HLB mandat

TAX & AUDIT SERVICES

INDEPENDENT AUDITOR´S REPORT
(unofficial translation)

on the 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.

ID: 35 829 141

Mlynské nivy 59/A
824 84 Bratislava

HLB mandat

TAX & AUDIT SERVICES

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

We have audited the accompanying financial statements of Slovenská elektrizačná prenosová sústava, a.s., which comprise the statement of financial position as of December 31, 2015, the income statement and statement of comprehension income, the statement of Changes in Equity and the 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 Financial Statements

Statutory body is responsible for the preparation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Slovenská elektrizačná prenosová sústava, a.s. as of December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Standards on Accounting as adopted by European Union.

Bratislava, on February 18th, 2016

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

Ing. Martin Šiagi
Responsible auditorSKAU licence nr. 871

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

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	Note	As at 31 December 2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	5	786 581 467	752 224 981
Intangible assets	6	10 041 854	9 696 420
Other investment	7	4 847 815	4 709 815
Receivables		0	0
		801 471 136	**766 631 216**
Current assets			
Inventories	9	1 156 797	1 208 618
Trade and other receivables	10	25 562 030	45 071 817
Cash and cash equivalents	11	74 091 016	56 214 497
Current income tax receivable		0	3 179 053
		100 809 843	**105 673 985**
Total assets		**902 280 979**	**872 305 201**
EQUITY			
Share capital and reserves			
Share capital	12	105 000 000	81 832 584
Legal reserve fund	12	16 366 275	16 366 275
Other reserves	12	145 150 795	145 150 795
Revaluation of financial investment	12	107 640	0
Actuarial gains/loss	12	(735 540)	0
Revaluation reserve	12	127 642 852	148 892 352
Retained earnings	12	206 131 635	177 975 624
Total equity		**599 663 657**	**570 217 630**
LIABILITIES			
Non-current liabilities			
Non-current bank loans and finance lease liabilities	14	67 530 556	45 000 000
Non-current portion of grants and other deferred revenues	15	86 784 698	88 819 884
Deferred tax liability	16	55 617 468	57 391 576
Non-current provisions for liabilities and charges	17	9 146 325	8 049 325
		219 079 047	**199 260 785**
Current liabilities			
Current bank loans and finance lease liabilities	14	7 469 444	8 505 148
Trade and other payables	13	58 335 043	80 631 144
Current portion of grants and other deferred revenue	15	16 071 620	13 624 962
Provisions for current liabilities and charges	17	66 532	65 532
Current income tax payable		1 595 636	0
		83 538 275	**102 826 786**
Total liabilities		**302 617 322**	**302 087 571**
Total equity and liabilities		**902 280 979**	**872 305 201**

The 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 18 February 2016 by the Board of Directors.

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

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

	Note	Year ended 31 December 2015	2014
Revenues	18	394 231 705	388 135 767
Capitalized costs		794 027	622 042
Consumables and services	19	(211 873 818)	(212 731 025)
Personnel costs	20	(23 790 246)	(24 229 950)
Depreciation and amortization	5,6	(61 648 140)	(61 078 932)
Impairment of fixed assets	5	(32 963)	(9)
Other operating income	22	5 753 304	5 771 457
Other operating expense	21	(3 530 811)	(3 731 921)
Operating profit		**99 903 058**	**92 757 429**
Interest income	23	248 019	400 976
Interest expense	23	(812 498)	(281 186)
Other finance income/(expense)	23	18 284	(31 054)
Finance cost, net		**(546 195)**	**88 736**
Profit before tax		**99 356 863**	**92 846 165**
Income tax expense	24	(26 372 519)	(25 382 038)
Profit for the year		**72 984 344**	**67 464 127**
Other comprehensive income			
Items that will not be reclassified:			
Retirement benefit – actuarial gains/loss		(735 540)	0
Revaluation of financial investment		107 640	0
Deferred tax from revaluation of property, plant and equipment		56 567	30 865
Total comprehensive income		**72 413 011**	**67 494 992**
Profit attributable to:			
Owners of the parent		72 984 344	67 464 127
Non-controlling interest		0	0
Profit for the year		**72 984 344**	**67 464 127**
Total comprehensive income attributable to:			
Owners of the parent		72 413 011	67 494 992
Non-controlling interest		0	0
Total comprehensive income for the period		**72 413 011**	**67 494 992**

	Share capital	Legal reserve fund	Other funds	Revaluation of financial investment	Actuarial gains/loss	Revaluation of property, plant and equipment fund	Retained earnings	Equity in total
Balance as at 1 January 2014	**81 832 584**	**16 366 275**	**145 150 795**	**0**	**0**	**174 221 796**	**153 064 405**	**570 635 855**
Net profit for the year 2014	0	0	0	0	0	0	67 464 127	67 464 127
Other comprehensive income	0	0	0	0	0	(25 329 444)	25 360 309	30 865
Total comprehensive income for the year 2014	**0**	**0**	**0**	**0**	**0**	**(25 329 444)**	**92 824 436**	**67 494 992**
Dividends paid (Note 12)	0	0	0	0	0		(67 913 217)	(67 913 217)
Profit appropriation to Statutory Fund (Note 12)	0	0	0	0	0	0	0	0
Balance as at 31 December 2014	**81 832 584**	**16 366 275**	**145 150 795**	**0**	**0**	**148 892 352**	**177 975 624**	**570 217 630**
Balance as at 1 January 2015	**81 832 584**	**16 366 275**	**145 150 795**	**0**	**0**	**148 892 352**	**177 975 624**	**570 217 630**
Net profit for the year 2015	0	0	0	0	0	0	72 984 344	72 984 344
Other comprehensive income	0	0	0	107 640	(735 540)	(21 249 500)	21 306 067	-571 333
Total comprehensive income for the year 2015	**0**	**0**	**0**	**107 640**	**(735 540)**	**(21 249 500)**	**94 290 411**	**72 413 011**
Dividends paid (Note 12)	0	0	0	0	0	0	(66 134 400)	(66 134 400)
Decrease of share capital	(81 832 584)	0	0	0	0	0	0	(81 832 584)
Increase of share capital	105 000 000	0	0	0	0	0	0	105 000 000
Profit appropriation to Statutory Fund (Note 12)	0	0	0	0	0	0	0	0
Balance as at 31 December 2015	**105 000 000**	**16 366 275**	**145 150 795**	**107 640**	**(735 540)**	**127 642 852**	**206 131 635**	**599 663 657**

	Note	Year ended 31 December 2015	2014
Cash flows from operating activities			
Cash generated from operations	27	171 671 504	171 701 346
Income tax paid		(23 138 271)	(32 031 561)
Interest received		231 909	516 217
Net cash generated from operating activities		**148 765 142**	**140 186 002**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(108 876 881)	(87 043 076)
Proceeds from the sale of property, plant and equipment and intangible assets	27	261 060	281 258
Net cash used in investing activities		**(108 615 821)**	**(86 761 818)**
Cash flows from financing activities			
Proceeds / (repayment) of loans		21 494 852	30 401 337
Interest paid		(800 670)	(236 617)
Income from subscribed shares and participations		23 167 416	0
Dividends paid	12	(66 134 400)	(146 089 943)
Net cash used in financing activities		**(22 272 802)**	**(115 925 223)**
Net increase / (decrease) in cash and cash equivalents		**17 876 519**	**(62 501 039)**
Cash and cash equivalents at the beginning of the year	11	**56 214 497**	**118 715 536**
Cash and cash equivalents at the end of the year	11	**74 091 016**	**56 214 497**

1 General Information

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

The principal activities of the Company 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 company 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 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 the power plan 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 Company´s operations are governed by the terms of its licence granted under the Energy Law ("the Energy Licence") and other relevant legislation. The Regulatory Office of Network Industries of the Slovak republic (hereinafter the "URSO") regulates certain aspects of the Company´s relationships with its customers, including the pricing of electricity and services.

By the end of 2010, the Company performed deviation settlement and organized short-term electricity market. Since 1 January 2011 these activities has been transferred to OKTE, a.s., which has been created for this purpose in accordance with law and is 100% subsidiary of SEPS, a.s.

The structure of the Company´s shareholders as at 31 December 2015 was as follows:

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

The structure of the Company´s shareholders as at 31 December 2014 was as follows:

	Absolute amount EUR	Ownership interest and voting rights %
Slovak Republic represented by Ministry of Finance	81 832 584	100%
Total	81 832 584	100%

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

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

The members of the 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
Executive management	General Director	Ing. Miroslav Stejskal
	Managing Director of Operating	Ing. Alexander Kšiňan
	Managing Director of SED and Commerce	Ing. Michal Pokorný
	Managing Director of Economics	Ing. Martin Malaník
	Managign Director of Development and Capital Investment	doc. Ing. Miroslav Rapšík, CSc.

The Company employed 514 personnel on average during 2015 (2014: 518), 5 of which were management (2014: 5).

Registered address and identification number

Mlynské nivy 59/A
824 84 Bratislava
Slovak Republic

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

2 Summary of significant accounting policy

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

2.1. Basis for preparation

Legal reasons for preparing the Financial Statements:
The Company´s Financial Statements at 31 December 2015 have been prepared as ordinary Financial Statements under § 17 (6) of 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 Company to prepare Financial Statements for the year ended 31 December 2015 in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

These financial statements have been prepared in accordance with IFRS as adopted by the European Union. The Company applies all IFRS and interpretations issued by International Accounting Standards Board (hereinafter "IASB"), as amended by the European Union, which were effective as of 31 December 2015.

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

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

The Board of Directors may propose to the Company´s shareholders to amend the Financial Statements after their approval by the General Shareholders Meeting. According to § 16 (9 to 11) of the Accounting Act the reopening the entity´s accounting records after the Financial Statements are prepared and approved is prohibited; if after the Financial Statements are approved, management identifies that comparative information would not be consistent with the current period information, the Accounting Act allows entitles to restate comparative information in the accounting period in which relevant facts are identified.

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

The Financial Statements of the Company for the previous period were approved by the ordinary Annual General Meeting of the Company held on 28 May 2015.

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

The Company issues consolidated financial statements in accordance with Article 22 of Slovak Act No. 431/2002 Coll. on Accounting, as the Company has a subsidiary OKTE, a.s. based in Mlynské Nivy 59/A, 821 09 Bratislava.

2.2. Changes in the accounting policies

There have not been any changes in the accounting policies during the year ended 31 December 2015.

2.3. Investments

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

2.4. Foreign currency transactions and translation

(i) Functional and presentation currency

Items included in these Financial Statements are presented in Euros which is the currency of the primary economic environment in which the entity operates ("the financial currency"). The Financial Statements are presented in whole Euros.

(ii) Transactions and balances

Transactions in foreign currency 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 date preceding the date of accounting transaction or at any other day if required by special regulation. At the reporting date, the assets and liabilities 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 the foreign currency is retranslated into the functional currency using the exchange rate valid at the date of the accounting transaction. Foreign exchange gains and losses resulting from the settlement of such transaction at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognizes in the Income Statement.

2.5. Property, plant and equipment

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

(i) Cost

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

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

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

The most significant part of property, plant and equipment is represented by the network. The network mainly includes power lines, pylons and switching stations. Useful life of networks assets varies between 25 and 60 years (2014: between 25 and 60 years).

(ii) Revaluation

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

The increase in the carrying amount of property, plant and equipment as a result of revaluation is recognized in other comprehensive income and accumulated in equity under the heading revaluation surplus, taking into account the amount to be reverse of impairment of the same asset item previously recognized in the income statement. In this case, the increase in the value credited to the income statement in the amount previously charged impairment in the income statement.

The decrease in carrying amount of property, plant and equipment as a result of revaluation is recognized in the income statement. The decrease in revaluation of carrying amount of property, plant and equipment is recognized on other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
In such case, the amount of the surplus transferred represents a difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset´s originals costs. In case of sale of assets or its derecognition is the remaining balance of the revaluation surplus transferred to the retained earnings.

(iii) Depreciation

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 Company 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 Company 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 Company 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 2.7).

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 Company as well as from economic environment of the Slovak Republic as at the balance sheet date. In case the Company 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.

2.6. 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 Company, 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 Company does not have intangible assets with indefinite useful lives. Intangible assets are amortized on the straight-line basis over their useful lives.

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

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

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

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there 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.

2.7. 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 purposes 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.

2.8. Non-current assets held for sale and discontinued operations

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.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and

a) represents either a separate major line of business or a geographical area of operations;
b) is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
c) is a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control.

2.9. Financial assets

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for sale financial assets and loans and receivables. The classification depends on the purpose for which the investments were acquired, whether they are quoted in an active market and on management intentions.

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 profit and loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the Income Statement.

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

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

Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. 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 derivative financial Instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. 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 and held-to-maturity investments are carried at amortized 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 Statement of Financial Position.

Loans and receivables represent trade receivables and cash and cash equivalents.

2.10. 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 Company is a lessee of certain property, plant and equipment. Leases of property, plant and equipment where the Company 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 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 Income Statement. 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 Income Statement on a straightd-line basis over the period of the lease.

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

2.11. 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.

2.12. 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 2.22.

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.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all the amounts 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 the trade receivable is impaired. The amount of the provision is the difference between the asset´s carrying amount and the present value of the estimated future cash flow discounted by the original effective interest rate.

Impairment of trade receivables is recognized through an allowance account. Impairment losses and their reversals, if any, are recognized in the Income Statement 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 Income Statement within Other operating income.

2.13. 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.

2.14. 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.

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

According to act No. 235/2012 Z. z. the Company 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".

2.16. 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 Company 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 Company also has a grant approved by EBOR in the amount of EUR 76 million for Reconstruction of switching station in Bystričany and for transmission lines in Horná Ždaňa – Križovany. This grant has been drawn partially in 2015.

2.17. 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 Income Statement over the period of the borrowings using the effective interest method.

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

2.18. Provisions

Provisions are recognized when the Company 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 Company 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 Company, 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 Company would rationally pay to settle the obligation. The estimate is determined by the judgement of the management and the Company´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.

2.19. Contingent liabilities

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

2.20. 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 (Note 2.12).

2.21. Employee benefits

The Company has both defined benefit and defined contribution plans.

Pension plans

A defined plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Company 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 Company 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 Company 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-moth average salary payment on retirement and disability is included in the above multiples.

Other benefits

The Company 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 Company for at least three years;
- Jubilee benefit from EUR 265.55 to EUR 531.10 depending on the number of years worked for the Company when the employee reaches the age of 50 and 60 ages.

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

The liability recognized in the 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 cash 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 adjustments and changes in actuarial assumptions are recognized immediately in the Income Statement. 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 Company contributes to the government and private defined contribution pension plans.

The Company 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 Company 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 Company 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 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
- bonuses or profit sharing may be determined before the 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.

2.22. Revenue recognition

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

2.23. Dividend distribution

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

2.24. Standards issued but not yet effective

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

IFRS 9 – Financial Instruments: Classification and measurement

Key features of standard are:

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

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

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

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

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

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

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

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

IFRS 14 – Regulatory deferral accounts

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

IFRS 15 – Revenue from contracts with customers

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

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. Amendments issued on 6 May 2014 and effective for period beginning on or after 1 January 2016.

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

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

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

Amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. Amendments issued on 30 June 2014 and effective for period beginning on 1 January 2016.

Amendments to IAS 27 Equity method in separate financial statements

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

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

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

Improvements to IFRS 2014:

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

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

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

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

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

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

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

Amendments to IAS 1 - Presentation of Financial Statements

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

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 to IAS 12 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 Company'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 Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's performance. The Company uses derivative financial instruments to mitigate certain risk exposures, if necessary.

Risk management is carried out by the Company under policies approved by the Board of Directors. The Company identifies, evaluates and hedges financial risks in cooperation with the Company'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 Company provides electricity transit services and auctions in which payments are denominated in EUR. Similarly, the Company recognizes part of purchases and credit financing with payments denominated in EUR.

The carrying amounts of the Company'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	(32 826)	(35 052)	396	1 484

The impact of other currencies on the Company'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 CZK, USD and GBP would result in an increase/decrease in the Company's profit by EUR 2 948. Management considers the risk is not significant.

(b) Price risk

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

(c) Operating risks – prices of services

The Company's operations, which is a natural monopoly, is regulated by by The Regulatory Office of Network Industries of Slovakia (hereinafter the „URSO), which in its decisions determines tariffs, prices and costs allowed the Company. 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 and tariffs for losses and system services are determined on the basis of maximum permitted costs.The main part of cost for the providing system services are costs for support services, and at the different types of the support services sets maximum prices of purchased services or the maximum allowable cost. Part of the cost for the providing of system services is assured by payment of fixed prices for regulated electricity procured within the framework of the GCC, which the Company together with operators in Czech and Hungarian transmission system use to prevent the supply of regulation electricity in opposite directions through the cross-border connections is set on the basis of fixed prices.

Within Czech, Slovak, Hungarian and Romanian electricity market interconnection the Company acts as shipping agent. Competent revenues and costs of Company are formed the basis for electricity payments transmission through cross-connections within the direct links on electricity markets.

Revenues and expenses of the Company form the basis for electricity transmitted through the cross-border links within the interconnection of electricity markets.

The main part of the Company's revenues consist 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 regulated electricity acquired under the GCC system) and revenues related to cross border electricity transmission where URSO does not set prices (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).

The Company's costs consist mainly costs for purchase of support services needed to provide system services, purchase costs for the electricity to cover losses and own consumption, costs for electricity regulation acquired under GCC system, the costs associated with cross-border electricity transmission and other costs needed for transmission system operation and operation of the Company.

Duties collected from the tariffs for system operation and redistribution carried out by subsidiary OKTE, a. s. The relevant tariffs, revenues and expenses of the Company related to the operation of the system in 2015 represent only close the gap between revenues and costs in prior periods. Since 2016, the Company no longer will have no cost and revenues related to the operation of the system.

(d) Cash flow interest rate risk

The Company's interest rate risk arises from long-term loans. Loans issued at variable rates expose the Company to cash flow interest rate risk. As at 31 December 2015 the Company has two bank loans with the fix interest rate.

The Company 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 Company calculates the impact of interest rate changes on profit and loss.
Operating revenues and operating cash flows of the Company are largely independent of changes in market interest rates. The Company has no significantl 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 instruments at the reporting date. For variable rate liabilities, the analysis is prepared based on the actual repayment of the amount of outstanding part of loan in the amount of EUR 8 500 000 as of 31 December 2014 (repayment EUR 2 125 000 in term on 31 March 2015, 30 June 2015, 30 September 2015 and 3 December 2015).
If interest rates had been 100 basis points higher /lower and all other variables were held constant, profit 2015 would decrease/increase by EUR 51 767 (2014: EUR 85 000).

(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 Company 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 base on dates agreed in the contracts, i.e. 3 to 30 days.

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

As for the trade receivables, the Company carries out its activities with a few significant counterparties. Although the receivables of the Company 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.

Maximum exposure related to trade and other receivables is the nominal value of trade receivables adjusted by individual impairment of EUR 23 313 (Note 10).

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

		Balance as at 31 December	
Counterparty	**Internal Rating[2]**	**2015**	**2014**
Banks [1]			
Všeobecná úverová banka, a.s.	A3	10 462 687	10 919 519
Tatra banka, a.s.	A3	23 797 872	18 993 850
Československá obchodná banka, a.s.	Baa3	3 585	111 813
Slovenská sporiteľňa, a.s.	A	15 765 455	9 072 527
J & T Banka, a. s.	-	14 000 000	14 000 000
Poštová banka, a. s.	-	10 000 992	0
Sberbank, a. s.	BBB-	6 312	3 059 438
Other	n/a	54 113	57 350
Total		74 091 016	56 214 497

[1] The amount of cash and short-term deposits at banks as at 31 December 2015 amounts to EUR 74 091 016 (31 December 2014: EUR 56 214 497). Furthermore, the Company has agreed with those banks on credit lines on current accounts totalling EUR 18 550 000 (31 December 2014: EUR 18 550 000), which were not utilized. The Company has bank borrowings as at 31 December 2015 of EUR 75 000 000 (31 December 2014: EUR 53 505 148), and these credit lines were utilized.
[2] The Company uses the independent rating of Moody's, Fitch Ratings 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 Company aims to maintain flexibility in funding by keeping committed credit lines available.

The Company manages liquidity risk by having an option to utilize bank overdrafts which should cover an immediate shortage of cash. The Company regularly monitors its liquidity position and uses overdrafts only in exceptional cases. The Company also uses the advantages of commercial terms between the Company 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 Company 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 Company,
- expected future cash outflows securing operations of the Company and leading to settlement of all liabilities of the Company, 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 Company to make term deposits and other investments.

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

The table below analyses the Company's financial liabilities by relevant remaining maturity. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2015				
Bank loans (principal incl.future interest charges)	7 469 444	11 744 445	35 233 333	20 552 778
Finance lease	0	0	0	0
Trade and other payables excluding liabilities not falling under IFRS 7	53 699 102	0	0	0
Total	61 168 546	11 744 445	35 233 333	20 552 778
At 31 December 2014				
Bank loans (principal incl. future interest charges)	8 505 148	6 844 445	24 955 555	13 200 000
Finance lease	0	0	0	0
Trade and other payables excluding liabilities not falling under IFRS 7	74 904 361	0	0	0
Total	**83 409 509**	**6 844 445**	**24 955 555**	**13 200 000**

The Companym has not financial derivatives.

3.2. Capital risk management

The 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 Company's management manages shareholders´ capital reported under IFRS adopted by the European Union at 31 December 2015 in value EUR 599 663 657 (31 December 2014: EUR 570 217 630).

Consistent with others in the industry, the Company 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	902 280 979	872 305 201
Equity (Note 12)	599 663 657	570 217 630
Equity to Total equity and liabilities ratio	66%	65%

The Company's strategy was not changed against 2014, 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 Company 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 Company 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 Company's operations, which is a natural monopoly, is regulated by by The Regulatory Office of Network Industries of Slovakia (hereinafter the „URSO), which in its decisions determines tariffs, prices and costs allowed the Company. 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 and tariffs for losses and system services are determined on the basis of maximum permitted costs.The main part of cost for the providing system services are costs for support services, and at the different types of the support services sets maximum prices of purchased services or the maximum allowable cost. Part of the cost for the providing of system services is assured by payment of fixed prices for regulated electricity procured within the framework of the GCC, which the Company together with operators in Czech and Hungarian transmission system use to prevent the supply of regulation electricity in opposite directions through the cross-border connections is set on the basis of fixed prices.

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 Company 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. By determining the appropriate discount rate, the Company 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 Company are assets used for electricity transmission. In the past, the Company valued assets at the historical acquisition costs. As at 1 January 2011 the Company applied the revaluation model to fair value according to IAS 16 for property, plant and equipment, except for the classes of property containing vehicles, inventory and artwork. Revaluation of property was made by an independent expert who used a net realizable value. In case of increase of the assets book value during revaluation, the analysis of the possible impairment was performed based on the determining value in use (present value of the current cash flows expecting from the use of property). The result of the revaluation was and increase of the assets and related increase in other comprehensive income accumulated in equity. Assumptions used in the revaluation model are based on the independent expert. The method used for revaluation is further described in Note 5. The final reported book values of these assets and related revaluation differences are not necessarily the values at which these assets may have been or will be sold.

The Company 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 Company in the future.

(iv) Impairment test

On 31 December 2011, the management of the Company performed a test for potential impairment by comparing recoverable value and book value. Due to the nature of the business, the 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 Company's management. The financial plans were prepared for the next five years. Projected cash flows for the next period after the five years were derived from these financial plans. In this subsequent period it is expected to achieve such operating and financial efficiency, which management consider to be sustainable. Base on this standard level of cash flows growth condition was calculated at 0% per annum.

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

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

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	14 000 004	531 330 788	239 638 362	91 002 048	875 971 202
Accumulated depreciation and impairment charges	0	(99 534 440)	(52 729 393)	0	(152 263 833)
Net book value	**14 000 004**	**431 796 348**	**186 908 969**	**91 002 048**	**723 707 369**
Year ended 31 December 2014					
Opening net book value	14 000 004	431 796 348	186 908 969	91 002 048	723 707 369
Additions	0	0	0	87 708 506	87 708 506
Transfers	4 550	48 018 980	71 337 237	(119 360 767)	0
Disposals	0	(1 294 520)	(1 005 725)	0	(2 300 245)
Depreciation charge	0	(36 387 811)	(20 502 838)	0	(56 890 649)
Impairment charge	0	0	0	0	0
Closing net book value	**14 004 554**	**442 132 997**	**236 737 643**	**59 349 787**	**752 224 981**
At 31 December 2014 after revaluation					
Cost	14 004 554	577 129 582	308 550 487	59 349 787	959 034 410
Accumulated depreciation and impairment charges	0	(134 996 585)	(71 812 844)	0	(206 809 429)
Net book value	**14 004 554**	**442 132 997**	**236 737 643**	**59 349 787**	**752 224 981**
At 31 December 2014 in historical costs					
Costs	6 595 414	465 131 145	449 196 662	58 969 582	979 892 803
Accumulated depreciation and impairment charges	0	(168 925 372)	(246 026 146)	0	(414 951 518)
Net book value	**6 595 414**	**296 205 773**	**203 170 516**	**58 969 582**	**564 941 285**

	Lands	Buildings, halls and constructions	Machinery, equipment, vehicles and other assets	Capital work in progress including advances(CIP)	Total
Year ended 31 December 2015					
Opening net book value	14 004 554	442 132 997	236 737 643	59 349 787	752 224 981
Additions	0	0	0	93 750 388	93 750 388
Transfers	1 214 157	16 880 006	34 053 922	(52 148 085)	0
Disposals	(7 157)	(286 338)	(497 682)	0	(791 177)
Depreciation charge	0	(36 964 653)	(21 605 109)	0	(58 569 762)
Impairment charge	0	0	(32 963)	0	(32 963)
Closing net book value	**15 211 554**	**421 762 012**	**248 655 811**	**100 952 090**	**786 581 467**
At 31 December 2015 after revaluation					
Cost	15 211 554	593 343 152	339 261 522	100 952 090	1 048 768 318
Accumulated depreciation and impairment charges	0	(171 581 140)	(90 605 711)	0	(262 186 851)
Net book value	**15 211 554**	**421 762 012**	**248 655 811**	**100 952 090**	**786 581 467**
At 31 December 2014 in historical costs					
Costs	7 802 414	481 170 848	475 977 944	100 780 374	1 065 731 580
Accumulated depreciation and impairment charges	0	(184 671 378)	(252 264 323)	0	(436 935 701)
Net book value	**7 802 414**	**296 499 470**	**223 713 621**	**100 780 374**	**628 795 879**

As at 1 January 2011, the independent expert, who is not related to the Company, performed revaluation of property, plant and equipment base 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 Company recorded this revaluation as at 1 January 2011. Revalued property value was higher by EUR 328 025 305 compared to residual value determined from the historical acquisition cost. The amount was recognized in other comprehensive income as at 31 December 2011.

As part of the revaluation of the property, plant and equipment the Company also extended the useful life of the property, plant and equipment based on the export opinion stated above.

As at 31 December 2011, the 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 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, the Company estimated discounted future cash flows based on currently effective regulation by URSO. Based on the impairment assessment, the Company concluded, that the property, plant and equipment used for electricity transmission activities is not impaired.

As at 31 December 2015 the Company management reviewed all internal and external impairment indicators. The Company's management 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 350 507 619, in historical net book value of EUR 307 502 802 (31 December 2014: revalued net book value of EUR 334 217 538, historical net book value of EUR 285 848 730); transmission lines at revalued net book value of EUR 289 730 572, in historical net book value of EUR 181 851 805 (31 December 2014: revalued net book value of EUR 316 083 657, in historical net book value of EUR 184 173 184).

Non-current assets under construction consists mainly of EUR 1 532 700 for operating building PS Východ (31 December 2014: EUR 135 166), EUR 1 103 191 for remote management of substation in ES Podunajské Bikupice (31 December 2014: EUR 882 119), EUR 3 221 587 for transformation 2x400 kV in Bystričany - Križovany (31 December 2014: EUR 1 627 136), 2 819 EUR for restorationTR 400/110 kV in Medzibrod (31 December 2014: 22 588 EUR), EUR 90 390 812 for substation and transmission lines in Gabčíkovo (31 December 2014: EUR 26 603 600), EUR 1 012 169 for remote management of substation in ES Spišská Nová Ves (31 December 2014: EUR 764 745), EUR 760 273 for transformation 2x400 kV Bystričany – Horná Ždaňa (31 December 2014: EUR 282 083), EUR 410 009 for substation 400 kV Horná Ždaňa – extension (31 December 2014: EUR 15 929), EUR 0 for remote management of substation in ES Veľký Ďur (31 December 2014: EUR 7 305 411), EUR 0 for remediation of collapsing slope in Liptovská Mara (31 December 2014: EUR 910 688), EUR 0 for remote management of substation in ES Spišská Nová Ves (31 December 2014: EUR 764 745), EUR 0 for remote management of substation in ES Levice (31 December 2014: EUR 4 617 989), EUR 0 for remote management of substation in ES Rimavská Sobota (31 December 2014: EUR 7 640 838), EUR 0 for remote management of substation and completion of T402 in ESt Stupava (31 December 2014: EUR 3 573 173), EUR 0 for migration of UNIX systems (31 December 2014: EUR 2 092 438). These assets are not available for use at the reporting date.

In 2015, borrowing costs are capitalized in accordance with accounting policies of the Company, borrowing costs are capitalized and therefore the Company capitalized interest amounting EUR 27 585 (31 December 2014: EUR 4 859) 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.).

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

	Land, buildings and structures	Plant, machinery and equipment	Total
As at 31 December 2015			
Cost	26 808 580	15 502	26 824 082
Accumulated depreciation	(4 028 054)	(13 293)	(4 041 347)
Net book value as at 31 December 2015	**22 780 526**	**2 209**	**22 782 735**
As at 31 December 2015			
Historical acquisition cost	26 376 698	23 544	26 400 242
Accumulated depreciation historical	(4 582 247)	(22 389)	(4 604 636)
Historical net book value as at 31 December 2015	**21 794 451**	**1 155**	**21 795 606**
As at 31 December 2014			
Cost	28 094 435	132 724	28 227 159
Accumulated depreciation	(3 061 342)	(52 714)	(3 114 056)
Net book value as at 31 December 2014	**25 033 093**	**80 010**	**25 113 103**
As at 31 December 2014			
Historical acquisition cost	27 533 536	159 259	27 692 795
Accumulated depreciation historical	(4 334 936)	(80 831)	(4 415 767)
Historical net book value as at 31 December 2014	**23 198 600**	**78 428**	**23 277 028**

The Company also leases optic fibres and circuits. The value of such fibres and circuits is difficult to determine, as they are part of other assets that are used by the Company.

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

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

The Company has insured its assets against the following risks:

Insured object	Type of insurance	Amount insured as at 31 Dec 2015 and 2014	Name of the insurance company
Buildings, halls and constructions	Damage or total loss (natural disaster)	217 369 609	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)	613 423 693	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)	731 367 633	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)	1 774 773	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)	1 331 080	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)	93 745 591	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)	1 500 000	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali Poisťovňa, a. s.)

Insured object	Type of insurance	Amount insured as at 31 Dec 2015 and 2014	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	16 597	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	331 939	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	290 966	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	165 970	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	66 388	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)	591 145 794	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)	65 000 000	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		500 000	Lead insurer: Allianz - Slovenská poisťovňa, a.s. (co-insurance: Kooperativa insurance a. s. Vienna Insurance, QBE Insurance (Europe) Limited, Generali Poisťovňa, a. s.)

6 Intangible assets

	Software and other intangible assets	Intangible assets not yet in use	Total
At 1 January 2014			
Cost	41 806 878	3 338 254	45 145 132
Accumulated amortisation and impairment charges	(34 830 713)	0	(34 830 713)
Net book value	**6 976 165**	**3 338 254**	**10 314 419**
Year ended 31 December 2014			
Opening net book amount	6 976 165	3 338 254	10 314 419
Additions	0	3 580 034	3 580 034
Transfers	4 517 224	(4 517 224)	0
Disposals	(9 750)	0	(9 750)
Amortisation charge	(4 188 283)	0	(4 188 283)
Closing net book value	**7 295 356**	**2 401 064**	**9 696 420**
At 31 December 2014			
Cost	45 832 827	2 401 064	48 233 891
Accumulated amortisation and impairment charges	(38 537 471)	0	(38 537 471)
Net book value	**7 295 356**	**2 401 064**	**9 696 420**
Year ended 31. December 2014			
Year ended 31 December 2015			
Opening net book amount	7 295 356	2 401 064	9 696 420
Additions	0	3 423 812	3 423 812
Transfers	3 242 821	(3 242 821)	0
Disposals	0	0	0
Accumulated amortisation and impairment	(3 078 378)	0	-3 078 378
Closing net book value	**7 459 799**	**2 582 055**	**10 041 854**
At 31 December 2015			
Cost	48 398 874	2 582 055	50 980 929
Accumulated amortisation and impairment charges	(40 939 075)	0	(40 939 075)
Net book value	**7 459 799**	**2 582 055**	**10 041 854**

The computer software consists mainly of SAP, XMatic, Damas Energy and Oracle. Net book value of SAP is EUR 380 096 (31 December 2014: EUR 680 437), remaining amortization period is between 1 and 3 years. Net book value of Damas Energy is EUR 1 419 367 (31 December 2014: EUR 415 605), remaining amortization period is 2 and 4 years.

Intangible assets not yet in use include EUR 184 274 for upgrade and innovation RIS SED Žilina (31 December 2014: EUR 107 307), EUR 2 315 131 for innovation system ASZD (31 December 2014: EUR 0), EUR 82 650 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 1 005 720), EUR 0 for migration UNIX systems (31 December 2014: EUR 721 665), EUR 0 for extension of ISOM system (31 December 2014: EUR 308 900), EUR 0 for implementation of SAP – BCP (31 December 2014: EUR 15 088).

Internally generated intangible assets are immaterial.

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

7 Shares in subsidiaries and other investments

	2015	2014
At the begining of the year	**4 709 815**	**4 709 815**
Additions	138 000	0
Disposals	0	0
At the end of the year	**4 847 815**	**4 709 815**

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 in 2008, was founded by the auction office (CAO) based, Gute Anger 15, Freising, Germany in order to Central Auction Office (CAO) based in Gute Änger 15, Freising, Germany for the purpose of introducing regional coordinated management of network overloading. In 2013 Company´s share on the capital was 12.5 %. On 23 May 2014 was entered in the German Register a new parner - Croatian provider HOPS d. o. o. and Company´s share on the capital was reduced to 11.11%.

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.

On 11 August 2010 the Company OKTE, a.s.. based in (Mlynské nivy 59/A, 824 84 Bratislava) has been incorporated in the Business Register. The sole shareholder of the company is Slovenská elektrizačná prenosová sústava, a.s. The share is being made up of 4 644 registered share at a nominal value of EUR 1 000 and legal reserve fund in amount EUR 3 315.

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 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	21 034 799	21 034 799
Other receivables	0	235 852	235 852
Cash on bank accounts and cash in hand	0	74 091 016	74 091 016
Total	0	**95 361 667**	**95 361 667**

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	44 919 530	44 919 530
Received guarantees	0	7 950 991	7 950 991
Payables due to employees	0	873 052	873 052
Social security	0	531 621	531 621
Other payables	0	828 581	828 581
Bank loans	0	75 000 000	75 000 000
Total	0	**130 103 775**	**130 103 775**

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	34 908 148	34 908 148
Other receivables	0	464 041	464 041
Cash on bank accounts and cash in hand	0	56 214 497	56 214 497
Total	0	**91 586 686**	**91 586 686**

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	65 084 667	65 084 667
Received guarantees	0	8 832 800	8 832 800
Liabilities due from derivative financial instruments	23 727	0	23 727
Payables due to employees	0	1 770 585	1 770 585
Social security	0	895 833	895 833
Other payables	0	963 167	963 167
Bank loans	0	53 505 148	53 505 148
Total	23 727	**131 052 200**	**131 075 927**

9 Inventories

	As at 31 December 2015	2014
Materials and spare parts	1 156 797	1 208 618
	1 156 797	**1 208 618**

There are no restrictions of ownership relating to inventories. No inventories are pledge.

10 Trade and other receivables

	As at 31 December 2015	2014
Current receivables and prepayments:		
Neither past due nor impaired trade receivables	20 255 278	34 825 532
Past due but not impaired trade receivables	756 208	58 978
Individually impaired receivables	23 313	23 638
Trade receivables (before provision for impairment)	**21 034 799**	**34 908 148**
Less: Provision for impairment of receivables	(23 313)	(12 770)
Trade receivables – net	**21 011 486**	**34 895 378**
VAT – receivable	0	4 493 485
Grant claims	2 338 779	2 071 628
Prepayments	1 206 473	2 466 550
Other receivables	235 852	464 041
Prepaid expenses and accrued income	769 440	680 735
Other receivables – net	**4 550 544**	**10 176 439**
Total trade and other receivables	**25 562 030**	**45 071 817**

The claim for grant represents the TEN project for the realization of 2x400 kV transformation Veľký Ďur – Gabčíkovo.

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	20 255 278	34 825 532
Overdue receivables	779 521	82 616
Total	**21 034 799**	**34 908 148**

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
OKTE	7 976 882	7 053 896
Slovenské elektrárne, a.s.	238 632	4 406 173
Západoslovenská energetika, a. s.	0	0
Západoslovenská distribučná, a .s.	2 973 376	6 639 543
Stredoslovenská energetika, a. s.	4 792	4 794
Stredoslovenská energetika Distribúcia, a. s.	1 828 893	1 825 410
Východoslovenská energetika Holding, a. s.	259	259
Východoslovenská distribučná, a. s.	1 426 204	6 708 093
ČEPS, a. s.	400 587	1 890 642
MAVIR	2 553 282	891 721
Others	2 852 371	5 405 001
Neither past due nor impaired trade receivables	**20 255 278**	**34 825 532**

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 Company. Although the receivables of the Company 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, most of them engaged in electricity business, with an influence by the state.

As at 31 December 2015 trade receivables of EUR 756 208 (31 December 2014: EUR 58 978) were past due but not impaired. Their ageing analysis is as follows:

	As at 31 December	
	2015	**2014**
1 to 90 days	756 208	58 978
91 to 180 days	0	0
Total past due but not impaired trade receivables	**756 208**	**58 978**

The closing balance of the Company's trade receivables includes receivables in the carrying amount of up to EUR 756 208 (2014: EUR 58 978), overdue at the reporting date, for which no provisions were recorded by the Company as there were no significant changes in creditworthiness of the debtors and the amounts are still considered recoverable. The Company recorded no collateralized receivables.

As at 31 December 2015, trade receivables of EUR 23 313 (2014: EUR 23 638) were individually impaired. As at 31 December 2015, the Company recorded an impairment provision of EUR 23 313 (2014: EUR 12 770).

The ageing of these receivables is as follows:

	As at 31 December	
	2015	**2014**
181 to 360 days	0	325
Over 361 days	23 313	23 313
Total individually impaired receivables	**23 313**	**23 638**

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

	2015	**2014**
At the beginning of the year	12 770	6 702
Additional provision for receivables impairment	10 543	6 325
Release of unused provision	0	0
Receivables written –off during the year as uncollectible	0	(257)
At the end of the year	**23 313**	**12 770**

No receivables have been pledged as collateral. The Company 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	30 501 547	29 331 888
Short-term bank deposits	43 589 469	26 882 609
	74 091 016	**56 214 497**

At 31 December 2015 cash and cash equivalents were fully available for the Company's use.

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 deposits with original maturities of less than three months:	74 091 016	56 214 497
	74 091 016	**56 214 497**

The carrying amounts of cash and cash equivalents as at 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 Company as a total nominal value of EUR 81 832 584 consisted of: 2 382 bearer shares at a nominal value of EUR 33 194, 793 bearer shares at a nominal value of EUR 34, 82 registered shares at a nominal value of EUR 33 194 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 Company decided to reduce registered capital by the amount of EUR 81 832 584 to EUR 0 and at the same time withdrawn from circulation 2 382 bearer shares at a nominal value of EUR 33 194, 793 bearer shares at a nominal value of EUR 34, registered shares at a nominal value of EUR 33 194 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 105 000 000 to EUR 105 000 000 subscription of new bearer shares in the number of 105 issued registered shares at a nominal value EUR 1 000 000 with the issue price of EUR 1 million per subscribed share.

The Company has no subscribed capital that has not been entered in the Commercial Register. Shares are associated with equal rights.
Equal right are attributable to shares.

Legal reserve fund is obligatorily created from profit of the Company in accordance with the Slovak Commercial Code. According to the Commercial Code, the Company is obliged to create a legal reserve fund in the amount of 10% of the share capital at the time of the incorporation of the Company. This amount must be increased annually by at least 10 % from net profit, until the legal reserve fund achieves 20% of the share capital. Use of this fund is restricted under the Commercial Code only to cover losses of the Company and it is not a distributable reserve. Legal reserve fund amounted to EUR 16 366 275 as at 31 December 2015 (as at 31 December 2014: EUR 16 366 275).

Other capital reserves comprise statutory fund of EUR 145 150 795 to finance capital expenditure activities (2014: EUR 145 150 795) and differences from revaluation of assets amounted to EUR 127 642 852 (2014: EUR 148 892 352).

The statutory fund to finance future capital expenditures is used to accumulate internal funds of the Company allocated from profit dedicated to cover future capital expenditures. In 2015, the Company contributed to this fund an amount of EUR 0 (31 December 2014: 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 Company in relation to capital expenditures, and by the acquisition guidelines.
Funds on the statutory fund to finance capital expenditures are accumulated from amounts allocated to the statutory fund based on the decision of General Meeting.

The movements in revaluation surplus are presented in the table below:

	2015
Opening amount	148 892 352
Revaluation surplus reclassified to retained earnings as at 31 December 2015	(27 315 471)
Deferred tax on revaluation surplus as at 31 December 2015	6 009 404
Deferred tax related to changes in tax rates and special levy from business activities in regulated sectors	56 567
At the end of the period	**127 642 852**

	2014
Opening amount	174 221 796
Revaluation surplus reclassified to retained earnings as at 31 December 2014	(32 513 216)
Deferred tax on revaluation surplus as at 31 December 2014	7 152 907
Deferred tax related to changes in tax rates and special levy from business activities in regulated sectors	30 865
At the end of the period	**148 892 352**

The 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 Financial Statements for 2014. In 2015 were approved dividend for 2014 in the amount of EUR 26 826.30 (rounded) per share at the nominal value of EUR 33 194 and EUR 27.48 (rounded) per share at the nominal value of EUR 34 was declared to the shareholders (in 2014: EUR 27 547.84 per share at the nominal value of EUR 33 194 and EUR 28.22 per share at the nominal value of EUR 34).

The profit for the year 2014 of EUR 67 464 127 was distributed as follows:

	2014 profit distribution	**2013 profit distribution**
Dividends	66 134 400	67 913 217
Appropriation to the Statutory Fund	0	0
Transfer to retained earnings	1 329 727	1 313 026
Total	**67 464 127**	**69 226 243**

As at 31 December 2015 retained earnings of the Company (including profit of the current accounting period and revaluation surplus reclassified to retained earnings) amounted to EUR 206 131 635 (31 December 2014: EUR 177 975 624).

As at the date of authorization of these Financial Statements for issue, the statutory body has not yet proposed the distribution of profit for 2015.

13 Trade and other payables

	As at 31 December	
	2015	**2014**
Trade payables	44 919 530	65 084 667
Received guarantees	7 950 991	8 832 800
Payables due to employees	873 052	1 770 585
Social security	531 621	895 833
Accrued personnel expenses	3 011 124	2 820 363
Liabilities due from derivative financial instruments	0	23 727
Social fund	220 144	240 002
Other payables	828 581	963 167
Total	**58 335 043**	**80 631 144**

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	57 238 856	75 231 972
Overdue payables	1 096 187	5 399 172
Total	**58 335 043**	**80 631 144**

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	**240 002**	**200 741**
Appropriations expensed	672 927	666 992
Usage	(692 785)	(627 731)
Closing balance at 31 December	**220 144**	**240 002**

14 Bank loans and finance lease liabilities

	As at 31 December 2015	2014
Non-current		
Long term portion of bank loans (a)	67 530 556	45 000 000
Long term portion of finance lease	0	0
	67 530 556	45 000 000
Current		
Short term portion of bank loans (a)	7 469 444	8 505 148
Short term portion of finance lease	0	0
	7 469 444	8 505 148

(a) Bank loans

The maturity of bank loans is as follows:

Maturity	As at 31 December 2015	2014
Short term portion of bank loans	7 469 444	8 505 148
Long term portion of bank loans		
1 - 5 years	46 977 778	31 800 000
over 5 years	20 552 778	13 200 000
Total	75 000 000	53 505 148

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

The Company has the following borrowing facilities which are not utilized:

	As at 31 December 2015	2014
Floating rate:	3 550 000	3 550 000
- Expiring within one year	0	0
- Expiring beyond one year		
Fixed rate	0	15 000 000
- Expiring within one year		
- Expiring beyond one year	15 000 000	0
Total	18 550 000	18 550 000

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

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

	2015	2014
Bank borrowings	1.306%	0.232%

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

Bank/Creditor	Type	Currency	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.	Credit cards	EUR	0	5 148	0	January 2014	0	0	0
VÚB, a. s.	Investment	EUR	0	8 500 000	3M EURIBOR + 0.932%	3. 12. 2015	0	0	0
Slovenská sporiteľňa, a.s.	Investment	EUR	30 000 000	15 000 000	1.30%	31. 7. 2022	0	4 444 444	25 555 556
VÚB, a. s.	Investment	EUR	45 000 000	30 000 000	1.20% a 1.30% depending on the tranche	18. 9. 2022	0	3 025 000	41 975 000
Total	X	X	**75 000 000**	**53 505 148**	X	X	X	**7 469 444**	**67 530 556**

15 Grants and deferred revenues

Deferred revenues include the following items:

	As at 31 December 2015	2014
Deferred revenues		
EBOR grant Križovany – long-term portion (a)	13 566 389	14 358 794
– current portion (a)	801 614	801 614
EBOR grant Lemešany – long-term portion (b)	38 086 735	37 723 526
– current portion (b)	1 486 242	1 501 583
EBOR grant Bystričany – long-term portion (c)	63 529	0
– current portion (c)	0	0
US Steel – long-term portion (d)	4 146 764	4 371 089
– current portion (d)	225 636	228 992
EU TEN-E – long-term portion (e)	802 053	831 449
– current portion (e)	29 396	29 395
E.On – long-term portion (f)	2 895 294	3 051 385
– current portion (f)	157 701	157 701
Slovenské elektrárne, a. s. – long-term portion (g)	3 494 270	3 656 029
– current portion (g)	161 760	161 760
EU TEN-E – long-term portion (h)	857 118	885 694
– current portion (h)	28 576	28 576
EU TEN-E – long-term portion (i)	2 099 203	2 170 066
– current portion (i)	65 935	65 935
EU TEN-E – long-term portion (j)	2 338 779	0
– current portion (j)	0	0
Západoslovenská distribučná – long-term portion (k)	3 398 019	3 539 319
– current portion (k)	141 300	141 300
Východoslovenská distribučná – long-term portion (l)	4 682 874	4 896 821
– current portion (l)	213 947	213 947
Others – long-term portion (m)	10 353 671	13 335 712
– current portion (m)	12 759 513	10 294 159
Total	**102 856 318**	**102 444 846**

a)
On 10 December 2003, the 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.

The amount of EUR 14 368 003 (31 December 2014: EUR 15 160 408) was recognized in deferred revenue related to the grant.

At he 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.

b)
On 18 December 2007 the 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.

The amount of EUR 39 572 977 (31 December 2014: EUR 39 225 109) 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.

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 63 529 (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 4 372 400 (31 December 2014: EUR 4 600 081), related to investment in the substation in Košice, which remains in property of the 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 831 449 represents a co-finance provided to the Company from an European Commission's program EU TEN-E (Trans – European Network) in the amount of 10% of the value of transmission lines EK-Moldava – SS Košice (31 December 2014: EUR 860 844).

f)
Deferred revenue of EUR 3 052 995 included in deferred revenues is related to construction field 13 in ES Križovany that was 100 % financed by company E.On Trakovice (31 December 2014: EUR 3 209 086).

g)
Amount of EUR 3 656 030 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 3 817 789).

h)
Amount of EUR 885 694 represents co-finance provided to Company from European Commission for the transmission line SS Košice – Lemešany (31 December 2014: EUR 914 270).

i)
Amount of EUR 2 165 138 represents co-finance provided from European Commission for the meshing V 409 line to the new transformer station 400 / 110kV in electric station Voľa (31 December 2014: EUR 2 236 001).

j)
Amount of EUR 2 338 779 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 3 539 319 is related to the refinancing of Západoslovenská distribučná a.s. costs for enlargement the electric station in Stupava by second transformer (31 December 2014: EUR 3 680 619).

l)
Amount EUR 4 896 821 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 5 110 768).

m)
Within other long-term deferred income the Company recorded an income in amount of EUR 9 736 815, 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 long-term deferred income the Company recorded an income in amount of EUR 12 643 861 representing the proceeds of regulated tariffs, which does not belong to the Company in 2014 according to regulatory accounting rules and procedures, but in 2016, when they will be realised.

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 4.3% for temporary differences in long term assets due to charges for regulated subjects based on act No. 235/2012 Z.z. (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, as the value of the levy is calculated from profit before tax calculated according to the Slovak Act on Accounting, no taking into consideration temporary differences.

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

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

	At 1 January 2015	(Change) (-) costs/ (+) benefits	Accounted to other parts of comprehensive results	At 31 December 2015
Positive revaluation of fixed assets	(43 580 059)	6 009 404	56 567	(37 514 088)
Negative revaluation of fixed assets	1 242 509	(224 857)	0	1 017 652
Receivables	0	0	0	0
Tangible and intangible assets	(18 438 027)	(5 665 281)	0	(24 103 308)
Retirement benefit	0	0	(30 360)	(30 360)
Provisions	1 770 852	33 880	207 460	2 012 192
Other	418 908	90 192	0	509 100
Total	1 194 241	1 297 103	0	2 491 344
	(57 391 576)	**1 540 441**	**233 667**	**(55 617 468)**

	At 1 January 2014	Accounted to (-) costs/ (+) benefits	Accounted to other parts of comprehensive results	At 31 December 2014
Positive revaluation of fixed assets	(50 763 831)	7 152 907	30 865	(43 580 059)
Negative revaluation of fixed assets	1 488 982	(246 473)	0	1 242 509
Receivables	0	0	0	0
Tangible and intangible assets	(13 984 173)	(4 453 854)	0	(18 438 027)
Retirement benefit	1 594 192	176 660	0	1 770 852
Provisions	498 791	(79 883)	0	418 908
Other	640 549	553 692	0	1 194 241
Total	**(60 525 490)**	**3 103 049**	**30 865**	**(57 391 576)**

17 Provisions for liabilities and charges

	Pensions and other long-term benefits (a)	Legal claims (b)	Others c)	Total
At 1 January 2015	**8 049 325**	**65 532**	**0**	**8 114 857**
Additional provisions	1 730 000	2 273	0	1 732 273
Provisions used	(633 000)	(1 273)	0	(634 273)
Reversals of unused provision	0	0	0	0
At 31 December 2015	**9 146 325**	**66 532**	**0**	**9 212 857**

Analysis of total provisions	As at 31 December 2015	2014
Non - current	9 146 325	8 049 325
Current	66 532	65 532
Total	9 212 857	8 114 857

(a) Pension benefits and other long-term benefits

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

(i) Post employment benefits

	As at 31 December 2015	2014
Present value of unfunded retirement obligations	8 960 362	7 877 362
Unrecognized actuarial gains/(losses) and portion of past service costs	0	0
Obligation in the Statement of Financial Position	8 960 362	7 877 362

The amount recognized in the Income Statement are as follows:

	2015	2014
Current service cost	608 000	536 000
Past service cost	0	0
Unrecognized actuarial gains/(losses)	0	464 000
Interest cost	161 000	242 000
Pension (credit) / cost, included in personnel costs	769 000	**1 242 000**

Value recognized in Equity are as follows:

	2015	2014
Recognized actuarial gains/(losses)	927 000	0
Total change recognized in equity	927 000	0

Movements in the present value of defined benefit obligation are:

	2015	2014
Present value of unfunded retirement obligations at beginning of the year	7 877 362	7 098 362
Current service cost	608 000	536 000
Interest cost	161 000	242 000
Benefits paid	(613 000)	(463 000)
Past service cost	0	0
Cancelled	0	0
Actuarial gains/(losses)	927 000	464 000
Present value of unfunded retirement obligations at the end of the year	8 960 362	7 877 362

(ii) Other long-term benefits (jubilees and loyalties)

	As at 31 December	
	2015	2014
Present value of unfunded obligations	185 963	171 963
Obligation in the Statement of Financial Position	185 963	**171 963**

The amounts recognized in the Income Statement are as follows:

	2015	2014
Current service cost	14 000	13 000
Recognized actuarial gains/loss	0	23 000
Interest expense	4 000	5 000
Pension (credit)/cost, included in personnel costs	18 000	**41 000**

Value recognized in Equity are as follows:

	2015	2014
Recognized actuarial gains/(losses)	16 000	0
Total change recognized in equity	16 000	0

Movements in the present value of defined benefit obligation are:

	2015	2014
Present value of unfunded retirement obligations at beginning of the year	171 963	147 963
Current service cost	14 000	13 000
Past service cost	0	0
Interest cost	4 000	5 000
Benefits paid	(20 000)	(17 000)
Actuarial gains/losses	16 000	23 000
Present value of unfunded retirement obligations at the end of the year	**185 963**	**171 963**

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

As at 31 December 2015	
Percentage of employees, who will terminate their employment with SEPS a.s. 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 with SEPS a.s. 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 Company 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 Company's management, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided.

18 Revenues

Revenues include the following:

Revenues from electricity transmission and electricity transit:

	2015	2014
Access to transmission grid	138 973 009	137 895 971
Covering losses	14 305 503	19 799 092
System operation	3 471 398	1 212 955
System services	164 064 021	165 024 211
Auctions	21 662 775	22 182 507
Deviations and regulation energy	15 096 321	17 396 377
CBT mechanism	7 604 664	9 534 744
Profile OT	13 296 427	8 375 058
Other regulated revenues (mainly shipping and daily market)	14 535 842	5 193 803
Total revenue from electricity transmission and transit	**393 009 960**	**386 614 718**
Rental	879 017	761 403
Telecommunications services	318 362	509 729
Other revenues	24 366	249 917
Other revenues	**1 221 745**	**1 521 049**
Total revenue	**394 231 705**	**388 135 767**

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

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

Since 11 September 2012 the Company 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 Company recognizes revenues from these activities as revenue from sale of merchandise and the costs of merchandise sold. The net result is presented within line „Other regulated revenues". In 2015 the Company realized transactions in total amount of EUR 241 659 699 and related costs were EUR 228 988 239 (31 December 2014: transaction in amount of EUR 156 575 606 and related costs were EUR 152 282 907).

19 Consumed materials and services

Consumed materials and services included the following:

	2015	2014
Material and energy consumption	13 322 246	14 399 430
Repair and maintenance	12 867 323	14 320 607
Travel expenses	400 277	415 667
Representation expenses	430 013	407 529
Rental	130 032	146 408
Communication services	417 386	488 026
Substations service	3 074 174	3 803 571
Protection and maintenance of area	1 357 195	3 003 091
Revisions, controls, security services	1 239 778	782 120
Technical advisory, technical support	66 317	76 730
Cleaning	258 584	251 509
Biological recultivation	175 674	182 156
Geodetic services	31 115	44 923
Experts examinations, analysis, experts opinion, certifications	1 971 188	2 390 051
Information technology services, advertisement	7 217 307	7 118 849
Expenses for ancillary services	146 210 122	149 630 664
Expenses for system operation	16 497	1 141 424
Expenses for deviations	8 394 186	6 725 552
Expenses for auctions	6 419 870	3 477 186
Using profile OT	6 333 962	2 146 349
Expenses of CBT/ITC	- 50 000	57 978
Audit of Financial Statements provided by auditor	34 000	34 000
Advisory services	534 550	243 122
Tax advisory	39 505	38 325
Other services provided by auditor	0	0
Demolition	0	451 676
Other	982 517	954 082
Total	**211 873 818**	**212 731 025**

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

Together with the transmission operator in Czech Republic introduced the Company effective from 19 January 2012 a system against delivery of regulated energy in opposing directions through cross-border connections (further system GCC). Since 2013, the system operator involved the Hungarian transmission system, too.

Relevant revenues and costs stem from volumes of electricity acquired within GCC system and fix tariffs for these regulated energy, which were set for the Company by URSO decision. The Company recognizes the revenues from these services under line Sales from merchandise and respective costs for merchandise sold. The net results are presented within line „Material and energy consumption". In 2015 the Company realized income in total amount of EUR 1 850 822 and related costs were EUR 2 035 748 (31 December 2014: transactions in amount of EUR 1 702 232 and related costs in EUR 2 462 995).

20 Personnel costs

	2015	2014
Wages and salaries	16 043 714	15 778 769
Other personnel costs	1 600 264	1 503 431
Pension costs – defined contribution plans	5 359 268	5 664 750
Current service costs	622 000	549 000
Past service costs	0	0
Interest costs on pension and similar employee's benefits	165 000	247 000
Recognized actuarial losses/gains	0	487 000
Total	**23 790 246**	**24 229 950**

21 Other operating expenses

	2015	2014
Insurance costs	2 124 145	1 974 414
Loss from sale of fixed assets	287 997	463 474
Taxes and other fees	182 486	179 449
Gifts	532 297	709 466
Other operating expense	403 886	405 118
Total	3 530 811	3 731 921

22 Other operating income

	2015	2014
Gain from sale of fixed assets	0	6 850
Gain from sale of material	35 643	15 945
Release of deferred revenues from a grant	2 278 472	2 202 637
Contractual penalties	2 090 035	1 992 899
Insurance	120 159	199 038
Release of deferred revenues - Košice	227 682	229 006
Release of deferred revenues E.ON	156 090	157 706
Income from connection to provider	0	348 882
Other operating income	845 223	618 494
Total	5 753 304	5 771 457

23 Finance expense, net

	2015	2014
Interest income	248 019	400 976
Interest expense from borrowings	(812 498)	(281 186)
Foreign Exchange gains	360	104
Foreign Exchange losses	(18 096)	(7 299)
Finance income on derivative instruments	0	232 596
Finance expense on derivative instruments	0	(236 780)
Dividends	84 123	36 649
Other financial expense	(48 103)	(56 324)
Net finance expense	**(546 195)**	**88 736**

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	99 356 863	92 846 165
Theoretical income tax related to current period at 22%	21 858 510	20 426 156
- Other income not subject to tax (permanent)	(1 079 627)	(3 919 233)
- Non-deductible expenses (permanent)	311 769	1 658 970
-Increase of tax due to charges for regulated subjects	5 268 584	5 068 507
-Deferred tax from temporary differences to which no deferred tax has been accounted historically	0	0
-Additional income tax	13 283	2 147 638
Changes in deferred taxes to 1 January due to change in tax rate	0	0
	26 372 519	**25 382 038**
Income tax expense for the period		
The tax charge for the period comprises:		
- Deferred tax charge – expense/(income) (Note 16)	(1 540 441)	(3 103 049)
Deferred tax total	(1 540 441)	**(3 103 049)**
-Special levy for regulated subjects	5 268 584	5 068 507
-Additional income tax	13 283	2 147 638
- Current income tax expense	22 631 093	21 268 942
Income tax total	**27 912 960**	**28 485 087**
Total income tax expense for the period	26 372 519	25 382 038
Effective tax rate	**26.54%**	**27.34%**

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 (such as 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. The Company's management is not aware of any circumstances 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 Company are subject to regulation by URSO.

26 Commitments

(a) Future investment commitments

The Company 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 46 846 565 (EUR 2014: 114 738 963). Capital commitments represent mainly the contruction of transformation 2x400 kV Gabčíkovo – Veľký Ďur, innovation of ASZD system and construction 400 kV switching station Gabčíkovo.

The Company approved its capital expenditure budget for 2016 in the amount of EUR 86 772 801 (the 2015 capital expenditure budget: EUR 98 478 019). 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, business systems 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 commitments – Company as lessee

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

	31 December 2015	31 December 2014
Due within 1 year	1 134	9 397
Due in 2 to 5 years(inclusive)	4 536	4 536
Due after 5 years	8 191	9 325
Total	13 861	23 258

The Company 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 291 566 (31 December 2014: EUR 287 705). The main items include the lease of telecommunications routes.

c) Future operating lease commitments – Company as lessee

The Company leases out mainly transformation, radio relax points and optic fibre cables.
The following minimum lease instalments relate to the operating lease contracts:

	31 December 2015	31 December 2014
Due within 1 year	280 131	286 043
Due in 2 to 5 years (inclusive)	1 084 377	1 122 839
Due after 5 years	2 862 574	3 192 228
Total	4 227 082	4 601 110

The Company has also entered into an operating lease for an unlimited period of time for which the annual lease payments amount to EUR 688 823 (31 December 2014: EUR 788 410).

The Company 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 300 172 (31 December 2014, year 2015: EUR 305 957). The basic component of the rent will be paid to lessor 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 instalments include the basic component of the rent in amount of EUR 260 234 annually (31 December 2014: EUR 266 019).

27 Cash generated from operations

	Note	2015	2014
Profit before income tax		99 356 863	92 846 165
Adjustments for:			
Depreciation	5	58 569 762	56 890 649
Amortization	6	3 078 378	4 188 283
Impairment charge for non-current assets	5	32 963	0
Changes in provisions for receivables	10	10 543	6 068
Change in fair value of derivatives		0	(232 596)
(Gain) / loss on disposal of assets	21, 22	287 997	456 624
Interest income/expense, net	23	564 479	(119 790)
Net movements in provisions	17	1 098 000	868 532
Changes in working capital:			
Inventories (gross)		51 821	(162 490)
Trade and other receivables		19 515 354	(306 902)
Trade and other payables, deferred revenues		(10 894 656)	17 266 803
Cash flows from discontinued operations		0	0
Cash generated from operations		171 671 504	171 701 346

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

	Note	Year ended 2015	31 December 2014
Net book value		0	9 750
Profit/(loss) from sale of intangible assets	21,22	0	6 850
Proceeds from disposal of intangible assets		0	16 600

	Note	Year ended 2015	31 December 2014
Net book value		549 057	728 132
Profit/(loss) from sale of tangible fixed assets	21,22	(287 997)	(463 474)
Proceeds from disposal of tangible fixed assets		261 060	264 658

28 Related party transactions

Parties related to the Company include its sole shareholder, the subsidiary OKTE, a.s., companies 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 as the sole shareholder of the Company till 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.

Ministry of Economy of Slovak Republic, is the 51 % shareholder of Západoslovenská energetika, a.s., Východoslovenská energetika Holding, a.s. and Stredoslovenská energetika, a.s..

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 the subsidiary were as follows:

	Gross amount of trade receivables	Other receivables	Value adjustment to trade receivables	Trade and other payables
OKTE, a. s.	9 176 882	0	0	(2 142 320)

As at 31 December 2015, the outstanding balances with joint venture were as follows:

	Gross amount of trade receivables	Other receivables	Value adjustment to trade receivables	Trade and other payables
CAO	0	0	0	0
Joint Allocation Office, S. A. Luxembursko	0	0	0	(992 493)
Joint Allocation Office, S. A. Nemecko	18 399	0	0	(861 133)

As at 31 December 2015, the outstanding balances with the state-controlled entities and government bodies (other related parties) for the year ended 31 December 2015 were as follows:

	Gross amount of trade receivables	Other receivables	Value adjustment to trade receivables	Trade and other payables
Slovenské elektrárne, a.s.	238 108	524	0	(3 463 065)
Západoslovenská energetika, a.s.	0	0	0	0
Západoslovenská distribučná, a .s.	2 973 376	0	0	(146 034)
Západoslovenská energetika – Energia, a.s.	0	0	0	(469 125)

	Gross amount of trade receivables	Other receivables	Value adjustment to trade receivables	Trade and other payables
Východoslovenská energetika Holding, a.s.	259	0	0	(4 381)
Východoslovenská distribučná, a. s.	1 426 204	0	0	(20 630)
Východoslovenská energetika, a. s.	0	0	0	(59)
Stredoslovenská energetika, a.s.	4 792	0	0	(2 909 794)
Stredoslovenská energetika – Distribúcia, a.s.	1 828 893	0	0	(104 036)
Tepláreň Košice, a. s.	1 881	0	0	(553 851)
Žilinská teplárenská, a. s.	34	0	0	(77 726)
Martinská teplárenská, a. s.	2 778	0	0	(179 027)
Zvolenská teplárenská, a. s.	3 465	0	0	(227 284)
Slovenské elektrárne Predaj, s. r. o.	0	0	0	(15 276)
Vodohospodárska výstavba, a. s.	49 976	0	0	(878 032)
Bratislavská teplárenská, a. s.	305	0	0	(34 660)
Slovenský plynárenský priemysel, a. s.	0	0	0	(687)

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

	Sale of services	Purchase of services
OKTE, a. s.	168 711 707	(10 385 427)
Joint Allocation Office, S. A. Nemecko	6 489 693	(2 573 318)
CAO, GmbH	15 081 294	(3 834 407)
Slovenské elektrárne, a.s.	7 415 864	(74 726 250)
Západoslovenská energetika, a.s.	0	0
Západoslovenská distribučná, a.s.	57 046 264	(221 625)
Západoslovenská energetika – Energia, a.s.	0	(1 098 000)
Východoslovenská energetika Holding, a.s.	2 589	(43 812)
Východoslovenská distribučná, a.s.	28 908 712	(200 564)
Stredoslovenská energetika, a.s.	47 921	(8 359 141)
Stredoslovenská energetika – Distribúcia, a.s.	37 489 653	(341 223)
Tepláreň Košice, a. s.	0	(3 598 301)
Žilinská teplárenská, a. s.	0	(361 704)
Martinská teplárenská, a. s.	0	(973 590)
Zvolenská teplárenská, a. s.	192	(1 737 176)
Východoslovenská energetika, a. s.	0	(1 754)
Slovenské elektrárne Predaj, s. r. o.	0	(320 503)
Vodohospodárska výstavba, a. s.	1 308 583	(3 621 507)
Bratislavská teplárenská, a. s.	0	(122 377)
Slovenský plynárenský priemysel, a. s.	0	(28 349)

As at 31 December 2014, the outstanding balances with the subsidiary were as follows:

	Gross amount of trade receivables	Other receivables	Value adjustment to trade receivables	Trade and other payables
OKTE, a. s.	9 516 024	327	0	(2 730 995)

As at 31 December 2014, the outstanding balances with joint venture, were as follows:

	Gross amount of trade receivables	Other receivables	Value adjustment to trade receivables	Trade and other payables
CAO	54 490	0	0	(1 175 096)

As at 31 December 2014, the outstanding balances with state-controlled entities and government bodies (other related parties) were as follows:

	Gross amount of trade receivables	**Other receivables**	**Value adjustment to trade receivables**	**Trade and other payables**
Slovenské elektrárne, a.s.	4 406 173	1 429	0	(4 444 781)
Západoslovenská energetika, a.s.	0	0	0	0
Západoslovenská distribučná, a .s.	6 652 648	0	0	(83 761)
Západoslovenská energetika – Energia, a.s.	0	0	0	(469 125)
Východoslovenská energetika Holding, a.s.	259	0	0	(4 381)
Východoslovenská distribučná, a. s.	6 708 093	0	0	(61 403)
Východoslovenská energetika, a. s.	279	0	0	(3 790)
Stredoslovenská energetika, a.s.	4 794	0	0	(3 439 929)
Stredoslovenská energetika – Distribúcia, a.s.	1 825 410	0	0	(69 565)
Tepláreň Košice, a. s.	1 635	0	0	(554 006)
Žilinská teplárenská, a. s.	6 239	0	0	(77 106)
Martinská teplárenská, a. s.	2 095	0	0	(149 275)
Zvolenská teplárenská, a. s.	2 412	0	0	(264 117)
Slovenské elektrárne Predaj, s. r. o.	3 861	2 597	0	0
Vodohospodárska výstavba, a. s.	456	0	0	(69 330)
Bratislavská teplárenská, a. s.	2 370	0	0	(28 907)
Slovenský plynárenský priemysel, a. s.	6	0	0	(989)

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

	Sale of services	**Purchase of services**
OKTE, a. s.	120 215 131	(9 698 345)
CAO, GmbH	22 176 424	(3 454 074)
Slovenské elektrárne, a.s.	8 864 181	(83 916 621)
Západoslovenská energetika, a.s.	2	(1 475)
Západoslovenská distribučná, a.s.	65 970 037	(521 893)
Západoslovenská energetika – Energia, a.s.	0	0
Východoslovenská energetika Holding, a.s.	2 589	(46 362)
Východoslovenská distribučná, a.s.	31 021 502	(628 641)
Stredoslovenská energetika, a.s.	47 921	(8 201 993)
Stredoslovenská energetika – Distribúcia, a.s.	38 770 894	(352 428)
Tepláreň Košice, a. s.	2 000	(3 733 841)
Žilinská teplárenská, a. s.	0	(519 386)
Martinská teplárenská, a. s.	0	(1 059 180)
Zvolenská teplárenská, a. s.	0	(1 655 149)
Východoslovenská energetika, a. s.	0	(3 866)
Slovenské elektrárne Predaj, s. r. o.	0	(113 295)
Vodohospodárska výstavba, a. s.	0	(1 297 801)
Bratislavská teplárenská, a. s.	0	(130 999)
Slovenský plynárenský priemysel, a. s.	113 295	(29 351)

Key management personnel compensation

Salaries and bonuses paid to the Company's management, directors and other members of top management for the year ended 31 December 2015 and 31 December 2014, are as follows:

	Year ended 31 December 2014	Year ended 31 December 2014
Salaries and short term employee benefits	1 319 168	1 314 696
Total	**1 319 168**	**1 314 696**

29 Events after the reporting period

The Company SEPS was awarded a grant in the amount of EUR 1 558 850 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 revaluad 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 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 18 February 2016.

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

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

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

....
Štefánia Gerthoferová
Person responsible for bookkeeping