



Annual Report

2015

Veolia Komodity ČR, s.r.o.





Contents

1.	Corporate and General Information about the Company	2
	1.1. Basic Information	2
	1.2. Company Description	3
	1.3. Corporate Governance	4
	1.4. Organisational Structure	4
	1.5. Other Information	4
2.	Management Report	5
	2.1. Foreword	5
	2.2. Core Values	6
3.	Financial Statements for the Year Ended 31 December 2015	10
4.	Report on Related Parties	32
5.	Auditor's Report	43

1. Corporate and General Information about the Company

1.1. Basic Information

COMPANY NAME

Veolia Komodity ČR, s.r.o.

REGISTERED OFFICE

28. října 3337/7, Moravská Ostrava, 702 00 Ostrava

LEGAL FORM

Private limited company

COMPANY NUMBER

258 46 159

The Company is incorporated in the Companies Register maintained by the Ostrava Regional Court under number C 21431.

DATE INCORPORATED

25 October 1999

SHARE CAPITAL

CZK 2,000,000

Veolia Komodity ČR, s.r.o.

is one of the largest independent electricity traders in the Czech Republic today. The Company strives to provide customers with the best possible conditions for the purchase and sale of electricity and gas.





1.2. Company Description

Veolia Komodity ČR, s.r.o. (hereinafter referred to as “Veolia Komodity” or the “Company”) started trading in electricity as CZECH-KARBON s.r.o. on 1 October 2001 in response to the strategic decision by the Board of Directors of KARBON INVEST a.s. The aim was to centralise and streamline electricity trading and electricity purchasing for the Group in the new landscape forming on the liberalised electricity market. On 1 December 2008, NWR Energy, a.s. became the sole member of CZECH-KARBON s.r.o. On 21 June 2010 NWR Energy, a.s. was acquired by Dalkia Česká republika, a.s. (now Veolia Energie ČR, a.s.). Since 2012, Veolia Komodity has been a licensed gas trader.



REVENUE CZK 2,496,609,000

EMPLOYEES 8

ELECTRICITY SUPPLIED 1.8 TWh

Starting in 2001, Veolia Komodity, as a member of its original owner's group, arranged for the gradual transformation of group companies into eligible customers (with the right to choose their supplier) and steadily developed into an efficient trading company wielding extensive know-how in electricity trading both at home and on the international stage.

With its close-knit team of staff, Veolia Komodity is in a position to handle all areas specific to trading on Czech and international wholesale markets: the provision of international transmission capacities, trading within the energy systems of neighbouring foreign operators, and sales of electricity and gas to end customers with varying needs and levels of supply.

In 2015, the Company's electricity purchasing comprised supplies from domestic electricity producers, including those supplying electricity from renewable and secondary sources, as well as from domestic and foreign traders. With a view to improving conditions, Veolia Komodity also organised for electricity to be supplied from Poland over a 110 kV transmission line to a dedicated island in the Czech Republic, which is part of the system of mines owned by OKD, a.s.

It is the Company's strategy to make use of the maximum means available to maintain a portfolio of ample liquid products for supply purposes. It is one of the counterparties in POWER EXCHANGE CENTRAL EUROPE, a.s. (PXE) and also actively uses its trading licence to trade on Poland's domestic market, where greater opportunities are offered for trading with Polish partners and cross-border trading with Poland.

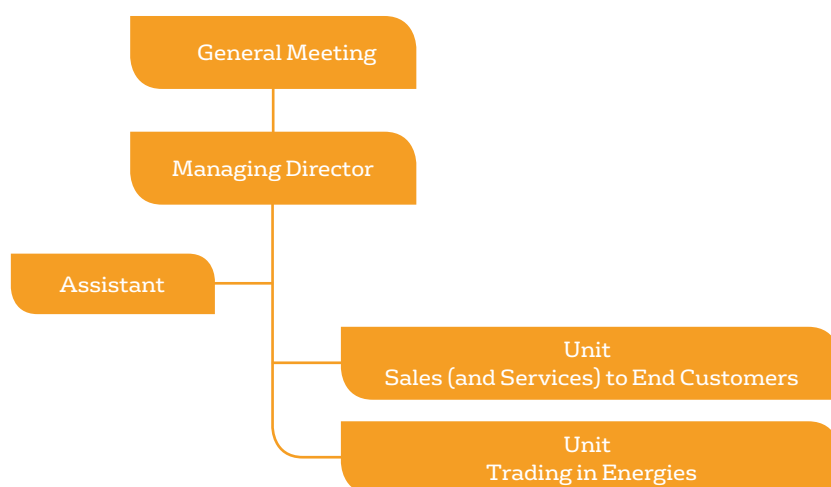
Besides arranging for the advantageous supplies above, the Company managed to reduce the costs of differences between the quantities of electricity contracted and actually taken (constituting a large proportion of the price), mainly by applying a high-quality prediction system and by the very precise negotiation of its customers' load profiles.

1.3. Corporate Governance

MANAGING DIRECTOR

Pavel Luňáček

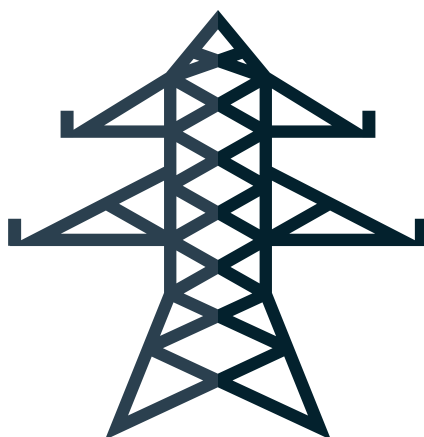
1.4. Organisational Structure



1.5. Other Information

On 15 January 2015, the Company's sole member, acting in the capacity of the General Meeting, decided to amend the Memorandum of Association and change the Company's name to the current Veolia Komodity ČR, s.r.o. effective from 1 April 2015. The sole member's name changed, at the same time, to Veolia Průmyslové služby ČR, a.s. effective from 1 March 2015.

Veolia Komodity has no foreign subsidiaries and does not engage in any research and development. After the balance sheet date, no significant events affecting its results occurred. As at 31 December 2015, the Company did not hold any of its own shares and held no participating interests in other companies.



2. Management Report



2.1. Foreword

Dear Trading Partners, Ladies and Gentlemen,

I am pleased to present you with this 2015 Annual Report, acquainting you with the results reported by Veolia Komodity for the last year.

We successfully built on the sound results achieved in 2014 and moved forward in our trading operations in the electricity and gas markets both at home and in neighbouring countries. Our customer portfolio encompasses not only major industrial customers, but also those in the transport, education, health and service sectors, which have now been joined by state administration organisations. Another important activity for us was the purchase of electricity from renewable and secondary sources from independent producers.

The Company's renaming from Dalkia Commodities CZ s.r.o. to become Veolia Komodity ČR, s.r.o. was a significant event in 2015.

In the forthcoming year, 2016, we will continue expanding our business operations in the energy market. I firmly believe that, building on our vast experience in both the domestic and foreign energy markets and the stable backing provided by the strong Veolia Group, of which Veolia Komodity has been a member since 2010, our customers will continue to view us as a sought-after professional partner.

I value highly the confidence placed in us by our trading partners. I thank them for their patronage and look forward to continued flourishing cooperation in the year ahead of us.

In conclusion, I would also like to thank the employees of Veolia Komodity for their contribution to our results, for the way they handled the changes, and for their professional work.

Ing. Pavel Luňáček
Managing Director

VEOLIA

2.2. Core Values

In its work, the Company relies on core values shared across the Veolia Group: customer focus, innovation, responsibility, respect and solidarity.

RESPONSIBILITY

Veolia's objective is to take an active part in the shaping of a society committed to sustainable development. It is a key player in the environmental services market and as such it assumes, daily, the responsibility for the meeting of general interests such as, in particular:

- Supporting harmonious development of regions;
- Improving the living conditions of the people affected by its operations, and environmental protection;
- Promoting the business skills of our employees, improving personal safety at work (occupational injury prevention) and creating a sound working environment.

SOLIDARITY

As through its business activity Veolia serves common and shared interests, solidarity is one of its core values in its relationships with all stakeholders. Concretely, this value is expressed by developing solutions which enable the Veolia Group to provide essential services for everyone, which we consider to be one of our major social responsibilities.

RESPECT

This value guides the individual conduct of all Veolia Group employees and is expressed by compliance with the law and the Group's internal rules and through the respect shown to others.

INNOVATION

Research and innovation combine to form the core of the Veolia Group's strategy of developing sustainable solutions and services for the customers, the environment and society at large.

CUSTOMER FOCUS

Veolia pursues this value by, in particular, striving to continuously improve the efficiency and quality of its services. Veolia promotes transparency and ethical rules as the essential prerequisites for building lasting relationships with its customers. Veolia listens to its customers and provides suitable and innovative solutions that meet their technical, economic and environmental requirements.



Our Services

Business Activities

Two basic sections are responsible for Veolia Komodity ČR's business activities:

The Unit for Sales and Services to End Customers

is responsible for electricity sales and comprehensive service provision to end customers.

In 2015, the Unit for Sales and Services to End Customers arranged for supplies to end customers with a total annual electricity consumption of 1.8 TWh.

We provide full service to end customers on the energy market. We place a major emphasis on supply pricing and on delivering top-quality services. We also provide clients with advice on demand management, the technical conditions for connection and other aspects which ultimately affect the cost of power supply.

Supplies to end customers with
a total annual consumption of
1.8 TWh

The Unit for Trading in Energies

is responsible for the optimisation of the purchasing portfolio, the operational balancing of the Company's portfolio positions and the development of trading in domestic and foreign transmission systems.

The Trading Unit's principal task is to procure electricity and gas on the wholesale market to meet the needs of the portfolio of end customers. This includes the purchase and optimisation of standard and non-standard products on the wholesale market for supply to the portfolio of end customers, ad hoc topping-up on spot markets during the year and, based on revised load profile predictions, management of the cost of imbalances on the balancing market.

Besides making purchases on the wholesale market for supplies to end customers, the Unit also trades in electricity and gas with other companies on the domestic market and neighbouring foreign markets, especially on an ad hoc short-term basis exploiting current movements in the electricity and gas markets.

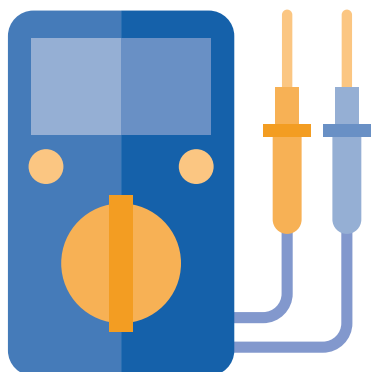
International trading includes the booking of the necessary cross-border interconnection capacities.

Innovation

In 2015, innovation continued to focus on improving services to customers, specifically:

Improving risk management instruments

The Company regularly evaluates business and financial risks, particularly price, currency and credit risks. We have introduced and periodically evaluated the credit rating of our trading partners and customers, hedge foreign exchange risk, and have regularly updated forecasts to reflect developments among end customers.

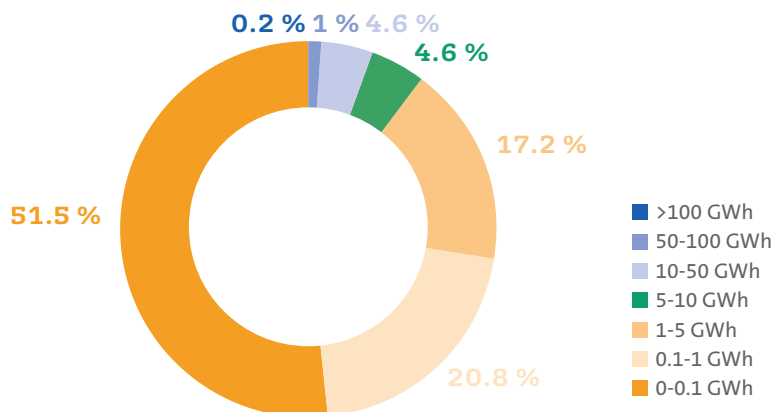


Achieving maximum customer satisfaction

The quality of customer relationships is largely determined by how the customer perceives the Company's key competencies, what share of trading is taken up by the firm, its price competitiveness, the quality of other associated products, knowledge of the customer's business, the level of technology and the intensity of mutual relations. Therefore, we place great emphasis on identifying the needs and requirements of consumers and on creating an attractive range of services for each target segment on the market.

Customers

Portfolio of end customers by volume of electricity taken in 2015



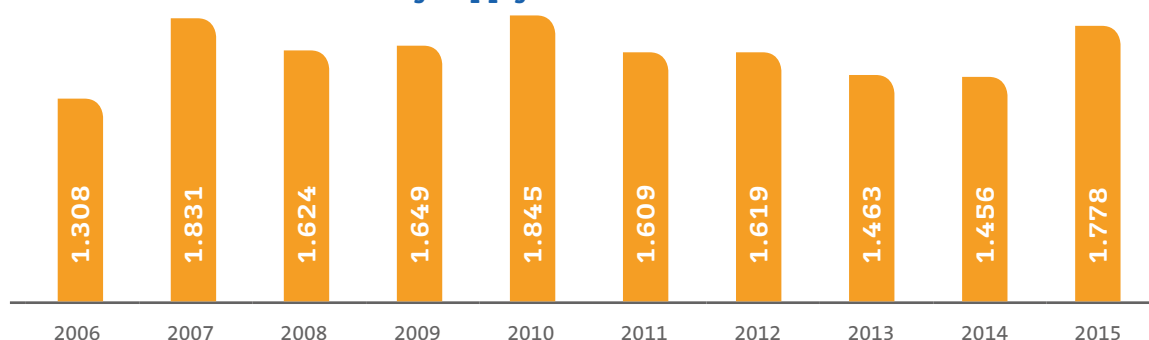
Since 2001, the liberalisation of the electricity market has gradually brought about the need to address the requirements of the different customer segments. As a result, Veolia Komodity has become a supplier for a wide range of customers.

The current portfolio of end customers currently comprises more than 520 customers with supply points fitted with type A, B and C metering, whose needs and supply volumes are very diverse. Besides its traditional coal-mining and coke-producing partners, Veolia Komodity also served customers in metallurgy, engineering, the automotive and food industries, state administration, the tertiary sector, the health sector, etc.

The growing numbers of deals



Electricity supply to end customers in TWh





Responsibility

The Sustainable Development Policy approved by Mr Philippe Guitard, Director, Central and Eastern Europe, on 1 May 2015 is the top-level document in Veolia Group's Integrated Management System. The document applies to all Veolia Energie in the Czech Republic Group companies, incorporating not only the mandatory requirements of individual IMS standards, but also the requirements and principles of the senior management, to which we must adhere. These principles define our relationships to customers, the environment, our employees' occupational safety, as well as proper energy management.

In 2015, the Company purchased
279,4 GWh
from renewable and secondary sources.

In 2015, Veolia Komodity continued to nurture cooperation with independent power producers. This included the purchase of electricity from renewable and secondary sources; it offers these plants participation in the green premium system supporting renewable and secondary sources.

In 2015, the Company purchased 279.4 GWh from renewable and secondary sources, a 13.92% rise on 2014.

Human Resources

During the year 2015, the Company employed an average of 7.51 employees, whose average age was 38. All employees have university degrees.

Solidarity

The Company contributes to the Veolia Foundation and the Veolia Energie Humain ČR Foundation.

In 2015, the Dalkia Česká republika Foundation became an integral part of the **Veolia Foundation**. After the merger of those foundations, Dalkia Česká republika Foundation's activity continued in the Programme for Facilitating the Creation of New Jobs. Thanks to the Foundation's grants, as many as 62 business plans were implemented in 2015, creating 111 new durable jobs in the process, 22 of which were for persons with disabilities.

The Veolia Energie Humain ČR Foundation was formed in 2005 by Veolia Energie ČR, a.s. with a view to assisting current and former employees who find themselves in difficult situations.

The general purpose of this Foundation is specifically pursued by providing assistance:

- to employees and their family members in difficult personal circumstances,
- in care for physically or mentally disabled children,
- upon childbirth.



3. Financial Statements for the Year Ended 31 December 2015



Non-consolidated income statement

For the year ended 31 December

In thousands of CZK

	Note	2015	2014
Revenue	6	2,496,609	1,926,153
Cost of sales	7	(2,455,436)	(1,882,295)
Gross profit		41,173	43,858
Administrative expenses	8	(4,265)	(3,846)
Result from operating activities		36,908	40,012
Finance income	9	7,207	10,213
Finance costs	9	(10,551)	(5,931)
Profit before income tax		33,564	44,294
Income tax expense	10	(6,477)	(8,412)
Profit for the period		27,087	35,882

The notes are an integral part of the financial statements.

Non-consolidated statement of comprehensive income**For the year ended 31 December***In thousands of CZK*

	2015	2014
Profit for the period	27,087	35,882
Changes in fair value of cash flow hedge (may be reclassified to profit or loss)	(68,394)	(28,225)
Other comprehensive income after taxation	(68,394)	(28,225)
Total comprehensive income for the period	(41,307)	7,657

* Taxation is described in note 10.

The notes are an integral part of the financial statements.

Non-consolidated statement of financial position

As at 31 December

In thousands of CZK

	Note	2015	2014
Assets			
Other financial investments	13	27,396	52,263
Derivatives	13, 22	--	40,785
Total non-current assets		<u>27,396</u>	<u>93,048</u>
Trade and other receivables	16	628,741	447,228
Current tax assets	10, 15	2,584	11,498
Derivatives	13, 22	14,996	51,668
Cash and cash equivalents	17	79,248	64,188
Total current assets		<u>725,569</u>	<u>574,582</u>
Total assets		<u>752,965</u>	<u>667,630</u>
Equity			
Share capital		2,000	2,000
Reserves and other capital funds		6,493	74,887
Retained earnings		229,301	238,096
Total equity		<u>237,794</u>	<u>314,983</u>
Liabilities			
Derivatives	13, 22	6,980	--
Deferred tax liabilities	14	1,415	17,462
Total non-current liabilities		<u>8,395</u>	<u>17,462</u>
Loans and borrowings	19	--	5,144
Trade and other payables	21	506,361	330,041
Provisions	20	415	--
Total current liabilities		<u>506,776</u>	<u>335,185</u>
Total liabilities		<u>515,171</u>	<u>352,647</u>
Total equity and liabilities		<u>752,965</u>	<u>667,630</u>

The notes are an integral part of the financial statements.

Director:



Pavel Luňáček

Date: 7 April 2016

Non-consolidated statement of changes in equity

<i>In thousands of CZK</i>	Share capital	Statutory reserves	Other capital funds	Cash flow hedges	Retained earnings	Total
Balance at 31 December 2013	2,000	200	--	103,112	257,403	362,715
Profit for the period	--	--	--	--	35,882	35,882
Other comprehensive income						
Changes in fair value of cash flow hedges	--	--	--	(28,225)	--	(28,225)
Total other comprehensive income	--	--	--	(28,225)	--	(28,225)
Total comprehensive income for the period	--	--	--	(28,225)	35,882	7,657
Transactions with owners, recorded directly in equity						
Share of profit paid to members	--	(200)	--	--	(55,189)	(55,389)
Balance at 31 December 2014	2,000	--	--	74,887	238,096	314,983
Profit for the period	--	--	--	--	27,087	27,087
Other comprehensive income						
Changes in fair value of cash flow hedges	--	--	--	(68,394)	--	(68,394)
Total other comprehensive income	--	--	--	(68,394)	--	(68,394)
Total comprehensive income for the period	--	--	--	(68,394)	27,087	(41,307)
Transactions with owners, recorded directly in equity						
Share of profit paid to members	--	--	--	--	(35,882)	(35,882)
Balance at 31 December 2015	2,000	--	--	6,493	229,301	237,794

The notes are an integral part of the financial statements.

Non-consolidated statement of cash flows

For the year ended 31 December

In thousands of CZK

	Note	2015	2014
<i>Cash flow from operating activities</i>			
Profit before income tax for the period		33,564	44,294
Gain (loss) on sale of property, plant and equipment		--	--
Net interest income and expense	9	966	(206)
Unrealised exchange rate gains and losses		923	(2,207)
<i>Cash flow from operating activities</i>		35,453	41,881
Change in receivables		(155,762)	(25,554)
Change in current liabilities		174,928	(32,767)
Income tax paid and tax assessments for previous periods		2,433	(3,984)
Net cash flow from operating activities		<u>57,052</u>	<u>(20,424)</u>
<i>Cash flows from investing activities</i>			
Proceeds from the sale of property, plant and equipment		--	--
Net cash flow from (used in) investing activities		<u>--</u>	<u>--</u>
<i>Free operating cash and cash equivalents</i>		57,052	(20,424)
<i>Cash flow from financing activities</i>			
Interest received		--	251
Interest paid		(966)	(45)
Paid shares of profit		(35,882)	(55,389)
Net cash flow from (used in) financing activities		<u>(36,848)</u>	<u>(55,183)</u>
Net increase (decrease) in cash and cash equivalents		20,204	(75,607)
Cash and cash equivalents at 1 January		59,044	134,651
Cash and cash equivalents at 31 December	17	<u>79,248</u>	<u>59,044</u>

The notes are an integral part of the financial statements.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015**1. General information**

Veolia Komodity ČR, s.r.o. ("the Company") is registered in the Czech Republic. As of 15 January 2015, Dalkia Commodities CZ, s.r.o. was renamed as Veolia Komodity ČR, s.r.o.; this change was entered in the Companies Register on 1 April 2015.

The registered office is at Ostrava, 28. října 3337/7, 702 00, Company No. 258 46 159.

The Company's core business includes trading in electricity, trading in gas, and manufacturing, trade and services not listed in Appendices 1 to 3 to the Trade Licensing Act.

The sole shareholder of Veolia Komodity ČR, s.r.o. is Veolia Průmyslové služby ČR, a.s. (Dalkia Industry CZ, a.s. until 14 January 2015), having its registered office at Zelená 2061/88a, Ostrava – Mariánské Hory, 709 74.

The member did not change in 2015.

2. Basis of preparation**a) Statement of compliance**

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the EU and the Act on Accounting and relevant legislation of the Czech Republic in force as at 31 December 2015. The Board of Directors of Veolia Průmyslové služby ČR, a.s. as the governing body of the sole member of Veolia Komodity ČR, s.r.o. decided, in exercising the powers of the General Meeting, that as of 1 January 2013 Veolia Komodity ČR, s.r.o. will adopt International Accounting Standards for accounting and for the preparation of its financial statements pursuant to Section 19a(7) of Act No 563/1991 on Accounting.

The Company's Director approved the financial statements on 7 April 2016 for release.

b) Basis of preparation

The financial statements are presented in Czech crowns, as the functional currency, rounded to the nearest thousand. The financial statements have been prepared on the historical cost basis, except for the derivative financial instruments measured at fair value.

The method of measuring fair value is described in note 4.

c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses as at the date of the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period and in any future periods affected.

d) Changes in accounting policies**(i) Standards not applied**

A number of new standards, amendments to standards and interpretations are effective for the accounting period beginning on 1 January 2015, and have not been applied in preparing these non-consolidated financial statements. None of these is expected to have significant effect on the Company's non-consolidated financial statements. Those that may be relevant for the Company are listed below.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

IFRS 9, published in July 2014, will replace the current requirements in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidelines for the classification and measurement of financial instruments, including a new forward-looking expected loss impairment model, and a substantially reformed approach to hedge accounting. It also provides guidance for recognising and derecognising financial instruments from IAS 39. IFRS 9 is effective for annual periods beginning on 1 January 2018; however, the Standard is available for earlier application.

The Company evaluates the potential impacts of IFRS 9 application on its accounting.

IFRS 15 creates a comprehensive framework specifying how and when revenue is recognised and in what amount. This will replace the current guidelines for revenue recognition, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 applies to annual reporting periods beginning on or after 1 January 2018; the Standard is available for earlier application.

The Company evaluates the potential impacts of IFRS 15 application on its accounting.

The following new or amended standards are not expected to have a significant impact on the Company's non-consolidated financial statements.

IFRS 14 Regulatory Deferral Accounts

Amendment to IAS 1 Presentation of Financial Statements

Amendment to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations

Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation

Amendment to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements

(ii) Applied standards

The Company accepted amendments to IAS 19 Employee Benefits with the date of first application as of 1 January 2014. They are effective in the EU for annual periods beginning on or after 1 February 2015. As at 31 December 2015, the Company did not have contract obligations falling under IAS 19 Employee Benefits.

3. Accounting policies

The accounting policies described below have been applied consistently in all the accounting periods reported in these financial statements.

a) Foreign currency

Foreign currency transactions

At the beginning of each month, the Company sets a fixed exchange rate based on the Czech National Bank official rate for the first day of the month, which is applied to transactions recorded during that month. At the date of the statement of financial position, foreign currency monetary assets and liabilities are translated at the Czech National Bank official rates for that date. Foreign exchange differences arising on translation of foreign currency monetary assets and liabilities are recognised in profit and loss.

b) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in subsidiaries and associated companies, investments held for trading, trade and other receivables, cash and cash equivalents, loans and borrowings, trade and other payables.

Cash and cash equivalents presented in the statement of cash flows include cash, bank deposits and cash in the cash pool. Based on contractual terms and conditions, cash pooling receivables are reported in cash

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

and cash equivalents in the statement of financial position, whereas cash pooling payables are shown in loans and borrowings. For the purpose of the statement of cash flows both cash pool receivables and cash pool payables are presented as cash.

Cash and cash equivalents are stated at nominal value.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement receivables are subsequently carried at their amortised cost less any allowance for impairment (see note 3 e).

Other non-derivative financial instruments are initially stated at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. If their fair value cannot be reliably determined, the acquisition cost is used. Subsequent to initial recognition, they are measured at cost less any impairment losses (see note 3 e), or through provisions, depending on the type of financial instrument.

(ii) Derivative financial instruments

The Company holds foreign currency contracts to hedge its foreign currency risk exposure.

Derivatives are initially recognised at fair value; attributable transaction costs are recognised in the income statement when incurred. Following initial recognition, derivatives are measured at fair value, and changes therein are then charged to costs or revenues.

Cash flow hedging

Changes in the fair value of derivative hedging instruments designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in the fair value of the derivative are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, or if it expires or is sold, terminated or exercised, then hedge accounting is discontinued as expected. The cumulative gain or loss previously recognised in equity remains there until the anticipated transaction takes place, and then is charged to costs or revenues.

When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the book value of the asset when the asset is recognised. In other cases the amount recognised in equity is transferred to costs or revenues in the same period that the hedged item affects costs or revenues.

Other derivatives

When a derivative financial instrument is not held for trading and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised in profit or loss.

(iii) Equity

The share capital comprises fully paid-up member's contributions. Profit distributions are recognised as liabilities in the period in which they are declared.

c) ***Tangible assets***

(i) Owned assets

Vehicles are stated at cost less accumulated depreciation (see below) and impairment losses (see note 3 e). The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Vehicles	4 years
----------	---------

d) Intangible assets

Intangible assets acquired by the Company are stated at cost less accumulated amortisation (see below) and impairment losses (see note 3 e). Purchased software that is integral to the functioning of equipment is capitalised as a part of the equipment.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date the assets are available for use. The estimated useful lives are as follows:

Software	4–5 years
Other	4–5 years

e) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of financial assets measured at amortised cost using the effective interest rate method is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that show similar credit risk characteristics. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal of an impairment loss is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets other than deferred tax assets (see note 3 i) are reviewed at each date of the statement of financial position to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses recognised in respect of cash-generating units reduce the carrying amount of assets on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

f) Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation. If the effect is material, provisions are determined by discounting

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for litigation is recognised as soon as it is probable that settlement of legal claims against the Company will result in an outflow of economic resources.

g) Revenue*Sale of gas, electricity and goods*

Revenues from the sale of gas, electricity and goods are recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

h) Expenses*(i) Operating lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

(ii) Finance income and expenses

Finance income and expenses comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, income from dividends and unwinding of the discount on provisions.

i) Income tax

Income tax comprises current and deferred tax. Income tax charge is recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates applicable at the first date of the reporting period and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, using the tax rate expected to be valid in the period when the tax asset or liability is expected to be realised.

At the date of the statement of financial position the Company reviews the carrying value of the deferred tax asset. A deferred tax asset is recognised only to the extent that it is probable that such tax asset will be utilised in future periods.

The establishment of deferred tax represents tax consequences subject to the method which the Company expects to use at the end of the reported period to realise or settle the book value of its assets and liabilities. It is assumed for investment property measured at fair value that the book value of the investment property is always realised by sale unless such assumption can be disconfirmed.

j) New IFRS standards and IFRIC interpretations not yet adopted

For the year ended 31 December 2015 no new IFRS standards or IFRIC interpretations are valid.

The Company is currently assessing the potential impact of new and alternative standards that are not mandatory for the year ended 31 December 2015 and have not been applied in the preparation of these financial statements. None of these standards are expected to have material impact on the financial statements.

An exception is IFRS 9 Financial Instruments, published in July 2014, which will replace the current guidelines in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidelines for the classification and measurement of financial instruments, including a new forward-looking expected loss impairment model, and a substantially reformed approach to hedge accounting. It also provides guidance for recognising and derecognising financial instruments from IAS 39.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

IFRS 9 applies to annual reporting periods on or after 1 January 2018; the Standard is available for earlier application.

The Company evaluates the potential impacts of IFRS 9 application on its accounting.

Furthermore IFRS 15, which specifies how and when an IFRS reporter will recognise revenue. This Standard will replace the current guidelines for revenue recognition, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The Standard applies to annual reporting periods beginning on or after 1 January 2018; the Standard is available for earlier application. The Company currently evaluates the potential impacts of IFRS 15 application on its accounting.

4. Fair value

Some accounting policies applied by the Company require a fair value to be determined for financial and non-financial assets and liabilities. Fair values are determined either by measurement or using the methods described below.

(i) Trade and other receivables

The fair value of trade and other receivables is determined as the present value of future cash flows discounted at the market interest rate as at the date of the statement of financial position.

(ii) Derivatives

The fair value of forward contracts for emission allowances and certificates and forward contracts hedging the foreign exchange risk is determined as the discounted difference between the contractual value and the market forward price.

(iii) Non-derivative financial liabilities

Fair value for the purpose of reporting in the notes is calculated as the present value of future payments of the face value and interest, discounted at the market interest rate as at the date of the statement of financial position.

5. Financial risk management

The Company has exposure to the following risks:

- credit risk,
- liquidity risk,
- market risk,
- operating risk.

The Director has overall responsibility for the establishment and oversight of the Company's risk management framework. The Director reviews and approves the risk management policies described below. Risk is managed internally in cooperation with the parent company.

The Financial Department of the parent company primarily monitors the process of preparing the non-consolidated financial statements, and assesses the effectiveness of internal controls, internal audit and the risk management systems, where applicable.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Trade and other receivables

The exposure to credit risk is influenced mainly by the individual characteristics of each customer, and the Company endeavours to manage and limit this risk. The Company has established a credit policy under which each major customer is analysed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The review includes external ratings when available, and in

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

some cases references obtained from a specialised firm. Credit limits are established for each customer. Customer analysis and monitoring of observance of the credit limits is carried out by the Collections Department. Customers that fail to keep within the credit limit may have their deliveries suspended, subject to case-by-case assessment. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, their industry and payment history. Deliveries are made on a prepayment basis, with advances reviewed on a continuous basis. Customers that are graded as “high risk” are monitored separately, and sometimes a payment schedule is offered to secure debt recovery. Credit risk related to receivables is covered by provisions that are established on an individual basis for receivables with a specific risk of loss, and on a portfolio basis for groups of receivables with similar risks.

As at 31 December 2015, the Company holds cash and cash equivalents in the amount of CZK 79,248,000 (2014: CZK 64,188,000). Cash and cash equivalents are deposited with banks with high ratings.

Guarantees

The Company provides guarantees in the form of long-term deposits, i.e. margin deposits and security deposits with suppliers to financially secure deals in electricity, gas and capacity reservation. Otherwise, it provided financial guarantees only on an exceptional basis, where required for the purpose of a tender procedure or where the law provides so. As at 31 December 2015, provided guarantees (in the form of long-term advance payments) of CZK 27,396,000 (2014: CZK 52,263,000) and bank guarantees of CZK 45,530,000 (2014: CZK 0) were outstanding.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, not risking damage to its reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. The Company ensures that it has sufficient cash on demand to meet expected operational expenses through participation in cash pooling within the Veolia Group. Within the cash pooling, the Company may draw a cash loan of up to CZK 500 million. By this approach, the Company limits the possible impacts of unforeseeable events.

Market risk

Market risk is the risk that changes in market prices, foreign exchange rates, interest rates, equity prices or prices of emission allowances will affect the Company's income or the value of financial instruments in its possession.

Currency risk

The Company is exposed to significant currency risk in the area of sales and borrowings, as the major portion of these are denominated in foreign currency. For commodity payments in foreign currencies (EUR, PLN) the Company concludes forward contracts to hedge the foreign exchange risk.

Interest rate risk

The Company partly covers its exposure to movement in interest rates by obtaining financing mainly from its parent company. This financing is exposed to market risk from movements in interest rates.

Operating risk

The Company manages risk with a view to avoiding financial losses and damage.

Insurance of risks

The Company has concluded insurance arrangements (e.g. property insurance, third party liability insurance) for its major assets to cover the risks of significant losses.

Capital management

The Director manages the Company's capital structure in compliance with the investor's requirements, focusing on appropriate indebtedness and dividend policy monitoring.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

The Company's debt to equity at the end of the accounting period was as follows:

In thousands of CZK

	2015	2014
Total liabilities	515,171	352,647
Cash and cash equivalents	(79,248)	(64,188)
Net debt	435,923	288,459
Total equity	237,794	314,983
Cash flow from hedges	6,493	(74,887)
Adjusted equity	244,287	240,096
Debt to adjusted equity	1.78	1.20

6. Revenue

In thousands of CZK

	2015	2014
Revenues from sale and re-sale of electricity and ancillary services	2,394,773	1,800,304
Revenues from the sale of gas	101,836	125,849
Total	2,496,609	1,926,153

Revenues from sale and re-sale of electricity and ancillary services increased in 2015 mainly due to the larger quantity of electricity sold.

7. Cost of sales

In thousands of CZK

	2015	2014
Personnel expenses	(6,911)	(5,943)
Costs of goods sold excluding electricity	(106,665)	(127,043)
Cost of purchased electricity	(2,411,351)	(1,745,624)
Consumption of raw materials, energy and services	69,738	(3,470)
Change in provisions	(247)	(215)
Total	(2,455,436)	(1,882,295)

The increase in the cost of purchased electricity in 2015 is due to the larger quantity of sold electricity compared with 2014.

The Consumption of raw materials, energy and services position in 2015 contains compensation for increased costs of buying electricity from Poland.

8. Administrative expenses

In thousands of CZK

	2015	2014
Management costs	(3,588)	(3,302)
Cost of raw materials, services and other expenses	(677)	(544)
Total	(4,265)	(3,846)

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015**9. Finance income and expenses***In thousands of CZK*

	2015	2014
Interest income	127	251
Foreign exchange gain	7,080	9,962
Total finance income	7,207	10,213
Interest expense	(1,093)	(45)
Foreign exchange loss	(8,410)	(5,029)
Other finance expenses	(1,048)	(857)
Total finance expenses	(10,551)	(5,931)

10. Income tax*Recognised in the income statement**In thousands of CZK*

Current tax	2015	2014
Current year	(6,301)	(7,046)
Adjustments for prior years	(180)	(1,382)
	(6,481)	(8,428)

Deferred tax

Effect of the change in temporary differences and the lower tax rate	4	16
Total income tax expense in income statement	(6,477)	(8,412)

Reconciliation of effective tax rate*In thousands of CZK*

	2015	2014
Profit before tax	33,564	44,294
Income tax calculated using the domestic corporate income tax rate	(6,377)	(8,416)
Effect of non-deductible expenses	(141)	(559)
Effect of tax exempt income	217	1,929
Adjustments for prior years	(180)	(1,382)
Total tax payable	(6,481)	(8,428)
Total deferred tax	4	16
Total income tax expense in income statement	(6,477)	(8,412)

An income tax overpayment of CZK 2,584,000 is reported as the Current tax assets (2014: CZK 11,498,000) and represents income tax advances paid in an amount of CZK 8,885,000 (2014: CZK 18,544,000) less the corporate income tax estimate of CZK 6,301,000 (2014: CZK 7,046,000).

Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities, and other temporary differences (tax losses carried forward, if any), multiplied by the tax rate expected to be valid for the period in which the tax asset/liability will be utilised.

Impact of other comprehensive income items on deferred tax:

Changes in fair value of cash flow hedges: CZK (84,437,000) before taxation (2014: CZK (34,846,000)); tax CZK 16,043,000 (2014: CZK 6,621,000); CZK (68,394,000) after taxation (2014: CZK (28,225,000)).

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

11. Intangible assets

In thousands of CZK

Acquisition cost	Software	Other	Total
Balance at 1 January 2014	439	41,905	42,344
Additions	--	--	--
Disposals	439	--	439
Balance at 31 December 2014	--	41,905	41,905
Balance at 1 January 2015	--	41,905	41,905
Additions	--	--	--
Disposals	--	--	--
Balance at 31 December 2015	--	41,905	41,905
Amortisation	Software	Other	Total
Balance at 1 January 2014	439	41,905	42,344
Current year amortisation	--	--	--
Disposals	439	--	439
Balance at 31 December 2014	--	41,905	41,905
Balance at 1 January 2015	--	41,905	41,905
Current year amortisation	--	--	--
Disposals	--	--	--
Balance at 31 December 2015	--	41,905	41,905
Carrying amount	Software	Other	Total
At 1 January 2014	--	--	--
At 31 December 2014	--	--	--
At 31 December 2015	--	--	--

12. Other financial investments including derivatives

In thousands of CZK

Long-term financial investments	2015	2014
Financial derivatives	(6,980)	40,785
Other financial investments	27,396	52,263

Other financial investments include primarily long-term collateral deposited with OTE.

Short-term financial investments including derivatives	2015	2014
Financial derivatives	14,996	51,668

13. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>In thousands of CZK</i>	Assets		Liabilities		Difference	
	2015	2014	2015	2014	2015	2014
Receivables	14	59	--	--	14	59
Derivatives	--	--	--	(17,566)	--	(17,566)
Provisions	79	--	--	--	79	--
Other items	15	45	(1,523)	--	(1,508)	45
Deferred tax assets / (liabilities)	108	104	(1,523)	(17,566)	(1,415)	(17,462)

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015**Movement in deferred tax assets and liabilities during the year**

<i>In thousands of CZK</i>	Balance at 1 January 2015	Recognised in income	Recognised in equity	Balance at 31 December 2015
Receivables	59	(45)	--	14
Derivatives	(17,566)	--	16,043	(1,523)
Provisions	--	79	--	79
Other items	45	(30)	--	15
Total	(17,462)	4	(16,043)	(1,415)

<i>In thousands of CZK</i>	Balance at 1 January 2014	Recognised in income	Recognised in equity	Balance at 31 December 2014
Receivables	38	21	--	59
Derivatives	(24,187)	--	6,621	(17,566)
Other items	50	(5)	--	45
Total	(24,099)	16	6,621	(17,462)

14. Current tax assets and liabilities

<i>In thousands of CZK</i>	2015	2014
Income tax	2,584	11,498
Total	2,584	11,498

15. Trade and other receivables

<i>In thousands of CZK</i>	2015	2014
Trade receivables due from related parties	165,442	40,014
Trade receivables due from third parties	416,716	385,297
Other receivables	46,583	21,917
Total	628,741	447,228

At 31 December 2015 trade receivables are shown net of provisions for doubtful debts of CZK 1,105,000 (2014: CZK 1,273,000) arising from the likely impairment of receivables from the individual debtors.

The increase in trade receivables due from related parties is mainly caused by the start of cooperation with other companies within the group in 2015. More detailed information about sales and receivables due from related parties is shown in note 26.

In 2015, other receivables included a value added tax asset of CZK 38,389,000 (2014: CZK 18,141,000).

16. Cash and cash equivalents

<i>In thousands of CZK</i>	2015	2014
Current bank accounts	68,016	64,142
Cash in hand	19	46
Total cash	68,035	64,188
Cash pooling with parent – receivable	11,213	--
Cash and cash equivalents	79,248	64,188
Cash pooling payables	--	(5,144)
Total cash in compliance with statement of cash flows	79,248	59,044

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

The Company is involved in a cash pool within the Veolia in the Czech Republic Group. As at 31 December 2015, the receivable from the cash pool within the Group is CZK 11,213,000 (2014: a payable of CZK 5,144,000).

17. Capital and reserves

Reconciliation of movement in capital and reserves

The share capital as at 31 December 2015 is comprised of the member's contribution of CZK 2,000,000 (2014: CZK 2,000,000), which is fully paid-up.

Reserves and other capital funds

As at 31 December 2015, reserves and other capital funds are comprised of the gains of CZK 6,493,000 (2014: CZK 74,887,000) from the re-measurement of hedging derivatives.

Statutory reserves were dissolved in 2014 on the basis of a decision of the Company's General Meeting in connection with the adoption of the new Act No 90/2012 on Business Corporations, which has fully superseded the Commercial Code with effect as of 1 January 2014. The distribution of statutory reserves to other capital funds is shown in the Non-consolidated Statement of Changes in Equity.

Dividends

In the profit distribution decision, the Company announced total dividends of CZK 35,882,000 (2014: CZK 55,389,000).

18. Loans and borrowings

The Company did not have any loans or borrowings at 31 December 2015 (2014: CZK 5,144,000).

Note 23 contains more detailed information about the credit risk and the interest rate risk to which the Company is exposed.

19. Provisions

In thousands of CZK

	Other provisions	Total
Balance at 1 January 2015	--	--
Provisions created during the year	415	415
Provisions used during the year	--	--
Provisions unused during the year	--	--
Unwinding of discount	--	--
Balance at 31 December 2015	415	415
Non-current	--	--
Current	415	415

In 2015, provisions for bonuses for certain employees were created. Since 2015, this annual bonus has been an unguaranteed part (to which no entitlement exists) of wages.

20. Trade and other payables

<i>In thousands of CZK</i>	2015	2014
Trade payables to related parties	130,309	91,394
Trade payables to third parties	368,971	233,138
Other payables	7,081	5,509
Total	506,361	330,041

In 2015, other payables included an environmental tax liability of CZK 1,290,000 (2014: CZK 4,822,000).

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015**21. Derivatives**

<i>In thousands of CZK</i>	2015	2014
Long-term derivatives	(6,980)	40,785
Short-term derivatives	14,996	51,668
Total	8,016	92,453

Financial derivatives represent the fair value of forward contracts to hedge the foreign exchange risk, amounting to CZK 8,016,000, and are recorded as current receivables and non-current payables (2014: derivatives of CZK 92,453,000 were recorded as current and non-current receivables).

22. Financial instruments***Credit risk***

Maximum exposure to credit risk as at the date of the statement of financial position was:

<i>In thousands of CZK</i>	Note	Carrying amount 2015	Carrying amount 2014
Trade and other receivables	16	628,741	447,228
Cash and cash equivalents	17	79,248	64,188
Total		707,989	511,416

Impairment losses

Fair value of trade, short-term tax and other receivables as at the date of the statement of financial position was:

<i>In thousands of CZK</i>	Nominal value 2015	Impairment 2015	Nominal value 2014	Impairment 2014
Not yet due	618,042	--	443,165	--
0–90 days overdue	9,256	--	4,031	--
90–180 days overdue	43	--	110	(78)
180–360 days overdue	11	(3)	177	(177)
More than 1 year overdue	1,102	(1,102)	1,018	(1,018)
Total	628,454	(1,105)	448,501	(1,273)

Movement in impairment provisions in respect of trade receivables in the course of the year was:

<i>In thousands of CZK</i>	2015	2014
Balance at 1 January	(1,273)	(1,058)
Use, release and establishment	168	(215)
Balance at 31 December	(1,105)	(1,273)

Liquidity risk

The following are payments of liabilities by the contractual maturities of financial liabilities, including estimated interest payments:

At 31 December 2015

<i>In thousands of CZK</i>	Book value	Contractual cash flow	Within 6 months	6–12 months	1–2 years	2–5 years	More than 5 years
Trade, tax and other payables	506,361	506,361	506,361	--	--	--	--
Total	506,361	506,361	506,361	--	--	--	--

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

At 31 December 2014

In thousands of CZK

	Book value	Contractual cash flow	Within 6 months	6–12 months	1–2 years	2–5 years	More than 5 years
Trade, tax and other payables	335,185	335,185	335,185	--	--	--	--
Total	335,185	335,185	335,185	--	--	--	--

Currency risk

To hedge purchases and sales of electricity in foreign currency (EUR, PLN) forward contracts have been concluded within the Veolia Group.

Interest rate risk

As at 31 December 2014 or 31 December 2015, the Company does not have any interest-bearing financial instruments.

Fair values

In thousands of CZK

	Note	Carrying amount 2015	Fair value 2015	Carrying amount 2014	Fair value 2014
Trade and other receivables	16	628,741	628,741	447,228	447,228
Tax assets	15	2,584	2,584	11,498	11,498
Cash and cash equivalents	17	68,035	68,035	64,188	64,188
Cash pool	17	11,213	11,213	(5,144)	(5,144)
Trade, tax and other payables	15, 21	(506,361)	(506,361)	(330,041)	(330,041)
Total		204,212	204,212	187,729	187,729

Note: The above figures do not include derivatives.

In accordance with the standard IFRS 7 Financial Instruments: disclosure, for the designation of fair value, the Company uses level 3 inputs which are not based on observable market data (objectively unobservable inputs).

23. Operating leases

Major operating lease agreements include a lease for non-residential space for an indefinite term, and 5-year leases for cars.

<i>At 31 December 2015, in thousands of CZK</i>	Total	Within 1 year	1–5 years	More than 5 years
Rent – cars	345	290	55	--
Rent – other	6,220	1,244	4,976	*
Total	6,565	1,534	5,301	--

*The lease agreement has been concluded for an indefinite period of time with a three-month period of notice.

<i>At 31 December 2014, in thousands of CZK</i>	Total	Within 1 year	1–5 years	More than 5 years
Rent – cars	654	290	364	--
Rent – other	5,790	1,158	4,632	*
Total	6,444	1,448	4,996	--

*The lease agreement has been concluded for an indefinite period of time with a three-month period of notice.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015**24. Related parties*****Transactions with related parties***

The Company is controlled by the multinational company Veolia Energie International S.A. and its ultimate parent company, Veolia Environnement – VE SA. The Company is involved in intragroup transactions (see note 26).

Transactions with management personnel

Neither the directors of the Company nor their immediate relatives own any voting shares in the Company. In addition to their salaries, the Company also provides cars and mobile phones for both business and private purposes to directors and executive officers.

25. Companies in the Group***Sales and purchases within the Group***

Typical transactions between the Company and the parent company and other Group companies controlled by its parent company are as follows:

Sales transactions:

- Revenue from the supply of electricity and gas

Purchase transactions:

- Advisory services provided to the Company
- Supply of electricity and distribution services
- Re-invoicing of rent for office space

All significant transactions with related parties were carried out under arm's length conditions.

Related parties include all companies in the Veolia Group. The Company reports only material relationships with these entities.

In thousands of CZK

	2015		2014	
	Purchases	Sales	Purchases	Sales
Veolia Energie ČR, a.s.	861,045	87,882	432,957	93,085
Veolia Powerline Kaczyce Sp. z o.o.	390,845	--	368,000	--
OLTERM & TD Olomouc, a.s.	--	2,877	--	4,722
Veolia Průmyslové služby ČR, a.s.	72	153,886	--	110,534
Institut environmentálních služeb a.s.	54	--	37	--
Pražské vodovody a kanalizace, a.s.	--	62,858	--	--
MORAVSKÁ VODÁRENSKÁ, a.s.	--	24,489	--	--
Severočeské vodovody a kanalizace, a.s.	--	80,329	--	--
VODÁRNA PLZEŇ a.s.	--	15,120	--	--
Středočeské vodárny, a.s.	--	22,188	--	--
Královéhradecká provozní, a.s.	--	8,628	--	--
Vodohospodářská společnost Sokolov, s.r.o.	--	5,927	--	--
1. SčV, a.s.	--	6,582	--	--
Total	1,252,016	470,766	800,994	208,341

The Company re-invoices the services provided by Veolia Průmyslové služby ČR, a.s. to a third party. Purchases from Veolia Průmyslové služby ČR, a.s. are only recognised in the statement of comprehensive income.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

<i>In thousands of CZK</i>	2015		2014	
	Receivables	Payables	Receivables	Payables
Veolia Energie ČR, a.s.	40,745	87,920	25,878	45,345
Veolia Powerline Kaczyce Sp. z o.o.	--	29,616	--	33,226
OLTERM & TD Olomouc, a.s.	3,325	1,824	3,350	2,388
Veolia Průmyslové služby ČR, a.s.	7,628	10,949	10,786	10,435
Pražské vodovody a kanalizace, a.s.	28,281	--	--	--
MORAVSKÁ VODÁRENSKÁ, a.s.	11,868	--	--	--
Severočeské vodovody a kanalizace, a.s.	40,573	--	--	--
VODÁRNA PLZEŇ a.s.	11,300	--	--	--
Středočeské vodárny, a.s.	5,324	--	--	--
Královéhradecká provozní, a.s.	6,362	--	--	--
Vodohospodářská společnost Sokolov, s.r.o.	4,265	--	--	--
1. SčV, a.s.	5,771	--	--	--
Total	165,442	130,309	40,014	91,394

26. Subsequent events

No events occurred between the date of the statement of financial position and the date of preparation of the financial statements that would have any material impact on the financial statements as at 31 December 2015, or that should be disclosed in the financial statements.



4. Report on Related Parties



**Report on Relations with Related Parties
between the controlling and controlled entities and between the controlled
entity and other entities under common control (related parties)**

prepared

under Section 82 of Act No 90/2012 on commercial companies and cooperatives
(the Business Corporations Act), as amended, hereinafter also referred to as the “BCA”,

**by the governing body of Veolia Komodity ČR, s.r.o.
having its registered office at 28. října 3337/7, Moravská Ostrava, 702 00 Ostrava
Company No.: 258 46 159,**

a company incorporated in the Companies Register maintained by the Ostrava Regional Court
under number C 21431

Contents

- 1 Preamble
- 2 Specification and description of related parties
- 3 Role of the controlled entity, methods and means of control, and evaluation of the advantages and disadvantages arising from relations between the related parties
- 4 Overview of agreements between related parties, assessment of damage and compensation for damage, and overview of acts made at the instigation or in the interest of the controlling entity or entities controlled by the controlling entity
- 5 Conclusion

I Preamble

The report was prepared by the company's governing body under Section 82 of Act No 90/2012 on Commercial Companies and Cooperatives (the Business Corporations Act), as amended, on 31 March 2016.

The accuracy of the data stated herein was submitted for review to the auditors, KPMG Česká republika Audit, s.r.o.

The report has been prepared for the accounting period of 2015.

II Specification and description of related parties

Controlled company

Name: Veolia Komodity ČR, s.r.o. (formerly Dalkia Commodities CZ, s.r.o.)
Registered office: 28. října 3337/7, Moravská Ostrava, 702 00 Ostrava
Company No.: 258 46 159
Register entry: C 21431, Companies Register maintained by the Ostrava Regional Court
Legal form: Private limited company
 Hereinafter also referred to as Veolia Komodity ČR, or the controlled/dependent company/entity, or the Company.

Dalkia Commodities CZ, s.r.o. was renamed Veolia Komodity ČR, s.r.o. with effect from 1 April 2015 on the basis of the decision, adopted by the company's sole member acting in the capacity of the general meeting on 15 January 2015, to amend the company's Memorandum of Association.

Controlling companies and entities controlling the controlling companies

Name: Veolia Průmyslové služby ČR, a.s. (formerly Dalkia Industry CZ, a.s.)
Registered office: Zelená 2061/88a, Mariánské Hory, 709 00 Ostrava
Company No.: Doručovací číslo: 70974
Register entry: 278 26 554
Legal form: B 3722, Companies Register maintained by the Ostrava Regional Court
 Public limited company

Dalkia Industry CZ, a.s., was renamed Veolia Průmyslové služby ČR, a.s., with effect from 1 March 2015 on the basis of the decision, adopted by the company's sole shareholder acting in the capacity of the general meeting on 15 January 2015, to amend the company's Articles of Association.

Name: Veolia Energie ČR, a.s.
Registered office: 28. října 3337/7, Moravská Ostrava, 702 00 Ostrava
Register entry: B 318, Companies Register maintained by the Ostrava Regional Court
Company No.: 451 93 410
Legal form: Public limited company

Name: SOCIETE DE PARTICIPATIONS ET D'INVESTISSEMENTS
Registered office: DIVERSIFIES 2 (short name: SPID 2)
 36-38 Avenue Kléber, 75116 Paris, France
Company No.: 399 345 206 R.C.S. Paris
Legal form: Public limited company

Name: VEOLIA ENERGIE INTERNATIONAL
Registered office: 36-38 Avenue Kléber, 75116 Paris, France
Company No.: 433 539 566 R.C.S. Paris
Legal form: Private limited company

Name: VEOLIA ENVIRONNEMENT-VE
Registered office: 36-38 Avenue Kléber, 75016 Paris, France
Company No.: 403 210 032 R.C.S. Paris
Legal form: Private limited company

Related parties

Name: Energie Projekt ČR, s.r.o. (formerly Dalkia s.r.o.)
Registered office: Praha 2, Americká 415
Company No.: 257 06 969
Register entry: C 62955, Companies Register maintained by the Prague Municipal Court
Legal form: Private limited company

Dalkia s.r.o. was renamed Energie Projekt ČR, s.r.o. with effect from 25 January 2016 on the basis of the decision, adopted by the company's sole member acting in the capacity of the general meeting on 22 January 2016, to amend the company's Memorandum of Association.

Name: JVCD, a.s.
Registered office: Praha 2, Americká 36/415, postcode 120 00
Company No.: 601 93 204
Register entry: B 2321, Companies Register maintained by the Prague Municipal Court
Legal form: Public limited company

Name: OLTERM & TD Olomouc, a.s.
Registered office: Janského 469/8, Povel, 779 00 Olomouc
Company No.: 476 77 511
Register entry: B 872, Companies Register maintained by the Ostrava Regional Court
Legal form: Public limited company

Name: Ampluservis, a.s.
Registered office: Ostrava-Třebovice, ul. Elektrárenská 5558, postcode 70974
Company No.: 651 38 317
Register entry: B 1258, Companies Register maintained by the Ostrava Regional Court
Legal form: Public limited company

Name: Veolia Energie Kolín, a.s.
Registered office: Kolín V., Tovární 21, postcode 280 63
Company No.: 451 48 091
Register entry: B 1523, Companies Register maintained by the Prague Municipal Court
Legal form: Public limited company

Name: Veolia Energie Mariánské Lázně, s.r.o.
Registered office: Nádražní náměstí 294, Úšovice, 353 01 Mariánské Lázně
Company No.: 497 90 676
Register entry: C 4776, Companies Register maintained by the Plzeň Regional Court
Legal form: Private limited company

Name: Veolia Powerline Kaczyce Sp. z o.o. (formerly Dalkia Powerline Sp. z o.o.)
Registered office: Morcinka 17, 43-417 Kaczyce, Poland
Company No.: 141 89 229, Regional Registry Court in Bielsko Biala
Legal form: Private limited company

Dalkia Powerline Sp. z o.o. was renamed Veolia Powerline Kaczyce Sp. z o.o. with effect from 30 March 2015 on the basis of the decision, adopted by the company's sole member acting in the capacity of the general meeting on 17 March 2015, to amend the company's Memorandum of Association.

Name: Institut environmentálních služeb, a.s.
Registered office: Praha 1, Pařížská 11, postcode 11000
Company No.: 629 54 865
Register entry: B 9967, Companies Register maintained by the Prague Municipal Court
Legal form: Public limited company

Name: Veolia Eau - Compagnie Générale des Eaux
Registered office: 163-169, avenue Georges Clémenceau, 92000 Nanterre, France
Company No.: 572 025 526 R.C.B. Paris
Legal form: Partnership limited by shares

Name:	VEOLIA CENTRAL & EASTERN EUROPE
Registered office:	36-38 Avenue Kléber, 75016 Paris, France
Company No.:	433 934 809 R.C.B. Paris
Legal form:	Private limited company
Name:	VEOLIA ČESKÁ REPUBLIKA, a.s.
Registered office:	recepce D, Na Florenci 2116/15, Nové Město, 110 00 Praha 1
Company No.:	492 41 214
Register entry:	B 2098, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company
Name:	Pražské vodovody a kanalizace, a.s.
Registered office:	Ke Kablu 971/1, Hostivař, 102 00 Praha 10
Company No.:	256 56 635
Register entry:	B 5297, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company
Name:	MORAVSKÁ VODÁRENSKÁ, a.s.
Registered office:	Olomouc, Tovární 41, postcode 779 00
Company No.:	618 59 575
Register entry:	B 1943, Companies Register maintained by the Ostrava Regional Court
Legal form:	Public limited company
Name:	VODÁRNA PLZEŇ a.s.
Registered office:	Plzeň, Malostranská 143/2, postcode 317 68
Company No.:	252 05 625
Register entry:	B 574, Companies Register maintained by the Plzeň Regional Court
Legal form:	Public limited company
Name:	VODOSPOL s.r.o.
Registered office:	Ostravská 169, Klatovy IV, 339 01 Klatovy
Company No.:	483 65 351
Register entry:	C 3931, Companies Register maintained by the Plzeň Regional Court
Legal form:	Private limited company
Name:	Středočeské vodárny, a.s.
Registered office:	Kladno, U Vodojemu 3085, postcode 272 80
Company No.:	261 96 620
Register entry:	B 6699, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company
Name:	Severočeské vodovody a kanalizace, a.s.
Registered office:	Teplice, Přítkovská 1689, postcode 415 50
Company No.:	490 99 451
Register entry:	B 465, Companies Register maintained by the Ústí nad Labem Regional Court
Legal form:	Public limited company
Name:	RAVOS, s.r.o.
Registered office:	Františka Diepolta 1870, Rakovník
Company No.:	475 46 662
Register entry:	C 19602, Companies Register maintained by the Prague Municipal Court
Legal form:	Private limited company
Name:	Vodohospodářská společnost Sokolov, s.r.o.
Registered office:	Jirího Dimitrova 1619, 356 01 Sokolov
Company No.:	453 51 325
Register entry:	C 2378, Companies Register maintained by the Plzeň Regional Court
Legal form:	Private limited company
Name:	Královéhradecká provozní, a.s.
Registered office:	Vita Nejedlého 893/6, Slezské Předměstí, 500 03 Hradec Králové
Company No.:	274 61 211

Legal form:	Court Public limited company
Name:	1. SČV, a.s.
Registered office:	Praha 10, Ke Kablu 971, postcode 100 00
Company No.:	475 49 793
Register entry:	B 10383, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company
Name:	Česká voda – Czech Water, a.s.
Registered office:	Ke Kablu 971/1, Hostivař, 102 00 Praha 10
Company No.:	250 35 070
Register entry:	B 12115, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company
Name:	Solutions and Services, a.s.
Registered office:	Na Florenci 2116/15, Nové Město, 110 00 Praha 1
Company No.:	272 08 320
Register entry:	B 11409, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company
Name:	Veolia Support Services Česká republika, a.s.
Registered office:	Na Florenci 2116/15, Nové Město, 110 00 Praha 1
Company No.:	290 60 770
Register entry:	B 18573, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company
Name:	Veolia Vedlejší produkty ČR, s.r.o.
Registered office:	28. října 3337/7, Moravská Ostrava, 702 00 Ostrava
Company No.:	247 15 964
Register entry:	C 63276, Companies Register maintained by the Ostrava Regional Court
Legal form:	Private limited company

Note: Schematic diagrams of the Group composed of the controlling and controlled entities as the related parties are shown in Annexes 1 and 2 to this Report.

III

Role of the controlled entity, methods and means of control, and evaluation of the advantages and disadvantages arising from relations between the related parties

Within the meaning of Section 79 BCA, Veolia Komodity ČR, s.r.o. is a dependent entity within the Group and is subject to joint management under a common policy of strategic management of the Group; for the dependent entity, the above primarily generates advantages from the know-how provided within the Group for performing the controlled entity's business.

The dependent entity is controlled through the sole member acting in the capacity of the general meeting, who has the influence to appoint its representatives to the Company's bodies and so can influence the business management of the Company.

The Company is not exposed to any future or long-term risks as a result of its membership of the Veolia Group and the governing body is not aware of any material future developments that may jeopardise the Company as a result of its belonging to the Group.

IV

Overview of agreements between related parties, assessment of damage and compensation for damage under Sections 71 and 72 BCA, and overview of acts made at the instigation or in the interest of the controlling entity or entities controlled by the controlling entity

A. Relations with controlling companies and entities controlling the controlling companies

A1. Veolia Průmyslové služby ČR, a.s.

Veolia Komodity ČR, s.r.o. and Veolia Průmyslové služby, a.s. have the following in place:

Agreements where the Company is the supplier:

- Agency Agreement on the Disposal of and Trading in Emission Allowances;
- Agreement on Electricity Supply to an Eligible Customer, including amendments;

Agreements where the Company is the customer:

- Agreement on Renewable Electricity Feed-in;
- Agreement on Electricity Distribution;

all of them on an arm's length basis.

Veolia Komodity ČR, s.r.o. and Veolia Průmyslové služby ČR, a.s. also have an Agreement on Compensation for Losses Caused by the Connection to the DIN Local Distribution System in place on an arm's length basis.

A2. Veolia Energie ČR, a.s.

Veolia Komodity ČR, s.r.o. and Veolia Energie ČR, a.s. have the following in place:

Agreements where the Company is the supplier:

- Agreement on Bundled Gas Supply;

Agreements where the Company is the customer:

- Service Agreement;
- Agreement on Fund Management in the Group, including implementing addenda;
- Commercial Space Sublease Agreement and Personal Property Lease Agreement;
- Agreement on Electrical Energy Purchase and Sale;

all of them on an arm's length basis.

Veolia Energie ČR, a.s. takes out insurance policies for Veolia Komodity ČR, s.r.o. and then re-invoices the costs.

A3. SPID2, VEOLIA ENERGIE INTERNATIONAL, VEOLIA ENVIRONNEMENT-VE

No contracts were concluded or performed, no legal acts were executed or measures taken in relation to these companies, and there were no deliveries or considerations between these companies that control the controlling companies.

B. Relations to related parties**B1. OLTERM & TD Olomouc, a.s.**

Veolia Komodity ČR, s.r.o. and OLTERM & TD Olomouc, a.s. have in place an Agreement on Bundled Electricity Supply Services on an arm's length basis. In 2015, an Agreement on Bundled Gas Supply Services was entered into effective from 1 January 2016. In 2015 no deliveries or considerations were made under the above agreement.

B2. Veolia Energie Mariánské Lázně, s.r.o.

In 2015, Veolia Komodity ČR, s.r.o. and Veolia Energie Mariánské Lázně, s.r.o. entered into an Agreement on Bundled Gas Supply Services effective from 1 January 2016. In 2015 no deliveries or considerations were made under the above agreement.

B3. Veolia Energie Kolín, a.s.

In 2015, Veolia Komodity ČR, s.r.o. and Veolia Energie Kolín, a.s. entered into an Agreement on Bundled Gas Supply Services effective from 1 January 2016. In 2015 no deliveries or considerations were made under the above agreement.

B4. Veolia Powerline Kaczyce Sp. z o.o.

Veolia Komodity ČR, s.r.o. and Veolia Powerline Kaczyce Sp. z o.o. have in place an Agreement on the Purchase of Electricity on an arm's length basis.

B5. 1. SčV, a.s.

Veolia Komodity ČR, s.r.o. and 1. SčV, a.s. have in place an Agreement on Bundled Electricity Supply Services on an arm's length basis.

B6. Institut environmentálních služeb, a.s.

Under an Agreement on Cooperation in Employee Education, Institut environmentálních služeb, a.s., provided Veolia Komodity ČR, s.r.o. with education of its employees, education record keeping in the personnel system, and regular reporting on education, on an arm's length basis.

B7. Královéhradecká provozní, a.s.

Veolia Komodity ČR, s.r.o. and Královéhradecká provozní, a.s. have in place an Agreement on Bundled Electricity Supply Services and an Agreement on Renewable Electricity Feed-in on an arm's length basis.

B8. MORAVSKÁ VODÁRENSKÁ, a.s.

Veolia Komodity ČR, s.r.o. and MORAVSKÁ VODÁRENSKÁ, a.s. have in place an Agreement on Bundled Electricity Supply Services on an arm's length basis.

B9. Pražské vodovody a kanalizace, a.s.

Veolia Komodity ČR, s.r.o. and Pražské vodovody a kanalizace, a.s. have in place an Agreement on Bundled Electricity Supply Services and an Agreement on Renewable Electricity Feed-in on an arm's length basis.

B10. RAVOS, s.r.o.

Veolia Komodity ČR, s.r.o. and RAVOS, s.r.o. have in place an Agreement on Bundled Electricity Supply Services on an arm's length basis.

B11. Severočeské vodovody a kanalizace, a.s.

Veolia Komodity ČR, s.r.o. and Severočeské vodovody a kanalizace, a.s. have in place an Agreement on Bundled Electricity Supply Services on an arm's length basis.

B12. Solutions and Services, a.s.

Veolia Komodity ČR, s.r.o. and Solutions and Services, a.s. have in place a Master Agreement on Electrical Energy Supply for the years 2015 to 2019, gradual purchases, on an arm's length basis.

B13. Středočeské vodárny, a.s.

Veolia Komodity ČR, s.r.o. and Středočeské vodárny, a.s. have in place an Agreement on Bundled Electricity Supply Services on an arm's length basis.

B14. VODÁRNA PLZEŇ a.s.

Veolia Komodity ČR, s.r.o. and VODÁRNA PLZEŇ a.s. have in place an Agreement on Bundled Electricity Supply Services on an arm's length basis.

B15. Vodohospodářská společnost Sokolov, a.s.

Veolia Komodity ČR, s.r.o. and Vodohospodářská společnost Sokolov, a.s. have in place an Agreement on Bundled Electricity Supply Services and an Agreement on Renewable Electricity Feed-in on an arm's length basis.

B16. VODOSPOL s.r.o.

Veolia Komodity ČR, s.r.o. and VODOSPOL s.r.o. have in place an Agreement on Bundled Electricity Supply Services on an arm's length basis.

B17. Other related parties

No contracts were concluded or performed, no legal acts were made, and no deliveries or considerations were provided between [the Company and] other related companies within the Group.

C. Overview of acts carried out at the instigation or in the interest of controlling entities

On 11 December 2014, the governing body of the controlling entity, Veolia Průmyslové služby ČR, a.s., instructed the governing body of the controlled entity under section 81(1) BCA to arrange the purchase of electric energy from Poland by Veolia Komodity ČR, s.r.o. for the so-called "Polish Island", which is a part of the local distribution system of Veolia Průmyslové služby ČR, a.s. As a result of the purchase of more expensive electricity, Veolia Komodity ČR, s.r.o. suffered a loss in excess of 10% of the controlled party's equity in the interest of the controlling party of the same group and which needs such supplies in order to secure a double supply to OKD, a.s. mines pursuant to the mining legislation. The loss was fully compensated within the group in a reasonable time by means of a consideration under Section 72 (1) and (2) BCA on the basis of Amendment No 1 to the Agreement on Loss Compensation concluded between Veolia Komodity ČR, s.r.o. and Veolia Průmyslové služby, a.s. on 22 December 2014.

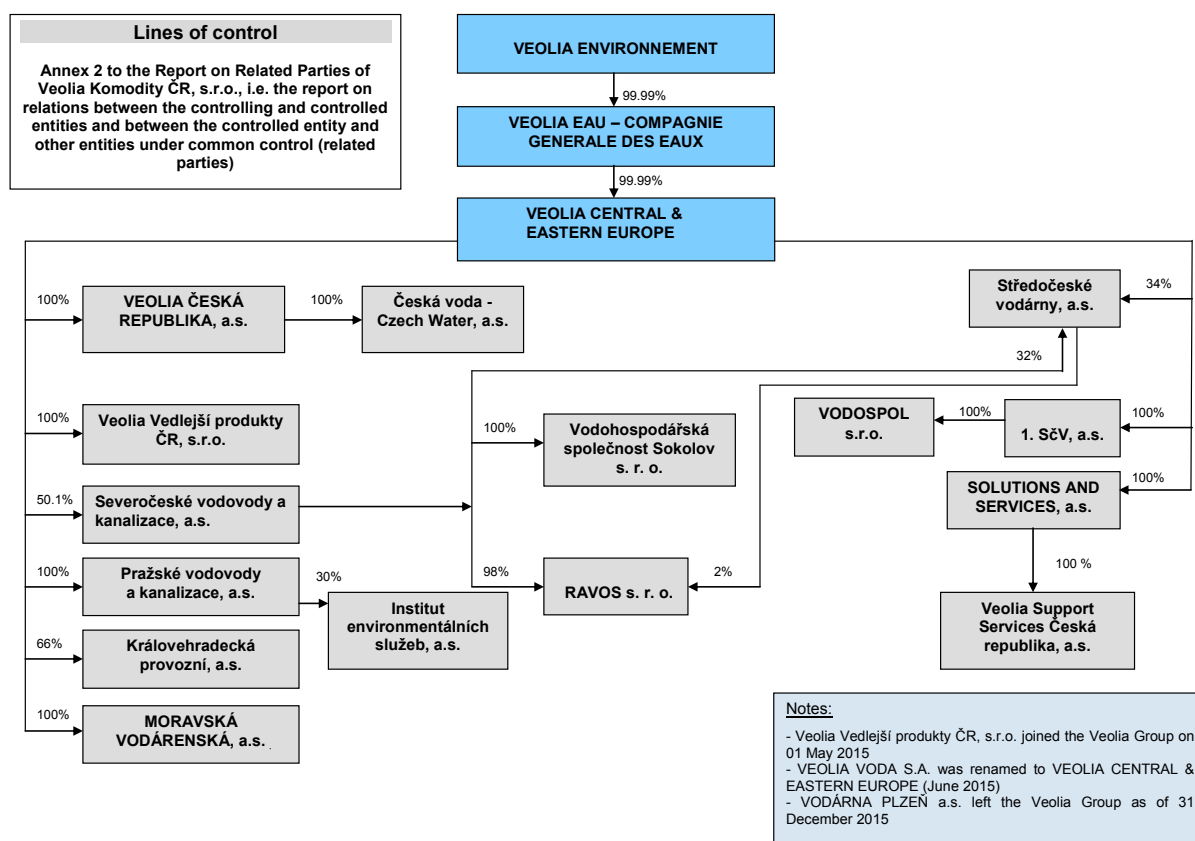
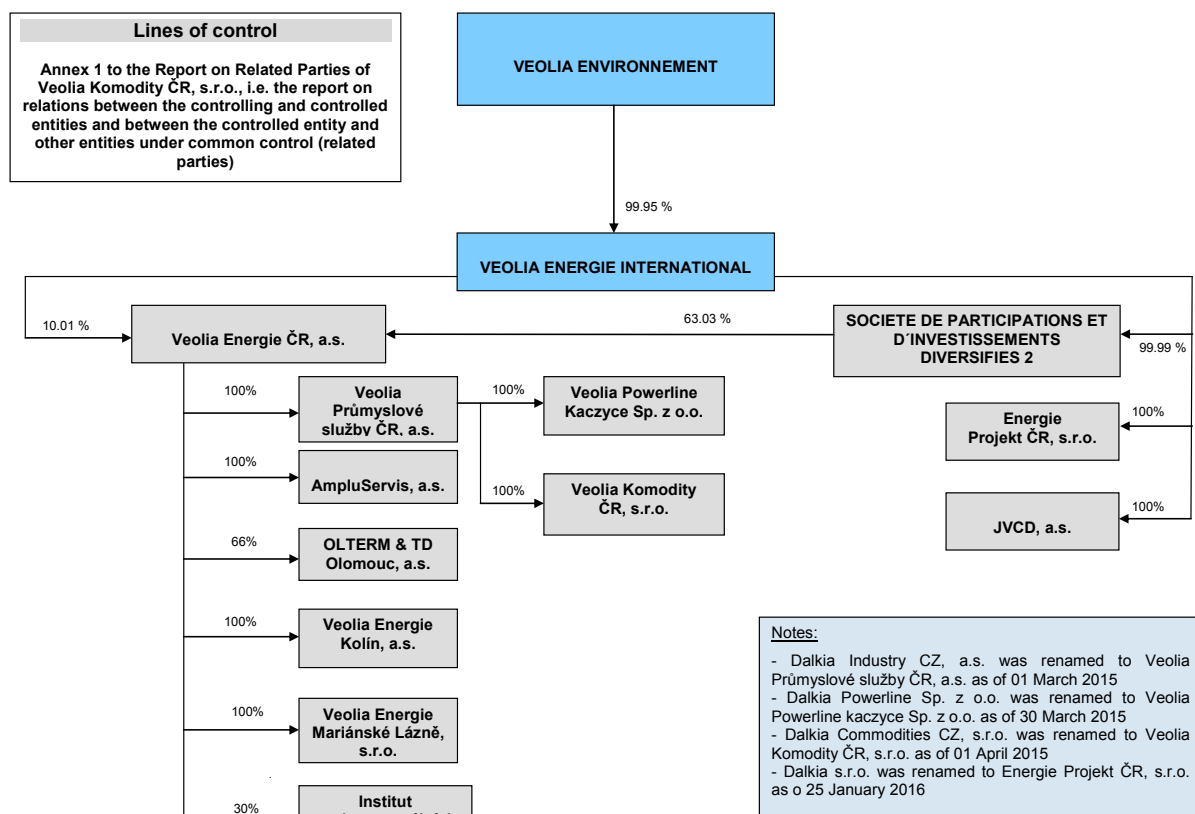
V Conclusion

On the basis of the information stated above the Managing Director notes that in the period under review, the controlled entity suffered damage as a result of its relationships with the controlling entity; however, the controlled entity received full compensation in a reasonable time. Furthermore, the governing body notes that the Report is complete and that the disclosure of any additional information, in particular such as would extend the scope or depth of the disclosures made herein, is subject to trade secrecy under Section 504 of Act No 89/2012, the Civil Code.

Ostrava, 31 March 2016



.....
Pavel Luňáček
Managing Director



5. Auditor's Report





KPMG Česká republika Audit, s.r.o.
 Pobřežní 648/1a
 186 00 Praha 8
 Česká republika

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 Internet www.kpmg.cz

This document is an unsigned English translation of the Czech auditor's report.
 Only the Czech version of the report is legally binding.

Independent Auditor's Report to the Member of Veolia Komodity ČR, s.r.o.

We have audited the accompanying financial statements of Veolia Komodity ČR, s.r.o., prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the statement of financial position as of 31 December 2015, and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about Veolia Komodity ČR, s.r.o. is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Veolia Komodity ČR, s.r.o. is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as the statutory body determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

KPMG Česká republika Audit, s.r.o., a Czech limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Obchodní rejstřík vedený
 Městským soudem v Praze
 oddíl C, vložka 24185

IČ 49619187
 DIČ CZ699001996



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Veolia Komodity ČR, s.r.o. as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other Information

Other information is defined as information (other than the financial statements and our auditor's report) included in the annual report. The statutory body is responsible for the other information.

Our opinion on the financial statements of Veolia Komodity ČR, s.r.o. as of 31 December 2015 does not cover the other information and we do not express any form of opinion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information included in the annual report is not materially inconsistent with the financial statements or our knowledge obtained in the audit, whether the annual report is prepared in accordance with applicable legislation and whether such information otherwise does not appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Ostrava
7 April 2016

Signed by

KPMG Česká republika Audit, s.r.o.
Registration number 71

Signed by

Petr Sikora
Partner
Registration number 2001

TRANSLATION

This Annual Report was prepared by the Economic-Administrative Department of Veolia Komodity ČR and by the Communication Department of Veolia Energie ČR.

Layout: Veolia, Veolia Environnement

Photography: Veolia Group library.

Annual Report concept and production: Communication Department of Veolia Energie ČR in cooperation with Agentura API.

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Annual Report prepared on 7 April 2016.