajóivánka according to the call for applications for grants from the Connecting Europe Facility (CEF).

The Company from 1 January 2016 revaluates fixed assets. New revaluation will carry out after five years from the first revaluation, which took place on 1 January 2011. The revaluation conducted by an independent expert.

The Consolidated Financial Statements for the year ended 31 December 2015 prepared in accordance with International Financial Reporting Standards as adopted by the European Union were prepared and authorized for issue on 10 March 2016.

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