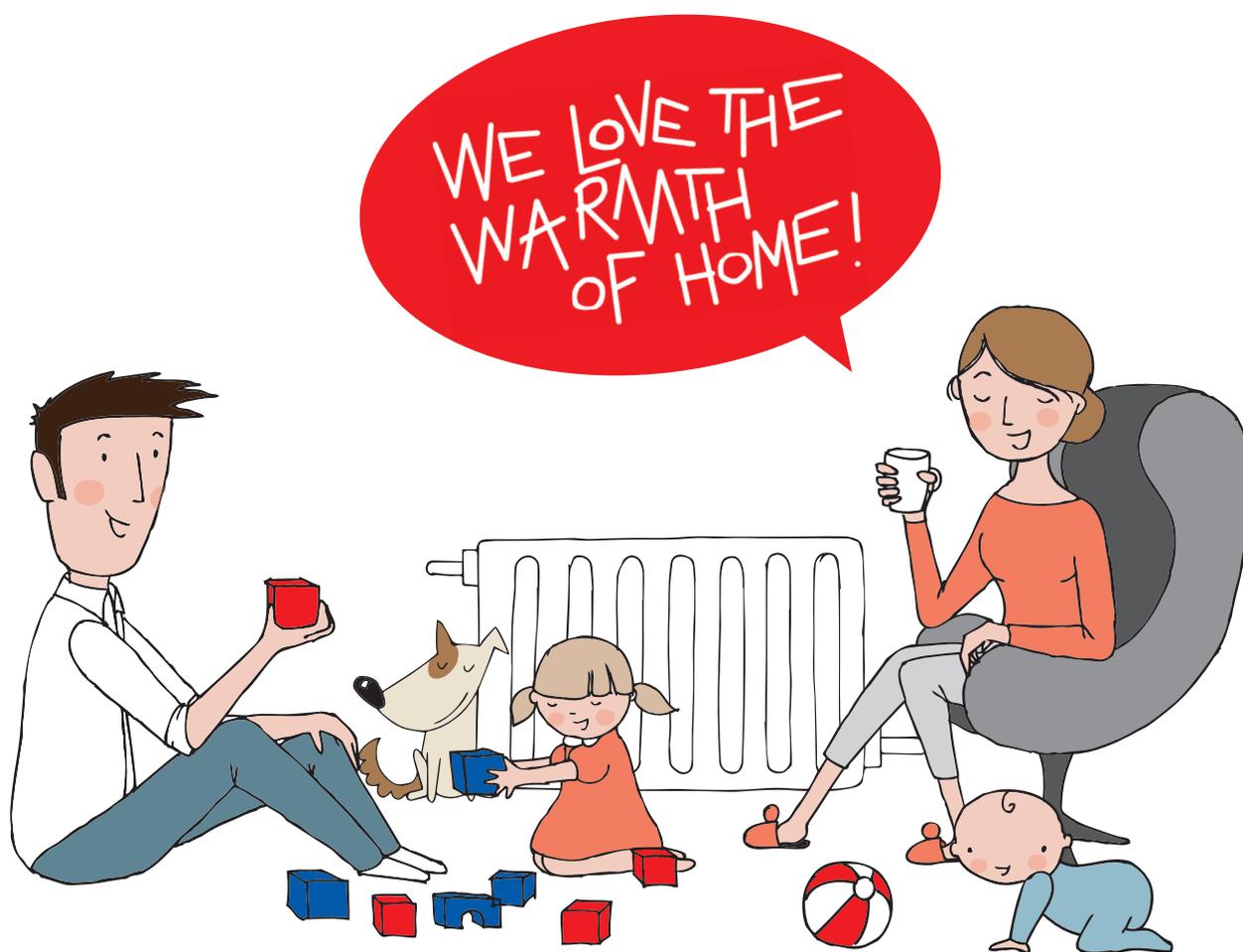
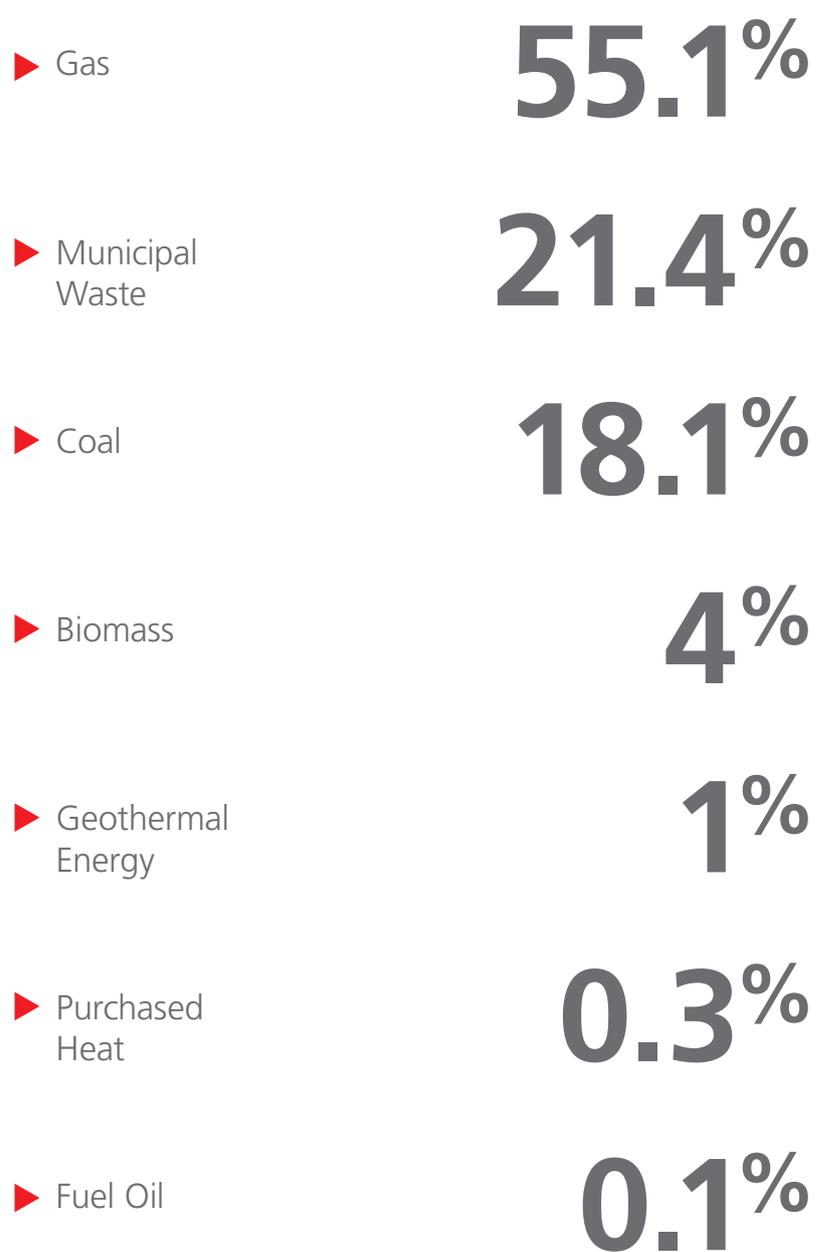


ANNUAL REPORT 2015–2016



MVV ENERGIE CZ GROUP – FUEL BASE

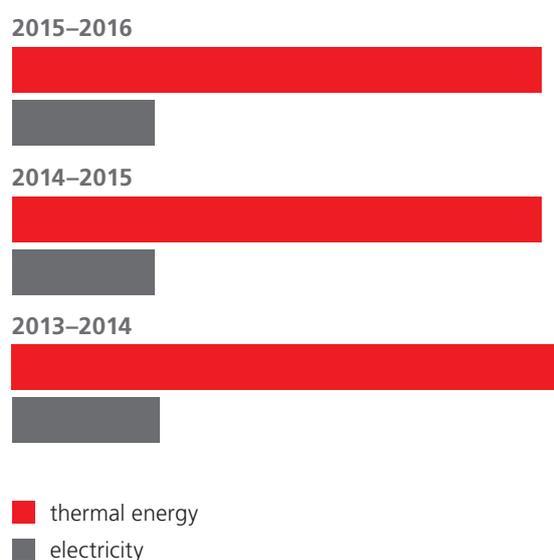


MVV ENERGIE CZ GROUP – CUSTOMERS

Supply of thermal energy to	
Households	72,390
Industrial customers / industrial facilities	54 / 4
Tertiary sector customers / facilities	636 / 1
Supply of electricity to*	
Customers	130
Water supply and sewerage to	
Households	3,106
Industrial customers	42
Tertiary sector customers	105
Electronic communications services to	
Customers	93

* excluding supplies to the distribution network

MVV ENERGIE CZ GROUP – SALES OF THERMAL ENERGY AND ELECTRICITY (MWh)



MVV ENERGIE CZ GROUP – CONSOLIDATED INDICATORS (IN THOUSANDS CZK)

Selected indicators	2015–2016	2014–2015	2013–2014
Total assets	4,498,676	4,667,282	4,818,422
Equity (including minority interest)	2,652,078	2,566,784	2,421,183
Corporate debt	1,155,971	1,386,163	1,630,365
Revenue*	2,119,297	2,323,308	2,467,812
Earnings before interest and taxes (EBIT)	378,954	469,394	526,394

Note: Prepared in accordance with the International Financial Reporting Standards (IFRS).

* Revenues adjusted for inventory capitalization.



NEW, LONG TERM DEALS HAVE BEEN REACHED WITH OVER 90% OF CONSUMERS IN LIBEREC

In November 2015, Teplárna Liberec offered its customers options on new, updated and extended contracts, which offered customers a better deal. This certainty in the form of multiannual contracts enables the heating plant effectively to develop a network of central heat supply and to create energy savings. Over 90% of customers have gradually joined the loyalty scheme. The great interest in the new contracts has shown that the vast majority of existing customers support the maintenance and development of a central supply.

▶ **OVER 90%**
OF CUSTOMERS HAVE
JOINED the loyalty scheme.

▶ **A BETTER DEAL**
THANKS TO EXTENDED
CONTRACTS.

▶ A stable financial environment
for **HEATING SYSTEM**
MAINTENANCE AND
DEVELOPMENT.

IN 2015 WE RECEIVED
HEAT FREE
OF CHARGE THANKS
TO THE COMPETITION...

ALL WE HAD TO DO
WAS REGISTER
AND ANSWER
THE COMPETITION
QUESTION.



CUSTOMERS IN VSETÍN AND ČESKÁ LÍPA HAVE WON FREE HEAT

In May 2016, the companies Zásobování teplem Vsetín a.s. and ČESKOLIPSKÁ TEPLÁRENSKÁ a.s. organized a competition for free heat for the whole of 2015 for their household customers. Other prizes were a 50% and 25% discount on heat. In order to participate, customers only had to register on the website of the company and answer the competition question. The question was focused on the ecological benefits of heating plants for the region: a reduction of nitrogen oxide emissions in Česká Lípa and a reduction in CO₂ emissions thanks to cogeneration production (combined Heat and Power production) in Vsetín. After submitting their answer, customers were contacted by the business department for their evaluation and opinions about the services provided, which contributed to the continuous improvement of customer care.

- ▶ The winners of the competition saved

70,000 CZK

on heat in total.

- ▶ In 2015, ČESKOLIPSKÁ TEPLÁRENSKÁ emitted

421,405 kg

LESS NITROGEN OXIDE

than in 1999, which

represents a **DECREASE**

OF 98%.

- ▶ From June 2015 to May 2016, Zásobování teplem Vsetín a.s. has, thanks to cogeneration, saved

4,479,866 kg

OF COAL

when compared to the

conventional generation

of electricity in a coal power

plant.



▶ HELPING NATURE ◀

HELPING NATURE

The chimneys of heating plants of MVV Energie CZ Group are helping save the endangered peregrine falcon. A total of three companies of the group are participating in this project. In 2014, TERMO Děčín company installed two birdhouses in its chimney, and this example was followed by the heating plant Teplárna Liberec. In 2015, CTZ in Uherské Hradiště placed another birdhouse for birds of prey. A pair of falcons moved into one of the installed birdhouses and successfully reared their young at the end of June 2016. Thanks to the placement of a camera, the public had a unique opportunity to watch the bird family live grow up. The peregrine falcon is a symbol of nature protection in the Bohemian Switzerland National park, which is the main area of population of these birds of prey in the Czech Republic. Thanks to strict protection, the Czech Republic has succeeded in increasing the falcon population to seventy nesting pairs.

▶ The falcon pair on the chimney of TERMO Děčín heating plant has successfully brought up **THREE OFFSPRING.**

▶ The family lived in a birdhouse placed in the third gallery **AT A HEIGHT OF 120M.**

▶ TERMO Děčín was the **FIRST HEATING PLANT IN THE CZECH REPUBLIC TO PROVIDE LIVE STREAMING FROM A FALCON BIRDHOUSE.**

▶ Heating plants are readying birdhouses for the upcoming season. The likelihood of the same falcon pair nesting in Děčín for next year is about

50%.

The energy group MVV Energie CZ is among the leading producers and distributors of heat in the Czech Republic. The Group is also engaged in high-performance electricity generation, waste to energy production, energy consulting, water management and the provision of electronic communications services. It offers stimulating and stable employment to its 496 members of staff in the regions.

The Group's fifteen companies provide their services to residents, industrial plants and municipal authorities in fifteen cities of the Czech Republic, in particular in Moravia, northern Bohemia and the Vysočina region.

The Group's parent company is MVV Energie CZ a.s., which was established in October 1993. Since 1999 the Company has been a subsidiary of MVV Energie AG, a German energy group, based in Mannheim, Germany.

MVV Energie CZ Group uses conventional as well as renewable sources. Using the most advanced technology, it works in a way that is ecologically safe, efficient and environmentally friendly and thus fulfils its **corporate motto *Responsible Energy***. It also provides long-term support for the cities and regions in which it operates.

HEAT FROM OUR HEATING PLANTS IS A COMPREHENSIVE SERVICE



CUSTOMER SERVICE

Our dealers are fully available to you and will resolve most of your requirements in one visit.



TECHNICAL DISPATCHING

We monitor the heat supply process. The level is adjusted to suit your current needs.



24 HOUR EMERGENCY SERVICE

We are available around the clock, 24 hours a day, 7 days a week to resolve any potential faults.



MANAGEMENT AND MAINTENANCE

We provide you with the comfort and supply you require thanks to our careful management and regular maintenance.



ELECTRONIC BILLING

We also provide billing in electronic form to facilitate quick overview and easy archiving.

CONTENTS

General Section	
Company Profile	12
Organizational Structure of the Group	14
Interview with the Chairman of the Board of Directors	16
Major Events in the 2015–2016 financial year	18
MVV Energie CZ Group	19
Compliance	39

Financial Section	
Board of Directors' Report	41
Financial Report	42
Supervisory Board's Report	43
Independent Auditor's Report	44
Financial Statements	46
Report on Relations	65
Consolidated Group's Results	82
Events after the Reporting Period	86

01 COMPANY PROFILE

History of the Company

MVV Energie CZ a.s. was established on 6 October 1993. The main line of business of the Company, formerly operating under the name EPS ČR s.r.o., was the provision of energy-related services. The Company's original majority owner was the US-based Energy Performance Services Inc.

In 1999 the German company MVV Energie AG, one of the largest energy companies in Europe, purchased a majority stake. In the years that followed it managed to develop a large energy group in the Czech Republic, which today operates in fifteen towns throughout the country. MVV Energie CZ a.s. is wholly owned by MVV Energie AG.

Activities of the Company

MVV Energie CZ Group companies operate mainly in the field of heat generation and distribution. MVV Energie CZ Group also produces electricity in eleven cities of the Czech Republic. In addition, some of its subsidiaries provide water management or electronic communications services as well as other services.

MVV Energie CZ a.s. has extensive experience with the implementation of energy-efficiency projects in the Czech Republic. In addition to projects employing EPC (Energy Performance Contracting), it also offers related energy services to customers across the country.

Energy production

To generate heat MVV Energie CZ Group uses a fuel mix whose dominant component is natural gas. The Group generates electricity using only cogeneration plants. Nineteen sites in eleven cities use cogeneration engines or turbines, with a total capacity of almost 57.8 MWe, to cogenerate electricity and heat.

MVV Energie CZ Group is the only operator in the Czech Republic to utilize geothermal water to generate heat, for thousands of households in Děčín. This geothermal source, which has brought significant improvements to the environment in the entire region, won the *Project of the Decade* award (a competition organized by the Association for District Heating of the Czech Republic) for systems supplying heat and cooling.

In 2011 MVV Energie CZ entered the waste-to-energy business. In the Liberec region, MVV Energie CZ uses more than half of all the waste produced, which would otherwise end up in landfills, to generate heat and electricity.

Customers of MVV Energie CZ Group

Our customers in fifteen cities across the Czech Republic are households, small and large companies and municipalities. In 2015–2016, the MVV Energie CZ Group sold 712 thousand MWh of heat and 193 thousand MWh of electricity, and its turnover in the financial year was CZK 2.1 billion.

People in the Company

The statutory body of MVV Energie CZ a.s. is its Board of Directors, which is comprised of two members. As of November 2014, the head of the company is Jiří Koptík who is the Chairman of the Board of Directors, responsible for strategy, engineering and the management of all shareholdings. The second member of the Board of Directors, responsible for finance, information technologies and energy services, is Libor Žížala.

MVV Energie CZ a.s. has 34 employees in total.* The Company comprises four departments supervised by directors and two divisions, with some employees reporting directly to the Board of Directors.

Organizational Structure of the Company**

Sole shareholder	Supervisory Board
Board of Directors	
Chairman of the Board of Directors Jiří Koptík	Member of the Board of Directors Libor Žížala
Office of the Board of Directors, legal agenda, communication and marketing	Financial Department
Capital Participation Department Jan Vencour, Director	Information Systems and Technologies Division Jan Regner, Manager
Strategy Department Jana Hrabětová, Director	Energy Services Division Libor Bárta, Manager
Technical Department Ivan Slavík, Director	

*Total headcount as of 30. 9. 2016 (not including members of the bodies of the company).

**As of 30. 8. 2016.

Company Management

Jiří Koptík	Chairman of the Board of Directors
Libor Žížala	Member of the Board of Directors
Jan Vencour	Director of Capital Participation Department (since 1 December 2015)
Jana Hrabětová	Director of the Strategy Department (since 19 October 2015)
Ivan Slavík	Director of Technical Department
Jan Regner	Manager of Information Systems and Technologies Division
Libor Bárta	Manager of Energy Services Division (until 31 August 2016)

Supervisory Board

Udo Bekker	Chairman of the Supervisory Board
Dr. Hansjörg Roll	Member of the Supervisory Board
Ralf Klöpfer	Member of the Supervisory Board
Daniela Kirchner	Member of the Supervisory Board
Dr. iur. Martin Auer	Member of the Supervisory Board (until 9 October 2015)

The work of the Company's Board of Directors is monitored by the Supervisory Board, made up of representatives of the parent company, MVV Energie AG. The Supervisory Board has comprised four members since 9 October 2015.



Jiří Koptík, Libor Žížala



Jan Vencour



Jana Hrabětová



Ivan Slavík



Jan Regner



Libor Bárta**

02 ORGANIZATIONAL STRUCTURE OF THE GROUP

▶ **MVV Energie AG**

▶ **MVV Energie CZ a.s.**

▶ CTZ s.r.o.	50.96%	
▶ Českolipské teplo a.s.	100.00%	▶ ČESKOLIPSKÁ TEPLÁRENSKÁ a.s.
▶ e.services s.r.o.	100.00%	
▶ ENERGIE Holding a.s.	100.00%	▶ Teplárna Liberec, a.s
▶ G-LINDE s.r.o.	100.00%	
▶ G-RONN s.r.o.	100.00%	
▶ IROMEZ s.r.o.	100.00%	
▶ OPATHERM a.s.	100.00%	
▶ POWGEN a.s.	100.00%	
▶ TERMIZO a.s.	100.00%	
▶ TERMO Děčín a.s.	96.91%	
▶ Zásobování teplem Vsetín a.s.	100.00%	

Note: The organizational structure is valid as of 30 September 2016. Until 2 May 2016, the Group also included the company MVV enservis a.s., v likvidaci (100.00%), which entered bankruptcy on 1 October 2013 and was closed on 2 May 2016.

03 INTERVIEW WITH JIŘÍ KOPTÍK, CHAIRMAN OF THE BOARD OF DIRECTORS



How do you evaluate the general developments in the energy sector?

The trend of the gradual transition of the energy sector to low-carbon fuel and renewable energy sources is becoming more and more pronounced. The pioneer countries including Germany, are now being joined even by determinedly traditionalistic countries, such as the United States or China. The results of the UN Conference on Climate Change in Paris at the end of last year are a good example of this. The initial spontaneous enthusiasm and generous subsidies for the use of renewable energy sources, however, are becoming reflected in energy prices. The regulated component is starting to dominate and the price of fuel and energy itself is dropping rapidly. Reflecting fixed costs into energy prices in areas with existing competition is more and more difficult. The energy sector is much more dependent on various types of subsidies.

Even more dramatic is the development of prices on energy markets. At the beginning of the year, commodity prices fell sharply to levels last seen before the 2008 crisis and only very reluctantly recovered. This, together with warmer winters, means further significant pressure on expenses for companies in the heat generation sector.

The aforementioned higher dependency on support in the form of subsidies requires that the whole system be transparent and predictable. A confusing situation regarding support for renewable energy sources, with the Energy Regulatory Office refusing to assign the majority of the usual subsidies, has occurred for a second year.

The energy industry, as an asset-intensive sector, is therefore addressing the principal issue of the stability of the environment, which is a prerequisite for long-term investments. Further regionalization connected with a gradual intertwining of energy consumption - both electricity and heat - awaits the power engineering sector in the future. Likewise, the substitutability of core energy commodities will also grow. In line with worldwide trends, the Czech Republic will increasingly lean towards "green" technology based on gas, biomass and renewable energy sources.

The future energy mix will most likely introduce a balanced local solution which takes advantage of centrally generated power to curb the differences between individual regions. Central heat supply systems and the energy recovery of waste could play a major regional role in the future.

How is MVV Energie CZ Group prepared for this situation?

The overall strategy of the MVV Energie CZ Group fully corresponds with this turn toward low-carbon technologies and renewable energy sources. We are a long-term, stable partner for many households and enterprises. We provide a comprehensive range of services to our customers, from our core business – the production and distribution of heat – to the eco-friendly energy recovery of waste and the distribution and supply of electricity.

Utilizing an optimized procurement strategy, we are able to significantly minimize the impact of fluctuations in fuel prices on the energy markets. This strategy ensures high levels of assurance of good fuel procurement and the elimination of risks stemming from bad decisions. By this we can ensure a stable base for providing heat to our customers at the lowest possible price. Last year, we were already fully utilizing the advantages of electronic auctions.

We also make sure that our technological base is adapted to the gradually changing trends in the power industry. In the current fiscal year, we are focusing predominantly on repairs and the refurbishment of our resource base. As for coal resources, we conducted a comprehensive analysis and established a strategy for future operations in order to fully comply with the increasingly strict environmental requirements.

The Group's adopted long-term strategy fits well with the current trends on the energy market. The companies that make up the MVV Energie CZ Group will play an increasingly bigger role in ensuring the energy stability of individual towns and cities.

What specific steps is MVV Energie CZ Group taking?

The main emphasis is on customer focus – our services reflect the expectations of customers. The extensive customer satisfaction survey we have conducted has shown that customers greatly appreciate the comprehensiveness of the services our companies provide, in particular their overall comfort and safety. The project Cheaper Heat, implemented in several cities, has shown strong support for the central heat supply system and appreciation of changes in the customer area. The most significant among the implemented changes have been a loyalty discount upon conclusion of a long-term partner contract, the clarification and simplification of communication, and also competition events for customers.

On the basis of the trust expressed by customers, preparations have commenced for large modernisation projects in Liberec and Pelhřimov. Oversized steam lines will be gradually replaced with modern hot water pipes which will in the future enable effective operation with minimal losses. However, all the decisions we make bear one thing in mind - our desire to generate a positive impact on the resulting prices of heat and energy.

Which area will MVV Energie CZ Group concentrate on in the future?

Maintaining the stability of our business and increasing its resistance to risks and external influences is essential to ensuring a reliable energy supply to customers. MVV Energie CZ Group's long-term strategy is therefore focused on diversifying the fuel-energy mix and utilizing all of the benefits brought about by this combination. The dynamic developments occurring in the energy sector are opening doors to the greater use of renewable energy sources, as well as the search for ways of integrating new technologies into central heat supply systems.

Our core product portfolio includes the generation and distribution of heat and electricity and the energy recovery of waste. The companies within the Group produce all electricity through cogeneration. Combined heat and power generation is environmentally friendly and is therefore an important tool for a sustainable development policy.

In the future, we want to focus on further increasing the efficiency of existing networks. Our traditional development of energy-saving projects is also important in our Group. This applies particularly to the EPC (Energy Performance Contracting) method which we have utilized since 1993. In this manner, we have helped our customers save nearly one billion CZK.

The efforts of our employees have also contributed to the implementation of cost-saving measures and the achievement of our company's high efficiency within the MVV Group. I would like to take this opportunity to thank them for their work.

04 MAJOR EVENTS IN THE 2015–2016 FINANCIAL YEAR

New customer face of MVV

Customer care is a priority for companies belonging to our energy group. This year, we have also conducted an extensive survey of our customers' expectations which allows us to listen better to their needs and continuously increase the quality of our services. The new business concept features uncluttered electronic invoicing and simpler contracts and billing. In addition to environmental friendliness and safety, customers appreciate remote heating, especially for the comfort of the complete heat supply solution including accompanying services. The heat supply also includes customer service, heat supply monitoring by technical dispatch, and 24-hour-a-day emergency service.

Personnel changes and a new Strategy Department

Since 1 October 2015, MVV Energie CZ a.s. has had a new organizational structure. The Strategy Department has been added to the existing departments – Capital Participation Department, Technical and Financial. The director of the department is Jana Hrabětová, who is responsible for the creation and management of group strategy, including acquisitions. The director of the Capital Participation Department, as of 1 December 2015, is Jan Vencour, who is responsible for the management and optimization of portfolio holdings. There are two divisions in the organizational structure, the Information Systems and Technologies Division and the Energy Services Division.

We save the environment

MVV Energie CZ continuously invests in the ecologization and modernisation of resources, distribution systems and other production equipment. During the past five years, the MVV Energie CZ group has invested approximately 1.5 billion CZK. Thanks to the measures for decreasing emissions from solid pollutants, today we comply by a wide margin with the most stringent limits for solid pollutants, which do not even come into effect until 2018. In the coming years, we will continue to invest in the renewal and ecologization of our production – the investments will amount to approximately half a billion CZK for the next two years.

Expert seminars and Open Days

MVV Energie CZ Group companies organize expert seminars, conferences, Open Days and other events for their customers as well as for the general public. These events are advertised on the company's website as well as on notice boards in the customers' individual facilities. Open Days have been organized for the last seven years. Hundreds of visitors have seen how heat is produced in Opava, Vsetín and Studénka.

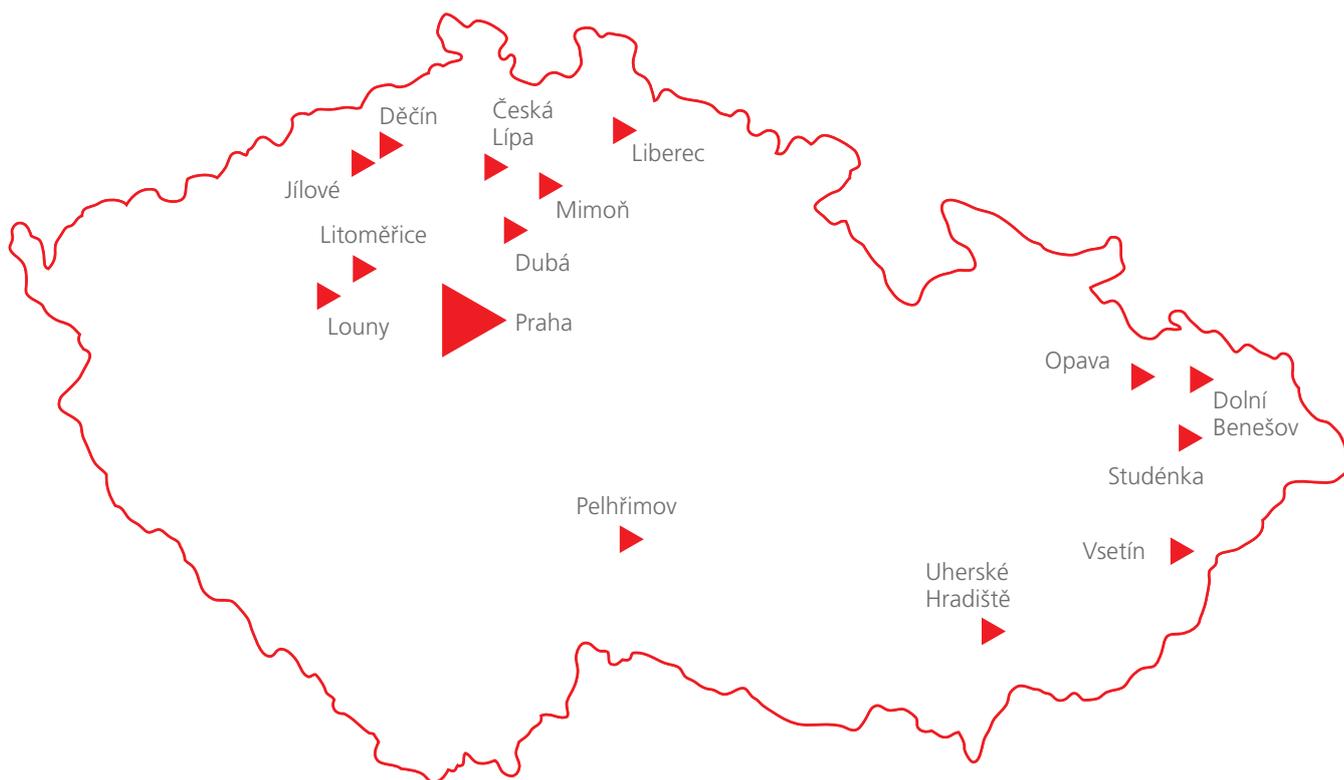
Continued sponsorship of projects in the Group's towns

MVV Energie CZ Group has provided sustained support to the towns and regions in which it operates. Throughout the Group, sponsorships, donations and support for charitable activities are focused on social, sports and cultural organizations as well as projects and individuals. In the financial year 2015–2016, the Group partnered with the European Cup EHC (handcycling) in Louny and continued cooperating with football club Slezský fotbalový klub Opava a.s. Group companies supported agility races, the Regional Charities in Uherské Hradiště and Vsetín, the Pink Bubble Endowment Fund for oncological patients, and many other non-profit organizations, charity events and other projects.

Group employees participated in a tournament again

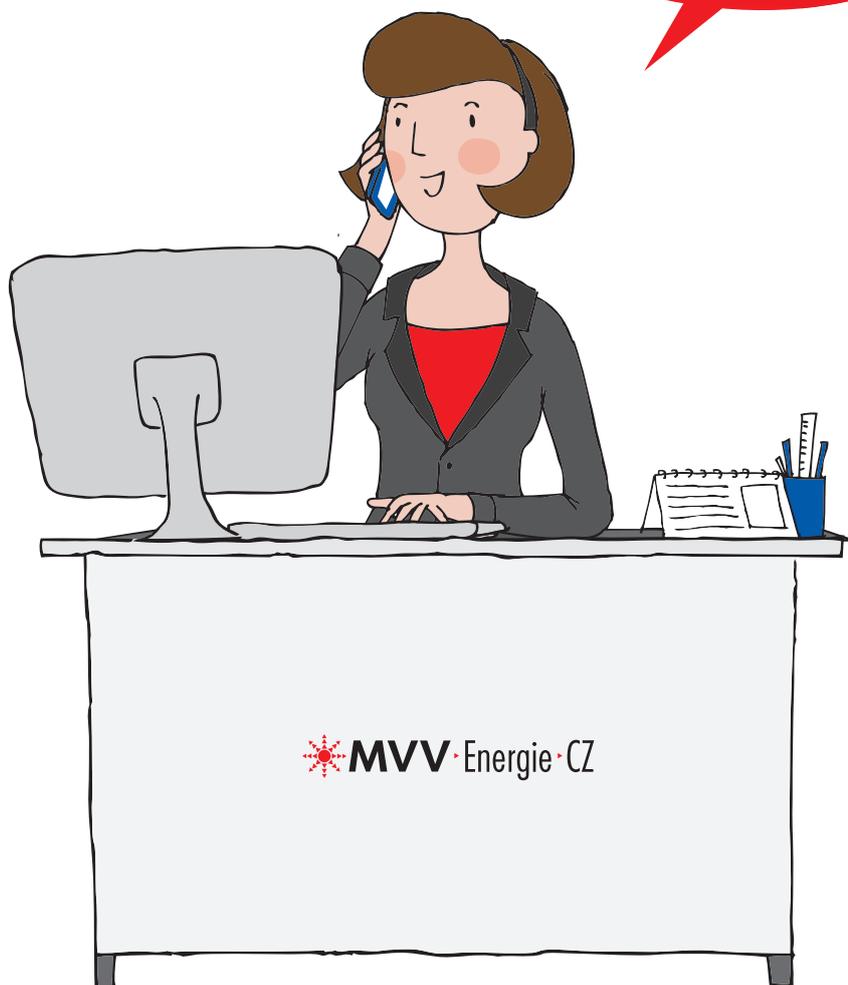
MVV Energie CZ Group really cares about its employees and pays attention to their development (in particular to their professional and language education) as well as to different cultural and sporting opportunities. In August 2016, the twelfth annual sports games for employees were held by CTZ s.r.o. company in Uherské Hradiště. There was also a photographic contest for employees, this time on the topic of *Energy in the Environment*. The twelve winning photos were used to create a wall calendar for the Group for 2017.

05 MVV ENERGIE CZ GROUP



- ▶ CTZ s.r.o.
- ▶ ČESKOLIPSKÁ TEPLÁRENSKÁ a.s.
- ▶ Českolipské teplo a.s.
- ▶ e.services s.r.o.
- ▶ ENERGIE Holding a.s.
- ▶ G-LINDE s.r.o.
- ▶ G-RONN s.r.o.
- ▶ IROMEZ s.r.o.
- ▶ MVV Energie CZ a.s.
- ▶ OPATHERM a.s.
- ▶ POWGEN a.s.
- ▶ Teplárna Liberec, a.s.
- ▶ TERMIZO a.s.
- ▶ TERMO Děčín a.s.
- ▶ Zásobování teplem Vsetín a.s.

YOU CAN VISIT US
ANY TIME.
WE USUALLY
RESOLVE ALL
ISSUES IN JUST
ONE VISIT.





Company name: CTZ s.r.o.

Registered office: Sokolovská 572, 686 01 Uherské Hradiště

Company identification No.: 63472163

Tax identification No.: CZ63472163

Date of establishment: 1 March 1996

BODIES OF THE COMPANY

Executive managers

Petr Heindl	Executive manager
Michal Chmela	Executive manager

Supervisory Board

Jiří Koptík	Chairman of the Supervisory Board
Evžen Uher	Vice-chairman of the Supervisory Board
Libor Žižala	Member of the Supervisory Board
Vladimír Moštěk	Member of the Supervisory Board
Drahomír Hlaváč	Member of the Supervisory Board
Radovan Jančář	Member of the Supervisory Board
Jaromír Prokop, MBA	Member of the Supervisory Board

ABOUT THE COMPANY

Company shareholding structure

MVV Energie CZ a.s.	50.96%
City of Uherské Hradiště	49.04%
Profit from operations for the accounting period	CZK 10,243 thousand
Total revenue	CZK 102,538 thousand
Number of employees*	32
Installed heat/electricity output	44.8 MW/1 MW

CUSTOMERS

Supply of thermal energy to

Households	5,001
Industrial customers / industrial facilities	6/1
Tertiary sphere customers	38

Supply of electricity to

Regional electric power distribution system	1
--	---

The company was established by the City of Uherské Hradiště as its sole founder on 1 March 1996.

As of 12 December 2000, CTZ s.r.o. became a subsidiary of MVV Energie CZ a.s., which purchased a 50.96% share in CTZ from the City of Uherské Hradiště.

CTZ s.r.o. generates and distributes thermal energy in Uherské Hradiště. The company supplies businesses with processed steam and households and businesses with hot water. Since 2009, CTZ s.r.o. has also been a producer of electricity cogenerated by a turbine. It uses the generated electricity for its own purposes and supplies it to the distribution network.

Among the largest investment projects of the company in the financial year 2015–2016 was investment into changing the piping of the pressure unit of the K1 boiler. During these significant repairs, the choke in the chemical water treatment plant of the coal boiler unit, the vapour overheater of the K2 boiler, and the water heater of the K2 boiler were repaired. All these actions will lead to modernisation of the equipment and to increasing the efficiency of heat production.

In the area of heat distribution networks, new connections were implemented for B2 and B3 apartment houses on the Nové Štěpnice housing estate and for apartment houses on Sluneční terasy II on the Východ housing estate. The heat supply stemming from these investment activities started in Autumn 2016.

CTZ s.r.o. has again supported social, sport and cultural projects in Uherské Hradiště this year and continued in its cooperation with local organizations: Regional charity Uherské Hradiště, the football club 1. FC SLOVÁCKO and the Water park Uherské Hradiště. The company has also supported the Bedřich Beneš Buchlovan library, the Centre for the Elderly UH, sports games for kindergarten children in Uherské Hradiště, as well as agility races, the Scout ball and high school balls. The company participated in the international ecology festival called *This concerns you too* and in *Charity Day*. In 2016, the company was also the organizer of the 12th sport games of MVV Energie CZ. From 2016, citizens and visitors to Uherské Hradiště can learn basic information about the heating plant using the interactive board in the city centre.

*Total headcount as of 30. 9. 2016 (not including members of the bodies of the company).





Company name: ČESKOLIPSKÁ TEPLÁRENSKÁ a.s.
Registered office: Liberecká 132, 470 01 Česká Lípa
Company identification No.: 64653200
Tax identification No.: CZ64653200
Date of establishment: 22 February 1996

BODIES OF THE COMPANY

Board of Directors

Jitka Holčáková, MBA Chairman of the Board of Directors

Jan Sulík Vice-chairman
of the Board of Directors

Supervisory Board

Jiří Koptík Chairman of the Supervisory Board

Libor Žížala Vice-chairman
of the Supervisory Board

Karel Tejnora M.D. Member of the Supervisory Board

ABOUT THE COMPANY

Company shareholding structure

Českolipské teplo a.s. 94.99%

City of Česká Lípa 5.01%

**Profit from operations
for the accounting period** CZK 13,590 thousand

Total revenue CZK 165,960 thousand

Number of employees* 25

Installed heat/electricity output 78.95 MW/0 MW

CUSTOMERS

Supply of thermal energy to

Households 9,230

Tertiary sphere customers 58

ČESKOLIPSKÁ TEPLÁRENSKÁ a.s. was established by the City of Česká Lípa, as its sole founder, and registered on 22 February 1996. In 2001, the company joined the MVV Energie CZ Group. On 15 January 2009, the stake of MVV Energie CZ a.s. in the company was increased to a 94.99% majority.

The company supplies heat and hot water to over 9,000 households in the towns of Česká Lípa and Dubá. It also supplies schools, public authorities, shopping centres and other buildings. The district heating system covers over 50% of all households in both towns.

ČESKOLIPSKÁ TEPLÁRENSKÁ a.s. has carried out the renovation of the water treatment plant in the LOOS main boiler unit this financial year. The company also continued in the renovation of connectors and object delivery stations on the connected housing estates. Two central exchanger stations acquired a new electrical substation over the summer. In the off-heating season, the technology was thoroughly checked, including inspections, and the necessary repairs were carried out. This modernisation contributed to enhanced comfort regarding heat supply and distribution system effectiveness. In spring 2016, the company organized a competition for a year of free heat for its household customers. The winners of this competition saved over 30,000 CZK a year on heat.

ČESKOLIPSKÁ TEPLÁRENSKÁ provides long-term support for cultural and sporting activities in the city. The company provided significant support during the municipal festival and the *Ball in white*. During the year, support was also given to the hockey and floorball teams and a financial contribution was made to social services in Česká Lípa.

*Total headcount as of 30. 9. 2016 (not including members of the bodies of the company).

Českolipské teplo a.s.

Company name: Českolipské teplo a.s.
Registered office: Kutvirtova 339/5, 150 00 Praha 5
Company identification No.: 63149907
Tax identification No.: CZ63149907
Date of establishment: 11 September 1995

BODIES OF THE COMPANY

Board of Directors

Jitka Holčáková, MBA Chairman of the Board of Directors

Jan Sulík Vice-chairman
of the Board of Directors

Supervisory Board

Libor Žížala Chairman of the Supervisory Board

Jiří Koptík Member of the Supervisory Board

Through Českolipské teplo a.s., MVV Energie CZ a.s. manages its 94.99% stake in ČESKOLIPSKÁ TEPLÁRENSKÁ a.s.

ABOUT THE COMPANY

Company shareholding structure

MVV Energie CZ a.s. 100%

Profit from operations for the accounting period CZK 28,697 thousand

Total revenue CZK 48,634 thousand

e.services s.r.o.

Company name: e.services s.r.o.
Registered office: Oblouková 958/25, 405 02 Děčín I-Děčín
Company identification No.: 28748514
Tax identification No.: CZ28748514
Date of establishment: 10 October 2011

BODIES OF THE COMPANY

Executive managers, since 21 July 2016 Board of executive managers

Radomír Ondra	Executive manager, Chairman of the Board of executive managers since 21 July 2016
Jana Pěničková	Executive manager

Supervisory Board until 1 October 2015

Libor Žížala	Chairman of the Supervisory Board until 1 October 2015
Jiří Koptík	Member of the Supervisory Board until 1 October 2015
Jitka Kafková, MBA	Member of the Supervisory Board until 1 October 2015

The company e.services s.r.o. was established in October 2011 as a centre for shared services for the MVV Energie CZ Group.

During the period concerned the company provided accounting services, reporting and controlling and non-cash payments through direct e-banking.

The services were provided to the trading companies within the MVV Energie CZ Group.

ABOUT THE COMPANY

Company shareholding structure

MVV Energie CZ a.s.	100%
Profit from operations for the accounting period	CZK 162 thousand
Total revenue	CZK 10,694 thousand
Number of employees*	9

*Total headcount as of 30. 9. 2016 (not including members of the bodies of the company).



▶ 24 HOUR EMERGENCY SERVICE ◀



Company name: ENERGIE Holding a.s.
Registered office: Kutvirtova 339/5, 150 00 Praha 5
Company identification No.: 27594301
Tax identification No.: CZ27594301
Date of establishment: 27 September 2006

BODIES OF THE COMPANY

Board of Directors

Pavel Jonáš	Chairman of the Board of Directors since 4 April 2016, Vice-chairman of the Board of Directors until 4 April 2016
Petr Šimoník	Chairman of the Board of Directors until 4 April 2016
Petr Boukal	Vice-chairman of the Board of Directors since 1 August 2016
Jan Petránek	Member of the Board of Directors from 4 April 2016 until 1 August 2016

Supervisory Board

Jiří Koptík	Chairman of the Supervisory Board
Martin Drinka	Member of the Supervisory Board

ABOUT THE COMPANY

Company shareholding structure

MVV Energie CZ a.s.	100%
Profit from operations for the accounting period	CZK 61,583 thousand
Total revenue	CZK 278,246 thousand
Number of employees*	67
Installed heat/electricity output	102.66 MW/0.295 MW

CUSTOMERS

Supply of thermal energy to

Households	12,678
Industrial customers	5
Tertiary sphere customers	115

Supply of electricity to

Customers	1
Regional electric power distribution system	1

ENERGIE Holding a.s. supplies thermal energy in particular to households and tertiary sector customers in Litoměřice, Louny and Mimoň. ENERGIE Holding a.s. is also a producer of electric power in Mimoň.

The most significant investment activity in Litoměřice in the current financial year was the complete renovation of the air heater in the K4 boiler, which increased the reliability of the central distribution system. ENERGIE Holding continued in Louny this year with the replacement of heat meters with the possibility of radio reading. There has also been a general renovation of the smokestack in Mimoň. From the new heating season, the coal in this heating plant will be transferred into the boiler by a repaired conveyor.

This year, ENERGIE Holding supported the municipal festivals in Louny, Mimoň and Litoměřice. The company again partnered with the European Cup EHC (handcycling) in Louny and promoted a number of other activities for the residents of towns in which it provides heating services.

*Total headcount as of 30. 9. 2016 (not including members of the bodies of the company).



Company name: G-LINDE s.r.o.
Registered office: Kutvirtova 339/5, 150 00 Praha 5
Company identification No.: 24684538
Tax identification No.: CZ24684538
Date of establishment: 28 May 2010

BODIES OF THE COMPANY

Executive managers

Libor Stuchlík	Executive manager
Michal Chmela	Executive manager

Supervisory Board

	until 1 October 2015
Libor Žižala	Chairman of the Supervisory Board until 1 October 2015
Jiří Koptík	Vice-chairman of the Supervisory Board until 1 October 2015

G-LINDE s.r.o. was established on 28 May 2010 as a wholly owned subsidiary of MVV Energie CZ a.s. G-LINDE s.r.o. participated in the implementation of the COGEN II Project in Česká Lípa.

In the financial year 2015–2016, the company continued its reliable operation of the cogeneration unit installed in Česká Lípa.

ABOUT THE COMPANY

Company shareholding structure

MVV Energie CZ a.s.	100%
Profit from operations for the accounting period	CZK 1,793 thousand
Total revenue	CZK 13,057 thousand
Installed heat/electricity output	1.1 MW/0.971 MW



G-RONN

Company name: G-RONN s.r.o.

Registered office: Kutvirtova 339/5, 150 00 Praha 5

Company identification No.: 24679399

Tax identification No.: CZ24679399

Date of establishment: 28 May 2010

BODIES OF THE COMPANY

Executive managers

Libor Stuchlík Executive manager

Michal Chmela Executive manager

Supervisory Board

Libor Žížala Chairman of the Supervisory Board until 1 October 2015

Jiří Koptík Vice-chairman of the Supervisory Board until 1 October 2015

G-RONN s.r.o. was established on 28 May 2010 as a wholly owned subsidiary of MVV Energie CZ a.s. The company participated in the implementation of the COGEN II Project in Česká Lípa.

In the financial year 2015–2016, the company provided reliable operation of the cogeneration units installed in Česká Lípa and carried out maintenance work based on the number of operating hours.

ABOUT THE COMPANY

Company shareholding structure

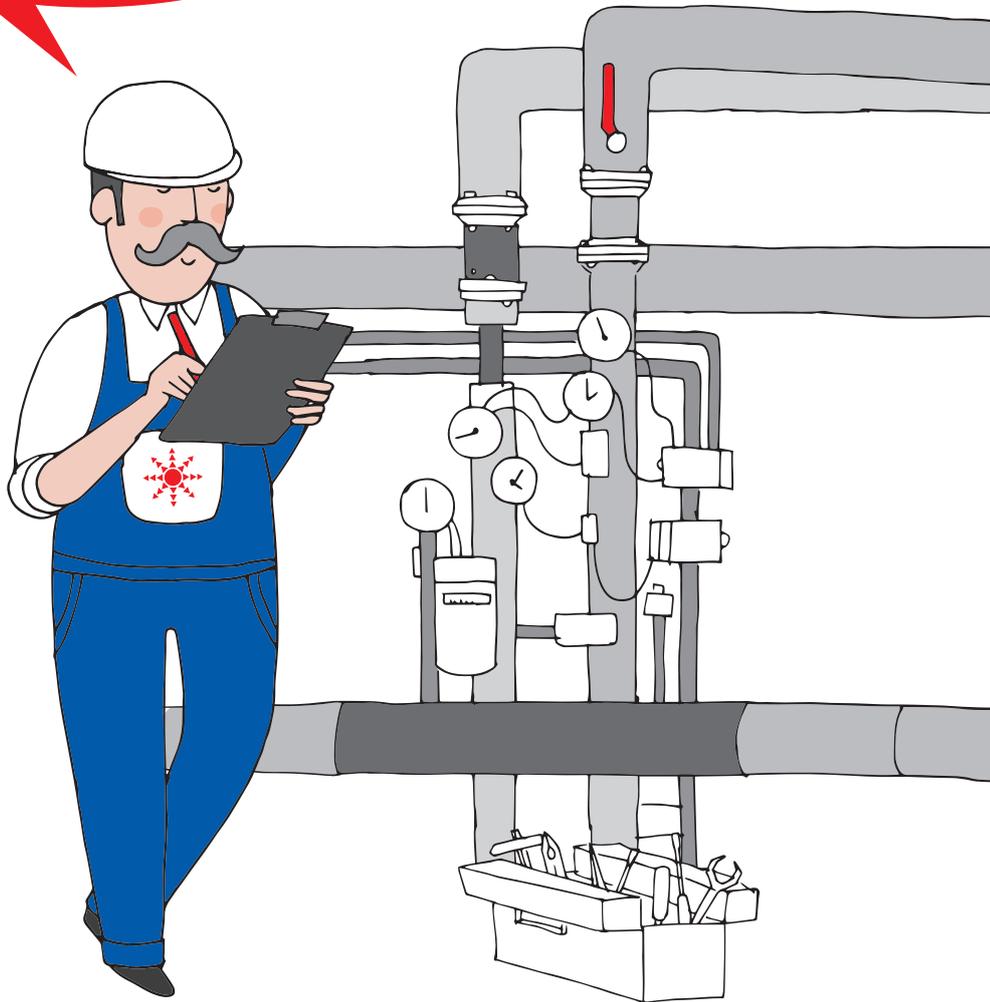
MVV Energie CZ a.s. 100%

Profit from operations for the accounting period CZK 10,687 thousand

Total revenue CZK 101,576 thousand

Installed heat/electricity output 11.552 MW/ 8.06 MW

WHEN MANAGEMENT
AND MAINTENANCE IS
TAKEN GOOD CARE OF,
WE CAN KEEP EVERYONE
WARM, AND THIS WARMS
OURS HEARTS.





Company name: IROMEZ s.r.o.
Registered office: Pod Náspem 2005, 393 01 Pelhřimov
Company identification No.: 24707341
Tax identification No.: CZ24707341
Date of establishment: 14 July 2010

BODIES OF THE COMPANY

Executive managers

Hana Zíková	Executive manager
Jaromír Prokop, MBA	Executive manager from 12 January 2016 until 30 September 2016
Bořivoj Kůla, MBA	Executive manager from 1 October 2015 until 12 January 2016

ABOUT THE COMPANY

Company shareholding structure

MVV Energie CZ a.s.	100%
Profit from operations for the accounting period	CZK 11,303 thousand
Total revenue	CZK 99,033 thousand
Number of employees*	30
Installed heat/electricity output	53.8 MW/1.21 MW

CUSTOMERS

Supply of thermal energy to

Households	3,111
Industrial customers	2
Tertiary sphere customers	34

Supply of electricity to

Regional electric power distribution system	1
--	---

IROMEZ s.r.o. was established in 2010 and provided business continuity for the company of the same name, which was legally established in 1992 when it purchased thermal energy management facilities from the City of Pelhřimov. Electric power has been generated in Pelhřimov through the incineration of biomass in a cogeneration unit since 1995. The original company became a member of the MVV Energie CZ Group in November 2009.

The company generates and supplies primarily thermal energy and electricity. In Pelhřimov it supplies heat to households, schools, nursery schools and buildings owned by the city and businesses. 96% of the heat is generated from biomass. Fuel oils constitute a supplementary type of fuel. Natural gas boilers are used as back-up sources. Electricity is generated in two back-pressure turbines in combination with thermal energy.

Among the most significant investment activities for the period of 2015–2016 are investments in the technology of the K2 boiler unit and the installation of new meters, including meters for remote reading. The company has also invested in exchanger stations where separators were placed, and also in technology required for manufacturing its own chips. At the end of the fiscal year, the company procured a new portable car wash unit which can be used not only by the customers to whom it supplies heat but also by the wider public.

This year the company once again sponsored cultural and sports events in Pelhřimov. The company has provided support to the *Poutník Fest*, *Integrated Rescue System Day* and *Nature Day 2016*. Support was also provided to local hockey and football teams.

*Total headcount as of 30. 9. 2016 (not including members of the bodies of the company).



Company name: OPATHERM a.s.

Registered office: Horní náměstí 283, 746 01 Opava

Company identification No.: 25385771

Tax identification No.: CZ25385771

Date of establishment: 21 November 1997

BODIES OF THE COMPANY

Board of Directors

Libor Stuchlík Chairman of the Board of Directors

Michal Chmela Vice-chairman of the Board of Directors

Supervisory Board

Jiří Koptík Chairman of the Supervisory Board

Libor Žížala Member of the Supervisory Board

OPATHERM a.s. was established as a private joint-stock company in 1997. In January 1998, the company took over the generation, distribution and supply of heat in Opava from the wound-up Městský podnik bytového hospodářství s.p. Since June 2001, OPATHERM a.s. has been a member of the MVV Energie CZ Group.

OPATHERM a.s. generates and supplies heat and hot water for the cities of Opava and Dolní Benešov. It also provides real estate lease services and a dispatching emergency service for real estate companies and associations of homeowners in Opava.

Two investment activities occurred in 2015–2016 in OPATHERM a.s.: the closure of the Holasická block boiler unit and the connection of its customers to the heat pipeline from the Hillova heating plant, and also the modernisation of the Olomoucká heating plant where boilers were exchanged and automatic unattended operation was introduced.

OPATHERM a.s. continued its long-term support of the football club Slezský fotbalový club Opava a.s. and a social event at the Edvard Beneš elementary school and the psychiatric hospital in Opava.

ABOUT THE COMPANY

Company shareholding structure

MVV Energie CZ a.s.	100%
Profit from operations for the accounting period	CZK 12,743 thousand
Total revenue	CZK 167,575 thousand
Number of employees*	52
Installed heat/electricity output	103.464 MW/0 MW

CUSTOMERS

Supply of thermal energy to

Households	9,951
Tertiary sphere customers / facilities	48/1

*Total headcount as of 30. 9. 2016 (not including members of the bodies of the company).



Company name: POWGEN a.s.
Registered office: Kutvirtova 339/5, 150 00 Praha 5
Company identification No.: 27928411
Tax identification No.: CZ27928411
Date of establishment: 31 July 2007

BODIES OF THE COMPANY

Board of Directors

Libor Stuchlík	Chairman of the Board of Directors
Michal Chmela	Vice-chairman of the Board of Directors

Supervisory Board

Jiří Koptík	Chairman of the Supervisory Board
Libor Žižala	Member of the Supervisory Board

ABOUT THE COMPANY

Company shareholding structure

MVV Energie CZ a.s.	100%
Profit from operations for the accounting period	CZK 23,892 thousand
Total revenue	CZK 219,335 thousand
Number of employees*	5
Installed heat/electricity output	27.108 MW/ 18.268 MW

CUSTOMERS

Supply of thermal energy to

Households	671
Industrial facilities	1
Tertiary sphere customers	9

Supply of electricity to

Customers	2
------------------	---

POWGEN a.s. was established on 31 July 2007 as a wholly owned subsidiary of MVV Energie CZ a.s.

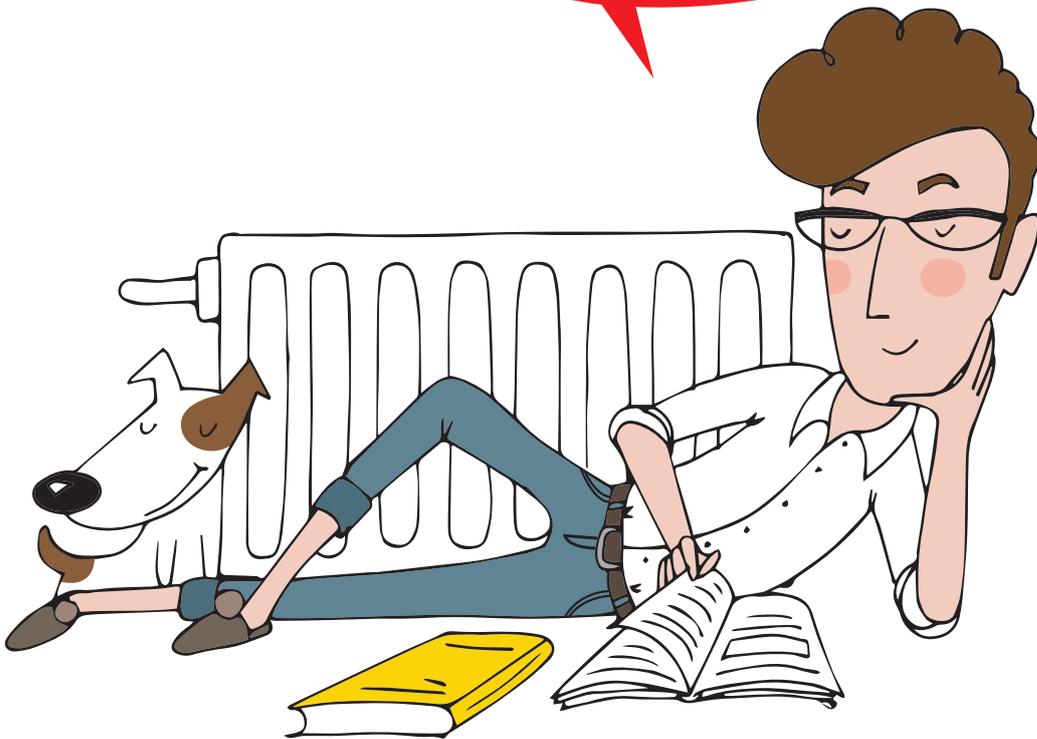
POWGEN a.s. especially provides electricity cogeneration based on gas engines in five cities served by the MVV Energie CZ Group. Since 1 April 2010 the company has been generating and distributing heat in Studénka, too.

In the financial year 2015–2016, the operating mode in Studénka heating plant was changed. Thanks to the modernisation implemented throughout the past year, operation monitoring could be changed to remote monitoring by Opava dispatching, and the Studénka heating plant switched to intermittent operation mode.

As in the past, POWGEN a.s. once again provided financial support for the municipal ball organized by SAK Studénka.

*Total headcount as of 30. 9. 2016 (not including members of the bodies of the company).

THIS IS PAPER, ALIK.
I USED TO GET PAPER
ENERGY BILLS IN THE
PAST, BUT THAT WAS
A LOONG TIME AGO.



▶ ELECTRONIC BILLING ◀



Company name: Teplárna Liberec, a.s.
Registered office: Dr. Milady Horákové 641/34a,
 Liberec IV-Perštýn, 460 01 Liberec
Company identification No.: 62241672
Tax identification No.: CZ62241672
Date of establishment: 13 February 1995

BODIES OF THE COMPANY

Board of Directors

Libor Žižala	Chairman of the Board of Directors
Jitka Holčáková, MBA	Vice-chairman of the Board of Directors
Pavel Bernát	Member of the Board of Directors
Filip Galnor	Member of the Board of Directors
Ondřej Petrovský	Member of the Board of Directors
Jan Vencour	Member of the Board of Directors from 16 June 2016 until 30 September 2016
Vladimír Pitín	Member of the Board of Directors until 16 June 2016

Supervisory Board

Jiří Koptík	Chairman of the Supervisory Board
Viktor Walter	Member of the Supervisory Board
Martin Hanke J.D.	Member of the Supervisory Board since 23 March 2016
Petr Šourek	Member of the Supervisory Board until 23 March 2016

ABOUT THE COMPANY

Company shareholding structure

ENERGIE Holding a.s.	70%
Statutory City of Liberec	30%
Profit from operations for the accounting period	CZK -21,057 thousand
Total revenue	CZK 454,022 thousand
Number of employees*	83
Installed heat/electricity output	181.48 MW/ 6.558 MW

CUSTOMERS

Supply of thermal energy to

Households	14,150
Industrial customers	12
Tertiary sphere customers	126

Supply of electricity to

Customers	1
------------------	---

The construction of the Liberec heat-generating plant was completed in 1976. The Teplárna Liberec, a.s. heating plant was founded in 1995 by Severočeské teplárny, a.s. and the City of Liberec. The last change in the shareholder structure took place on 4 January 2007, when 70% of the shares were purchased by ENERGIE Holding a.s., the legal successor of United Energy. The heating plant Teplárna Liberec, a.s. thus became a member of the MVV Energie CZ Group. The remaining 30% stake remains under the ownership of the Statutory City of Liberec.

The main business activities pursued by Teplárna Liberec, a.s. are the generation, distribution, purchase and sale of heat and electricity power as well as the sale of natural gas. The heating plant supplies thermal energy to the City of Liberec and Vratislavice nad Nisou (a former independent township), a municipal district of the City of Liberec, and electricity and natural gas to the plant for energy-efficient use of municipal waste (ZEVO). The district-heating plant is technologically connected with the plant for the energy-efficient use of municipal waste (ZEVO) from which the district-heating plant purchases energy and partly uses thermal energy for further generation as well.

In the financial year 2015–2016, the company performed a general repair of the rear of the combustion chamber of the K1 boiler pressure unit, painting part of the central supply gas pipeline and painting part of the external surface of the smokestack. In the off-heating season the company replaced the burner of the K14 boiler, installed new automated chokes, which are involved in water treatment, and continued with the implementation of noise protection measures. Preparations continued for the GreenNet project, which involves the replacement of the steam pipelines and renovation of the heat supply network in the coming years.

This year, the Teplárna Liberec heating plant again provided support to a number of smaller cultural and social projects. The company also continued its cooperation with the Theatre of F. X. Šalda. The cultural life in the city was enriched by the Liberec Kino project, which aimed to bring people back to the city centre, and by the human rights film festival *One World*. A contribution was also provided to the water scouts and to the Ještěd choir.

*Total headcount as of 30. 9. 2016 (not including members of the bodies of the company).



Company name: TERMIZO a.s.
Registered office: Dr. Milady Horákové 571/56, 460 06 Liberec 7
Company identification No.: 64650251
Tax identification No.: CZ64650251
Date of establishment: 19 February 1996

BODIES OF THE COMPANY

Board of Directors

Pavel Bernát	Chairman of the Board of Directors
Vladimír Pitín	Vice-chairman of the Board of Directors until 18 July 2016
Jan Vencour	Member of the Board of Directors from 18 July 2016 until 30 September 2016

Supervisory Board

Jiří Koptík	Chairman of the Supervisory Board
Libor Žížala	Member of the Supervisory Board

ABOUT THE COMPANY

Company shareholding structure

MVV Energie CZ a.s.	100%
Profit from operations for the accounting period	CZK 54,118 thousand
Total revenue	CZK 286,689 thousand
Number of employees*	39
Installed heat/electricity output	38.33 MW/ 4.54 MW

CUSTOMERS

Supply of thermal energy to

Industrial customers	1
-----------------------------	---

Supply of electricity to

Customers	1
------------------	---

The construction of the waste-to-energy facility in Liberec commenced in 1996. Construction of the plant for energyefficient use of municipal waste was financed by TERMIZO a.s. which, on 29 March 1996, merged with SMOZKO, an interest association of legal entities operating in the same area. TERMIZO a.s. became a member of MVV Energie CZ Group in July 2011.

Since 1999, the company has utilised municipal waste for the waste-to-energy generation of heat and electricity for households and companies in Liberec. The facilities of TERMIZO a.s. are technologically connected to Teplárna Liberec, a.s.

Among the biggest investment activities of the company in the financial year 2015–2016 were the replacement of the membrane walls in the second boiler draft, the modernisation of the pressure reducing station management system, and the renovation of the second section of the electric filter. The flowrate of the steam condenser has been increased in order to increase electric energy production and to stabilize the boiler output in summer months.

This year, TERMIZO a.s. again provided support to the community garden Zahrada Liberec, which focuses on urban gardening, the use of biowaste, and educational activities. A project associated with regional rivers also received a grant – cleaning the Smědá river meanders under the auspices of the Jizersko-ještědský mountain club and the NISAMARATHON boating race which ends by exiting the river at Trojzemí. The company has also provided a contribution for organizing sports and cultural events for youth and the elderly.

*Total headcount as of 30. 9. 2016 (not including members of the bodies of the company).



Company name: TERMO Děčín a.s.

Registered office: Oblouková 958/25, 405 02
Děčín I-Děčín

Company identification No.: 64050882

Tax identification No.: CZ64050882

Date of establishment: 29 November 1995

BODIES OF THE COMPANY

Board of Directors

Pavel Jonáš	Chairman of the Board of Directors since 5 April 2016, Vice-chairman of the Board of Directors until 5 April 2016
Petr Šimoník	Chairman of the Board of Directors until 4 April 2016
Jan Sulík	Vice-chairman of Board of Directors since 5 April 2016

Supervisory Board

Libor Žížala	Chairman of the Supervisory Board
Jiří Koptík	Vice-chairman of the Supervisory Board
Hynek Plachý	Member of the Supervisory Board

ABOUT THE COMPANY

Company shareholding structure

MVV Energie CZ a.s.	96.91%
Statutory City of Děčín	3.09%
Profit from operations for the accounting period	CZK 24,630 thousand
Total revenue	CZK 245,973 thousand
Number of employees*	36
Installed heat/electricity output	100.692 MW/ 12.215 MW

CUSTOMERS

Supply of thermal energy to

Households	9,309
Industrial facilities	1
Tertiary sphere customers	139

Supply of electricity to

Regional electric power distribution system	1
--	---

TERMO Děčín a.s. was established by its sole shareholder, the City of Děčín, in 1995. In May 2000, MVV Energie CZ a.s. became its strategic partner. Since August 2005 MVV Energie CZ a.s. has had a 96.91% majority share in TERMO Děčín a.s., with the Statutory City of Děčín retaining a minority share of 3.09%.

TERMO Děčín a.s. generates and supplies heat and hot water for the cities of Děčín and Jílové. Natural gas and geothermal water are the sole sources. Using a geothermal source as fuel for the central supply of heat is unique in the Czech Republic. In 2012, the central source of heat on Benešovská Street, using geothermal energy, won the *Project of the Decade award*, based on a survey of professional journalists organized by the Association for District Heating of the Czech Republic.

TERMO Děčín a.s. supplies heat from five central sources of thermal energy, one block boiler unit, and also nineteen house gas boiler units. The company also supplies treated water to the municipal technical services for the needs of the city and other legal entities.

The Company has offered its customers new extended contracts with a better deal. Loyal customers can thus enjoy long-term assurance of our comprehensive service under favourable conditions. The heat supply from our heating plant includes customer service and advice, a non-stop emergency call-out service, maintenance of heat distribution equipment and the option of electronic billing.

In the financial year 2015–2016, TERMO Děčín a.s. implemented several major investments. The biggest investments focused on the renewal of production equipment. The company has performed general maintenance of the cogeneration unit at CZT Benešovská and commenced installation of a new cogeneration unit at CZT Želenice, which is to replace the old one whose lifetime has expired. In the distribution of thermal energy, the company renovated the distribution system and installed additional compact delivery stations in seven supply buildings at VS 2 Želenice. This investment will allow the customers and end consumers concerned to control the supply of thermal energy according to their individual needs, thereby increasing the user comfort of the supply from heat supply systems.

*Total headcount as of 30. 9. 2016 (not including members of the bodies of the company).



Company name: Zásobování teplem Vsetín a.s.
Registered office: Jiráskova 1326, 755 01 Vsetín
Company identification No.: 45192588
Tax identification No.: CZ45192588
Date of establishment: 6 May 1992

BODIES OF THE COMPANY

Board of Directors

Michal Chmela	Chairman of the Board of Directors
Petr Heindel	Vice-chairman of the Board of Directors

Supervisory Board

Libor Žižala	Chairman of the Supervisory Board
Jiří Koptík	Member of the Supervisory Board

ABOUT THE COMPANY

Company shareholding structure

MVV Energie CZ a.s.	100%
Profit from operations for the accounting period	CZK 36,294 thousand
Total revenue	CZK 390,614 thousand
Number of employees*	84
Installed heat/electricity output	140.077 MW/ 4.685 MW

CUSTOMERS

Supply of thermal energy to

Households	8,289
Industrial customers	29
Tertiary sphere customers	67

Supply of electricity to

Customers	125
------------------	-----

Water supply and sewerage to

Households	3,106
Industrial customers	42
Tertiary sphere customers	105

Electronic communications services to

Customers	93
------------------	----

The joint stock company Zásobování teplem Vsetín was established in May 1992 by the National Property Fund of the Czech Republic. Since March 2000 it has been a member of MVV Energie CZ. Since 18 August 2012, MVV Energie CZ has held 100% of its shares.

Zásobování teplem Vsetín a.s. supplies the city of Vsetín and the Jasenice industrial facility in Vsetín with thermal energy. The main source in the central heat supply system is Jiráskova heating plant which also cogenerates electricity. From there electricity is supplied to several local distribution systems and part of it is supplied to the distribution network. Heat generation capacity was also boosted by the Ohrada heating plant. The company also uses two local boiler units. In addition, the company supplies the Jasenice industrial facility with drinking water, provides waste and rainwater disposal and telecommunications services. Since 1 April 2011, the company has also supplied drinking water in Studénka, where it also removes and treats waste water.

In the financial year 2015–2016 the company implemented several investments, in particular in the area of heat distribution networks. Reconstruction was performed on the heat distribution systems in Trávníky II and Luh V and new object delivery stations were installed. These allow each building to individually set and control their heating requirements, which increases convenience to end consumers. In the area of the production and sale of electricity, the company invested in the expansion of the transformer station in Jablůnka, which in the future will enable the further increase of electricity distribution in this area. In the Jasenice area, the company carried out the relaying of distribution networks for the expanding Trimill company, which paid for this investment.

The company Zásobování teplem Vsetín held an Open Day in May 2016. During the Open Day, nearly 200 young and old visitors visited the premises of the Jiráskova heating plant. During May and June 2016, a competition for household customers for free heat was held.

This year, Zásobování teplem Vsetín a. s. has again provided support to sporting, cultural and social projects and provided grants to Charity Vsetín, Vsetín Cultural Centre (on the occasion of the International Folklore Festival Vsetínský krpec 2016), Prohelp, SAK Studénka, the Vsetín Voluntary Fire-fighter Unit, the ice hockey club Valašský hokejový klub Vsetín as well as others.

*Total headcount as of 30. 9. 2016 (not including members of the bodies of the company).

06 COMPLIANCE

The Compliance Management System (hereinafter the CMS) defines and provides guidance on compliance with the ethical and legal rules of conduct of MVV Energie CZ a.s. (hereinafter the Company) and all its employees not only in business, but also in other areas of the activity and existence of the Company. These voluntarily adopted rules form an integral part of the Company's corporate culture. The system is also applied in all MVV Energie CZ Group companies.

The Compliance Management System has been in operation in MVV Energie CZ a.s. since 1 October 2013. To ensure that the system operates smoothly, the Company uses a structure of internal guidelines on the basis of which the rules are applied within the Company.

The Company's Compliance Management System includes in particular the following areas of activity:

- ▶ economic competition,
- ▶ financial and tax matters,
- ▶ employee relations, including equal opportunities,
- ▶ data protection,
- ▶ occupational health and safety,
- ▶ environmental protection,
- ▶ combating corruption.

In order to comply with all the values mentioned above within the framework of the CMS, the MVV Energie CZ Group has a shared position of Compliance Manager, who provides for supervision over compliance with the CMS rules in all MVV Energie CZ Group companies, including MVV Energie CZ a.s. At the same time, the Compliance Manager takes the necessary measures to remedy the situation if the rules are violated.

Any employee of MVV Energie CZ a.s., as well as any other person, is entitled to report any actual or suspected breach of the obligations and guidelines contained in the CMS via a hotline set up as part of the CMS in MVV Energie CZ Group, using the email address compliance@mvv.cz. The Compliance Manager is responsible for the operation of this hotline and for ensuring the confidentiality of communication and processing of each notification made via the hotline.

MVV Energie CZ a.s. may also use the Equal Treatment Manager and the Data Protection Manager, established as part of the CMS within the MVV Energie CZ Group. The Equal Treatment Manager supervises compliance with the fundamental principles and rules of equal treatment and protects against discrimination in all Group companies, including MVV Energie CZ a.s., and settles notifications received with regards to potential breaches of the principles of equal treatment and protection against discrimination. The Data Protection Manager's key responsibilities include supervision over compliance with the internal system of data protection and security in the MVV Energie CZ Group, supervision over compliance with the deployed internal systems, rules and regulations and the settlement of notifications received with regards to potential breaches of data protection and the processing or unauthorized use thereof.

CONTENTS

Financial Section	
Board of Directors' Report	41
Financial Report	42
Supervisory Board's Report	43
Independent Auditor's Report	44
Financial Statements	46
Report on Relations	65
Consolidated Group's Results	82
Events after the Reporting Period	86

01 BOARD OF DIRECTORS' REPORT FOR MVV ENERGIE CZ a.s.

on business activity of the Company for the financial
year 2015–2016 (October 2015 – September 2016)

MVV Energie CZ a.s. operates in the energy sector, primarily in the provision of district heating. In addition to supplying thermal energy, the Company focuses on the combined generation of electric power and thermal energy. The Company is also active in the area of municipal solid waste utilization for the generation of energy through its subsidiary TERMIZO a.s. in Liberec. The business activities of the Company in the energy sector have remained unchanged during the completed financial year.

The primary mission of the Company is the management of ownership interests in subsidiaries, the provision of selected services to the subsidiaries (e.g. information technology services) and the provision of energy services particularly through EPC (Energy Performance Contracting) to companies outside the Group. The main business activities of the subsidiaries are the generation and distribution of thermal energy. In some subsidiaries, this is supplemented by the operation of plants and the generation of power from the energy-efficient use of municipal waste, as well as facilities approved for waste co-incineration.

As of 1 October, the organizational structure of the Company has changed. The newly established section of Strategy and development focuses on future possibilities of development for the Group in the fast-paced energy industry. The structure is thus composed of four sections and two divisions, the Information system and technology division and the Energy services division. The Board of Directors of the Company consists of two members: Jiří Koptík and Libor Žížala.

During the year, there were intensive discussions on the possible form of the future development of the heat supply system in Liberec with representatives of the Statutory City of Liberec. Various options were analysed. The options currently under discussion focus on the streamlining of the thermal energy supply by optimizing the dimensions of the distribution facilities, upgrading the source base and expanding electricity generation. The negotiations were still in progress way at the end of the financial year.

On 2 May 2016, voluntary liquidation of the MVV enservis a.s., v likvidaci, was completed. All maintenance and repairs have been returned to the individual companies of the Group. There continues to be evidence that frequent communication between the technical and sales department and customers has a very positive impact on overall customer satisfaction.

The quality and safety of heat and electricity supplies remains a priority for companies within MVV Energie CZ Group. An active approach to customers is essential – the supply of heat from our heating plants constitutes a comprehensive service. Customer services and consultancy, the provision of non-stop emergency services to the system control centre, and the management and maintenance of heat generation and distribution facilities, are all integral parts of heat supply. A survey of customer expectations by the Group continued in the financial year 2015–2016 to allow us to better listen to their needs and develop customer support. The Group has also implemented a loyalty scheme with a rewarding long-term contracts.

In connection with legislative changes effective as of 1 January 2014, the sole shareholder of MVV Energie CZ a.s. decided, as of 9 October 2015, to adopt a full new version of its Articles of Association, taking advantage of the new legislative options of corporate management. All companies of MVV Energie CZ Group, with the exception of the heating plant Teplárna Liberec, have proceeded with the same change of their founding documentation. The changes to the Articles of Association did not alter the mode of operation with regards to Corporate Governance. All essential aspects of the operation of MVV Energie CZ a.s. will still be dealt with, approved by and subject to decision by the Company's sole shareholder. The Company has also, by effecting changes to its statutes, complied with the requirements under the Business Corporations Act.

The Board of Directors is not only focused on the achievement of the projected financial results of MVV Energie CZ a.s. but also, above all, on the consolidated financial results of the Group. The Financial Report of the company forms a separate part of the Annual Report and also addresses company assets. For the closed financial year 2015–2016, the MVV Energie CZ Group generated a consolidated operating result of CZK 379 million, as reported in accordance with the accounting policies of the MVV AG Group based on International Financial Reporting Standards. The result complies with expectations and fulfilled the financial plan for the year.

All the companies of the MVV Energie CZ Group try to conduct their business with the minimum impact on the environment. With regards to thermal energy generation this involves, for example, the use of suitable fuel (natural gas, geothermal source, biomass), installation of equipment which minimizes the impact of the burning of fossil fuels and, above all, combined heat and power generation (cogeneration) maximising fuel efficiency. Another positive impact on the environment results from the implementation of EPC projects, which improve energy performance in terms of heating, thereby saving energy.

Prague, 31 October 2016



Jiří Koptík
Chairman of the Board of Directors



Libor Žížala
Member of the Board of Directors

02 FINANCIAL REPORT

In the financial year 2015–2016, MVV Energie CZ a.s. achieved a net profit before taxation from operations of over CZK 108 million. Compared to 2014–2015, the income from operations was CZK 140 million lower. The main reason was a lower income from interests in controlled entities. This was caused by many factors: e.g. winters with repeatedly higher average temperatures, a decrease in sale prices on energy markets, and for some companies also by preparation for the upcoming investments in ecologization and modernization of production and distribution facilities. During 2014–2015, in the case of some companies, the distribution of gains accumulated for multiple periods also contributed to the higher difference between the two years.

The Company's operational result reported a slight profit amounting to CZK 3 million. Compared to 2014–2015, on the contrary, this indicator was higher primarily as a result of the release of reserves created in the past in connection with the winding up of the activities of the subsidiary MVV enservis a.s., v likvidaci. The operation of this company was properly terminated in the form of a voluntary liquidation during the course of the 2015–2016 financial year. This step was decided already in 2013 in connection with the operational optimization of the intra-group maintenance arrangement and realization of small investments. All activities of the original MVV enservis (hereinafter only the Enservis) were transferred to other equity during this period where they continue being fully implemented.

In the area of energy services, the above-average results from last year were not repeated, the planned performance, however, has been met. The added optimization measures implemented on running projects and the additional services offered to our customers significantly contributed to this.

Other positive influences were extra profits and revenue which provided a contribution in the amount of over CZK 2 million. In contrast, there was a year-on-year decrease in the volume of sales of centrally provided fuels to companies with an ownership interest. This was in part caused by the prevalently warm weather last winter.

The financial result, less the income from equity and expenses connected with the voluntary termination of activities of the Enservis subsidiary, is approximately 2 million lower, and this is primarily a result of the further decline in interest rates compared to last year.

Overall total assets show a year-on-year increase of CZK 56 million to a total of nearly CZK 2.5 billion. An essential reason for this was, in addition to the positive income from operations, is the increased value of ownership interests reported in the Company's equity capital.

MVV Energie CZ a.s. has therefore confirmed its stability and preparedness for the further development of its business.

Index (in thousands of CZK)	Financial year		
	2015–2016	2014–2015	2013–2014*
Sales	117,452	169,965	163,924
Earnings before taxes (EBT)	108,250	249,941	389,692
Total assets	2,486,315	2,429,835	2,303,223
Liabilities	36,691	46,931	57,900
Debt ratio (external financial resources / liabilities)	1.48%	1.93%	2.51%

*In the period 2013–2014, additional revenue was reported from the sale of the company's business share in Jablonecká teplárenská a realitní, a.s.

03 SUPERVISORY BOARD'S REPORT OF MVV ENERGIE CZ a.s.

for the fiscal year 2015–2016
(October 2015 – September 2016)

In the accounting period 2015–2016 the personnel change in the Supervisory Board took place: Dr. iur. Martin Auer resigned from his position as a Member of the Supervisory Board on 9 October 2015. The Supervisory Board consisted of these four members from 9 October 2016: Udo Bekker, Chairman of the Supervisory Board, Mr. Ralf Klöpfer, Member of the Supervisory Board, Dr. Hansjörg Roll, Member of the Supervisory Board, Daniela Kirchner, Member of the Supervisory Board. Mr. Udo Bekker resigned from his position as the Chairman of the Supervisory Board as of 30 September 2016.

The Supervisory Board of MVV Energie CZ a.s. has continued to perform the tasks pertaining to it under legislation and the Articles of Association of MVV Energie CZ a.s. As the corporate supervisory body, it has supervised the performance of the Board of Directors, as well as the company's business and economic activities.

During the fiscal year 2015–2016 the Supervisory Board met three times – on 9 October 2015 in Prague, 7 December 2015 in Mannheim and 13 May 2016 in Mannheim.

The Supervisory Board was regularly informed about the company's activities, its financial situation and other substantial matters, including those relating to the other companies that make up the MVV Energie CZ Group.

Among other things, the Supervisory Board:

- ▶ Took note of the financial statement of MVV Energie CZ a.s. for the fiscal year 2014–2015 and recommended its approval to the sole shareholder.
- ▶ Approved the financial plan of the MVV Energie CZ Group for the fiscal year 2015–2016 and recommended its approval to the sole shareholder.
- ▶ Recommended approval of the auditor for the fiscal year 2015–2016 to the sole shareholder.

In accordance with the law, the Supervisory Board reviewed the regular final accounts and consolidated final accounts as on 30 September 2016. It was concluded that the accounting records and books had been maintained in a probative way in accordance with accounting regulations and that the final accounts truly and fairly reflect the financial situation of MVV Energie CZ a.s., respectively the consolidated unit of MVV Energie CZ a.s. as on 30 September 2016.

The audit of the final accounts was conducted by PricewaterhouseCoopers Audit, s.r.o. The auditors confirmed that it was their opinion that the final accounts were completed in accordance with Czech accounting legislation and that they provide a true and fair picture of the financial situation of MVV Energie CZ a.s. as on 30 September 2016. This confirmation also applies to the reporting of the consolidated final accounts of the international concern MVV Energie AG (in accordance with the IFRS as adopted by the EU). The Supervisory Board acknowledged the auditor's opinion.

The Supervisory Board also reviewed the proposal of the Board of Directors with regards to the distribution of profits earned in the accounting year 2014–2015.

On the basis of the above, the Supervisory Board recommended the consolidated final accounts for the accounting period 2015–2016 for approval by the sole shareholder and accepted the proposal of the Board of Directors for the distribution of profits.

The Supervisory Board would hereby like to thank the Board of Directors and all employees for their continued efforts and commitment throughout the fiscal year 2015–2016.

Mannheim, 8 December 2016



Ralf Klöpfer
Chairman of the Supervisory Board

04 INDEPENDENT AUDITOR'S REPORT

to the shareholder of MVV Energie CZ a.s.



We have audited the accompanying financial statements of MVV Energie CZ a.s., identification number 49685490, with registered office at Kutvirtova 339/5, Praha 5 (“the Company”), which comprise the balance sheet as at 30 September 2016, the income statement, statement of changes in equity and cash flow statement for the year then ended and notes, including a summary of significant accounting policies and other explanatory information (“the financial statements”).

Statutory Body’s Responsibility for the Financial Statements

The Statutory Body is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation, and for such internal control as the 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 the Act on Auditors of the Czech Republic, International Standards on Auditing and the related application 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 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 Company’s preparation of the financial statements that give a true and fair view 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 Company’s internal control. An audit also includes evaluating the appropriateness of the 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 September 2016, its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.



Other information

The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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 is not materially inconsistent with the financial statements or our knowledge about the Company obtained in the course of the audit of the financial statements, whether the annual report was prepared in compliance with legal requirements, and whether the other information does not appear to be otherwise materially misstated. If, based on the work we have performed, we conclude that the aforementioned requirements of the other information are not met, we are obliged to report that fact herein.

We have nothing to report in this regard.

8 December 2016

PricewaterhouseCoopers Audit, s.r.o.
represented by

A handwritten signature in black ink, appearing to be 'T. Bašta'.

Tomáš Bašta
Partner

A handwritten signature in black ink, appearing to be 'Kateřina Trombalová'.

Kateřina Trombalová
Statutory Auditor, Evidence No. 2370

PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Evidence No 021.

Note: Our report has been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.

05 FINANCIAL STATEMENTS

BALANCE SHEET

{ for the year ended 30 September 2016 in thousands CZK
current period from 1. 10. 2015 until 30. 9. 2016,
previous period from 1. 10. 2014 until 30. 9. 2015 }

Ref.	ASSETS	Current period			Previous period
		Gross	Provision	Net	Net
	TOTAL ASSETS	2,545,848	-59,533	2,486,315	2,429,835
B.	Fixed assets	2,098,944	-58,923	2,040,021	1,892,418
B. I.	Intangible fixed assets	41,214	-33,999	7,215	9,073
B. I. 1.	Software	39,892	-33,858	6,034	7,491
	2. Royalties	141	-141	0	0
	3. Intangible fixed assets in the course of construction	1,181	0	1,181	1,582
B. II.	Tangible fixed assets	17,698	-12,924	4,774	3,513
B. II. 1.	Equipment	17,484	-12,924	4,560	2,507
	2. Tangible fixed assets in the course of construction	214	0	214	1,006
B. III.	Long-term investments	2,040,032	-12,000	2,028,032	1,879,832
B. III. 1.	Investments in subsidiaries	2,040,032	-12,000	2,028,032	1,879,832
C.	Current assets	446,108	-610	445,498	536,418
C. I.	Inventories	27,191	0	27,191	27,227
C. I. 1.	Goods for resale	27,191	0	27,191	27,227
C. II.	Long-term receivables	11,822	0	11,822	18,253
C. II. 1.	Trade receivables	7,326	0	7,326	13,749
	2. Deferred tax asset	4,496	0	4,496	4,504
C. III.	Short-term receivables	28,652	-610	28,042	36,465
C. III. 1.	Trade receivables	7,008	-610	6,398	12,182
	2. Taxes - receivables from the state	1,030	0	1,030	2,925
	3. Short-term advances paid	3,947	0	3,947	3,670
	4. Estimated receivables	16,667	0	16,667	17,583
	5. Other receivables	0	0	0	105
C. IV.	Financial assets	378,443	0	378,443	454,473
C. IV. 1.	Cash in hand	131	0	131	237
	2. Cash at bank	378,312	0	378,312	454,236
D. I.	Prepayments and accrued income	796	0	796	999
D. I. 1.	Prepaid expenses	796	0	796	999

Note: The financial statements have been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over the English version.

Ref.	LIABILITIES AND EQUITY	Current period	Previous period
	TOTAL LIABILITIES AND EQUITY	2,486,315	2,429,835
A.	Equity	2,449,041	2,382,598
A. I.	Share capital	720,000	720,000
A. I. 1.	Share capital	720,000	720,000
A. II.	Capital contributions	1,299,195	1,150,995
A. II. 1.	Other capital contributions	571,001	571,001
	2. Assets and liabilities revaluation	728,194	579,994
A. III.	Other reserves	0	85,354
A. III. 1.	Reserve fund	0	85,354
A. IV.	Retained earnings / Accumulated losses	321,604	173,692
A. IV. 1.	Retained earnings	321,604	173,692
A. V.	Profit / (loss) for the current period	108,242	252,557
B.	Liabilities	36,691	46,931
B. I.	Provisions	9,256	18,371
B. I. 1.	Other provisions	9,256	18,371
B. III.	Short-term liabilities	27,435	28,560
B. III. 1.	Trade payables	4,986	7,672
	2. Short-term advances received	1,084	910
	3. Estimated payables	21,365	19,978
C. I.	Accruals and deferred income	583	306
C. I. 1.	Accrued expenses	571	294
	2. Deferred income	12	12

INCOME STATEMENT

{ financial year 2015–2016 as at 30 September 2016 in thousands CZK
current period from 1. 10. 2015 until 30. 9. 2016,
previous period from 1. 10. 2014 until 30. 9. 2015 }

Ref.	DESCRIPTION	Current period	Previous period
I.	Sales of goods	57,884	69,787
A.	Cost of goods sold	53,056	63,637
+	Gross profit	4,828	6,150
II.	Sales of production	59,097	85,784
II. 1.	Sales of own products and services	59,097	100,178
2.	Changes in inventories of finished goods and work in progress	0	-14,394
B.	Cost of sales	35,590	52,241
B. 1.	Raw materials and consumables used	2,819	1,876
2.	Services	32,771	50,365
+	Added value	28,335	39,693
C.	Staff costs	39,386	37,259
C. 1.	Wages and salaries	20,860	21,005
2.	Emoluments of board members	9,225	7,205
3.	Social security and health insurance costs	8,596	8,345
4.	Other social costs	705	704
D.	Taxes and charges	66	56
E.	Depreciation and amortisation expense	5,876	6,970
III.	Sales of fixed assets and raw materials	471	0
III. 1.	Sales of fixed assets	471	0
F.	Net book value of fixed assets and raw materials sold	117	0
F. 1.	Net book value of fixed assets sold	117	0
G.	Changes in operating provisions and complex prepaid expenses	-20,259	6,737
IV.	Other operating income	2,455	64,640
H.	Other operating expenses	3,035	60,958
*	Operating result	3,040	-7,647
VII.	Income from long-term investments	116,173	255,087
VII. 1.	Income from investments in subsidiaries and associates	116,173	255,087
X.	Interest income	1,529	3,051
XI.	Other financial income	3	58
O.	Other financial expenses	12,495	608
*	Financial result	105,210	257,588
Q.	Tax on profit or loss on ordinary activities	8	-2,616
1.	– deferred	8	-2,616
**	Profit or loss on ordinary activities after taxation	108,242	252,557
***	Net profit / (loss) for the financial period	108,242	252,557
****	Net profit / (loss) before taxation	108,250	249,941

CASH FLOW STATEMENT

{ financial year 2015–2016 as at 30 September 2016 in thousands CZK
current period from 1. 10. 2015 until 30. 9. 2016,
previous period from 1. 10. 2014 until 30. 9. 2015 }

	Current period	Previous period
Cash flows from operating activities		
Net profit on ordinary activities before tax	108,250	249,941
A.1 Adjustments for non-cash movements:		
A.1.1 Depreciation/amortisation of fixed assets	5,876	6,970
A.1.2 Changes in provisions	-20,259	6,737
A.1.3 Profit/loss from disposal of fixed assets	-354	0
A.1.4 Dividends and profit distribution income	-116,173	-255,087
A.1.5 Net interest income	-1,529	-3,051
A.1.6 Other non-cash movements	11,150	1,854
A* Net cash flow from operating activities before tax and changes in working capital	-13,039	7,364
A.2 Working capital changes:		
A.2.1 Changes in receivables and prepayments and accrued income	15,029	36,625
A.2.2 Changes in short-term payables, accrued expenses and deferred income	363	-14,733
A.2.3 Changes in inventories	36	17,048
A** Net cash flow from operating activities before tax	2,389	46,304
A.4 Interest received	1,497	3,119
A.5 Income tax on ordinary activities paid	55	2,185
A.7 Dividends and profit distribution received	116,173	255,087
A*** Net cash flow from operating activities	120,114	306,695
Cash flows from investing activities		
B.1 Acquisition of fixed assets	-6,615	-9,115
B.2 Proceeds from the sale of fixed assets	471	0
B*** Net cash flow from investing activities	-6,144	-9,115
Cash flows from financing activities		
C.2 Changes in equity:		
C.2.6 Profit distribution paid	-190,000	-190,000
C*** Net cash flow from financing activities	-190,000	-190,000
Net (decrease)/increase in cash and cash equivalents	-76,030	107,580
Cash and cash equivalents as at the beginning of the year	454,473	346,893
Cash and cash equivalents as at the end of the year	378,443	454,473

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

{ financial year 2015–2016 as at 30 September 2016 in thousands CZK
current period from 1. 10. 2015 until 30. 9. 2016,
previous period from 1. 10. 2014 until 30. 9. 2015 }

	Share capital	Reserve fund	Other capital funds	Revaluation reserve	Retained earnings	Total
As at 1 October 2014	720,000	66,220	571,001	504,189	382,826	2,244,236
Fair value gains – Investments in subsidiaries/associates	0	0	0	75,805	0	75,805
Contributions to reserve fund	0	19,134	0	0	-19,134	0
Dividends paid	0	0	0	0	-190,000	-190,000
Net profit for the current period	0	0	0	0	252,557	252,557
As at 30 September 2015	720,000	85,354	571,001	579,994	426,249	2,382,598
Fair value gains – Investments in subsidiaries/associates	0	0	0	148,200	0	148,200
Transfer of reserve fund to retained earnings	0	-85,354	0	0	85,354	0
Dividends paid	0	0	0	0	-190,000	-190,000
Net profit for the current period	0	0	0	0	108,242	108,242
Rounding	0	0	0	0	1	1
As at 30 September 2016	720,000	0	571,001	728,194	429,846	2,449,041

NOTES TO THE FINANCIAL STATEMENTS

{ financial year 2015–2016 as at 30 September 2016 in thousands CZK
 current period from 1. 10. 2015 until 30. 9. 2016,
 previous period from 1. 10. 2014 until 30. 9. 2015 }

► 1. GENERAL INFORMATION

1.1. INTRODUCTORY INFORMATION ABOUT THE COMPANY

MVV Energie CZ a.s. (“the Company”) was incorporated on 6 October 1993 and has its registered office at Kutvirtova 339/5, 150 00 Prague 5. The Company is registered in the Commercial Register under file number Section B, insert 14942 kept by the Municipal Court in Prague. The identification number of the Company is 49685490. The main business activities of the holding company are services in the field of technical and economic advisory and the implementation of energy saving projects.

The Members of the Board of Directors as at 30 September 2016 and 2015 were as follows:

Name	Position
Jiří Koptík	Chairman
Libor Žížala	Member

The Members of the Supervisory Board as at 30 September 2016 were as follows:

Name	Position
Udo Bekker	Chairman
Ralf Klöpfer	Member
Dr. Hansjörg Roll	Member
Daniela Kirchner	Member

As at 9 October 2015 Martin Auer ceased to be a Member of the Supervisory Board. This change was written into the Commercial Register on 15 October 2015.

The Members of the Supervisory Board as at 30 September 2015 were as follow:

Name	Position
Udo Bekker	Chairman
Martin Auer	Member
Dr. Hansjörg Roll	Member
Ralf Klöpfer	Member
Daniela Kirchner	Member

The Company is formed by four departments, two administrative divisions and seven independent positions.

The Company’s departments are:

- Financial Department,
- Technical Department,
- Capital Participation Department,
- Strategy Department.

The Company's administrative divisions are:

- ▶ IS/IT Division,
- ▶ Energy Services Division.

According to change of Articles of Association is company at that moment fully governed by the new law of Business Corporations Act. This fact became effective as at the date of its registration into the Commercial Register, specifically on 15 October 2015.

▶ 2. ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic and have been prepared under the historical cost convention, except as cases mentioned below.

Investments in subsidiaries and associates are valued by the equity method.

2.2. INTANGIBLE FIXED ASSETS

All intangible assets with a useful life longer than one year and a unit cost of more than CZK 60 thousand are considered as intangible fixed assets.

Purchased intangible fixed assets are initially recorded at acquisition costs, which includes all costs related with its acquisition. All research costs are expensed. Development costs of which the results are intended for trading are capitalised as intangible fixed assets and recorded at the lower of acquisition costs or the value of future economic benefits, if that value is lower.

Intangible fixed assets are amortised by applying the straight-line method over their estimated useful lives as follows:

Intangible fixed assets	Estimated useful life
Software	3–6 years
Royalties	6 years
Other intangible fixed assets	3 years

The amortisation plan is updated during the useful life of the intangible fixed assets based on the expected useful life.

A provision for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by the specified asset.

2.3. TANGIBLE FIXED ASSETS

All tangible assets with a useful life longer than one year and a unit cost of more than CZK 40 thousand are considered as tangible fixed assets.

Acquired tangible fixed assets are initially recorded at acquisition costs, which includes all costs related with its acquisition.

Tangible fixed assets, except for land which is not depreciated, are depreciated applying the straight-line method over their estimated useful lives as follows:

Tangible fixed assets	Estimated useful life
Technical improvement of leased building	5 years
Plant, machinery and equipment	4–6 years
Furniture and fittings	3–6 years
Motor vehicles	3–4 years

The depreciation plan is updated during the useful life of the tangible fixed assets based on the expected useful life.

A provision for impairment is established when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by the certain asset.

Repairs and maintenance expenditures of tangible fixed assets are expensed as incurred. Technical appreciations of tangible fixed assets are capitalised.

2.4. INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES

Investments in subsidiaries represent ownership interests in enterprises that are controlled or managed by the Company (“the subsidiary”).

Investments in subsidiaries and associates are valued by the equity method of accounting. Under this method, the investment is initially recorded at the acquisition cost and the carrying amount is increased or decreased to recognise the investor’s share of the equity of the subsidiary or the associate as at the balance sheet date. Revaluation of investment by using the equity method of accounting is recorded through the Company’s equity.

2.5. OTHER SECURITIES AND INVESTMENTS

The Company classifies securities and investments, other than investments in subsidiaries and associates as securities held for trading, available-for-sale securities and held-to-maturity securities.

2.6. INVENTORIES

Purchased inventories are valued at the lower of acquisition cost or net realisable amount. Acquisition cost includes all costs related with its acquisition (mainly transport costs, customs duty, etc.). The actual costs method is applied for all disposals.

2.7. RECEIVABLES

Receivables are reported at nominal value less a provision for doubtful amounts. A provision for doubtful amounts is created on the basis of an ageing analysis and individual evaluation of the credit worthiness of the customers. Company does not create provisions to the receivables from related parties.

2.8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, stamps and vouchers and cash in banks, including bank overdrafts.

Cash equivalents are represented by short-term highly liquid investments that can be exchanged for a predictable amount of cash and no significant changes of value over time are expected. Cash equivalents are, for example, deposits with a maturity of less than 3 months from the date of acquisition and liquid debt securities traded in public markets.

The Company has prepared a Cash flow statement by using the indirect method.

2.9. FOREIGN CURRENCY TRANSLATION

Transactions denominated in a foreign currency are recalculated and recorded at the exchange rate valid as at the transaction date. In case of purchase or sale of foreign currency for Czech crowns, exchange rate for which these values were purchased or sold is used.

Cash, receivables and liabilities balances denominated in foreign currencies have been recalculated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on cash, receivables and liabilities balances are recorded in the income statement and presented summarized.

2.10. REVENUE RECOGNITION

Sales are recognised upon the delivery of products and customer acceptance and are stated net of discounts and value added tax.

Sales are recognised as at the date the services are rendered and are stated net of discounts and value added tax.

2.11. PROVISIONS

The Company recognises provisions relating to probable future obligations or expenditures, when the purpose of the obligations or expenditures is known but the precise amount, or the time when the obligation or expenditure will crystallise, is not known. However, provisions are not created for future operating expenditures or for expenditures directly related to future revenue transactions.

2.12. EMPLOYMENT BENEFITS

The Company does not recognise a provision relating to untaken holidays due to its immateriality.

The Company recognises a provision relating to rewards and bonuses of employees.

Regular contributions are made to the national budget to fund the national pension plan. The Company also provides contributions to defined contribution plans operated by independent pension funds.

2.13. INTEREST EXPENSE

All borrowing costs are expensed.

2.14. DEFERRED TAX

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax asset is recognised if it is probable that sufficient future taxable profit will be available against which the asset can be utilised.

2.15. RELATED PARTIES

The Company's related parties are considered to be the following:

- ▶ parties, which directly or indirectly control the Company, their subsidiaries and associates;
- ▶ parties, which have directly or indirectly significant influence on the Company;
- ▶ members of the Company's or parent company's statutory and supervisory boards and management and parties close to such members, including entities in which they have a controlling or significant influence; and/or
- ▶ subsidiaries and associates and joint-venture companies.

Material transactions and outstanding balances with related parties are disclosed in Notes 14 and 15.

2.16. CHANGES OF ACCOUNTING POLICIES AND CORRECTIONS OF PRIOR PERIOD

Changes of accounting policies (inclusive deferred tax impact) and corrections of errors arising from incorrect accounting or unrecorded expenses and income in the prior periods are recorded to account Restatements of retained earnings, if these changes and corrections are material.

2.17. EVENTS AFTER THE REPORTING PERIOD

The effects of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are recognised in the financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are disclosed, but are not themselves recognised in the financial statements.

► 3. INTANGIBLE FIXED ASSETS

	1 October 2015	Additions/ transfers	Disposals	30 September 2016
Cost				
Software	37,804	2,332	-244	39,892
Royalties	141	0	0	141
Intangible fixed assets in the course of construction	1,582	1,934	-2,335	1,181
Total	39,527	4,266	-2,579	41,214
Accumulated amortisation				
Software	30,313	3,789	-244	33,858
Royalties	141	0	0	141
Total	30,454	3,789	-244	33,999
Net book value	9,073			7,215

	1 October 2014	Additions/ transfers	Disposals	30 September 2015
Cost				
Software	37,596	208	0	37,804
Royalties	141	0	0	141
Intangible fixed assets in the course of construction	0	1,790	-208	1,582
Total	37,737	1,998	-208	39,527
Accumulated amortisation				
Software	26,685	3,628	0	30,313
Royalties	133	8	0	141
Total	26,818	3,636	0	30,454
Net book value	10,919			9,073

► **4. TANGIBLE FIXED ASSETS**

	1 October 2015	Additions/ transfers	Disposals	30 September 2016
Cost				
Equipment	14,812	4,258	-1,586	17,484
Tangible fixed assets in the course of construction	1,006	3,695	-4,487	214
Total	15,818	7,953	-6,073	17,698
Accumulated depreciation				
Equipment	12,305	2,205	-1,586	12,924
Total	12,305	2,205	-1,586	12,924
Net book value	3,513			4,774

	1 October 2014	Additions/ transfers	Disposals	30 September 2015
Cost				
Equipment	14,885	580	-653	14,812
Tangible fixed assets in the course of construction	492	1,094	-580	1,006
Total	15,377	1,674	-1,233	15,818
Accumulated depreciation				
Equipment	9,624	3,334	-653	12,305
Total	9,624	3,334	-653	12,305
Net book value	5,753			3,513

The Company did not use assets held under finance lease as at 30 October 2016 and also as at 30 October 2015.

► 5. INVESTMENTS IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES

30 September 2016	Number of shares	Nominal value	Cost	Carrying value	% of capital	Net profit for the year ended 30 September 2016	Net assets	Dividend income for the year ended 30 September 2016
Czech entities								
Zásobování teplem Vsetín a.s. Jiráskova 1326, Vsetín	2,762	78,878	183,872	197,996	100	36,294	197,996	30,000
CTZ s.r.o. Sokolovská 572, Uherské Hradiště	-	-	31,800	52,812	50,96	10,243	103,635	9,173
TERMO Děčín a.s. Oblouková 958/25, Děčín	502,895	46,769	49,086	238,539	96,91	24,630	246,144	0
Českolipské teplo a.s. Kutvirtova 339/5, Praha 5	1	2,000	47,795	139,416	100	28,697	139,416	21,500
OPATHERM a.s. Horní náměstí 283/58, Opava	100	9,900	134,000	69,534	100	12,743	69,534	0
Dubská energetická společnost a.s. Purkyňova 1849, Česká Lípa	1,000	1,000	12,000	12,000	100	.*	.*	0
ENERGIE Holding a.s. Kutvirtova 339/5, Praha 5	1	99,635	299,654	417,899	100	61,583	417,899	10,000
POWGEN a.s. Kutvirtova 339/5, Praha 5	1	2,000	3,249	180,711	100	23,892	180,711	0
G-RONN s.r.o. Kutvirtova 339/5, Praha 5	-	-	23,218	94,613	100	10,687	94,613	7,000
G-LINDE s.r.o. Kutvirtova 339/5, Praha 5	-	-	6,219	12,341	100	1,793	12,341	1,500
IROMEZ s.r.o. Pod Náspem 2005, Pelhřimov	-	-	33,126	81,412	100	11,303	81,412	0
TERMIZO a.s. Dr. Milady Horákové 571, Liberec	1,389	13,890	487,607	542,144	100	54,118	542,144	37,000
e.services s.r.o. Oblouková 958/25, Děčín	-	-	211	615	100	162	615	0
Total				2,040,032				116,173
Provision for diminution in value				-12,000*				
Net book value				2,028,032				

* Note: The impairment consists of: 100% impairment in amount of CZK 12,000 thousand of the company Dubská energetická společnost a.s. The Company has no ability to effectively use its controlling power over the company Dubská energetická společnost a.s. due to an ownership dispute. The Company has no access to the recent financial results of the company.

30 September 2015	Number of shares	Nominal value	Cost	Carrying value	% of capital	Net profit for the year ended 30 September 2015	Net assets	Dividend income for the year ended 30 September 2015
Czech entities								
Zásobování teplem Vsetín a.s. Jiráskova 1326, Vsetín	2,762	78,878	183,872	192,683	100	41,298	192,683	30,000
CTZ s.r.o. Sokolovská 572, Uherské Hradiště	-	-	31,800	56,956	50,96	14,944	111,766	10,702
TERMO Děčín a.s. Oblouková 958/25, Děčín	502,895	46,769	49,086	215,239	96,91	44,202	222,102	29,072
Českolipské teplo a.s. Kutvirtova 339/5, Praha 5	1	2,000	47,795	135,126	100	29,193	135,126	22,000
MVV enservis a.s., v likvidaci tř. Dr. Milady Horákové 634, Liberec	1	2,000	11,143	11,143	100	1,008	122	0
OPATHERM a.s. Horní náměstí 283/58, Opava	100	9,900	134,000	56,790	100	9,563	56,790	15,000
Dubská energetická společnost a.s. Purkyňova 1849, Česká Lípa	1,000	1,000	12,000	12,000	100	-*	-*	0
ENERGIE Holding a.s. Kutvirtova 339/5, Praha 5	1	99,635	299,654	377,766	100	72,911	377,766	53,715
POWGEN a.s. Kutvirtova 339/5, Praha 5	1	2,000	3,249	156,916	100	28,474	156,916	10,000
G-RONN s.r.o. Kutvirtova 339/5, Praha 5	-	-	23,218	90,927	100	20,393	90,927	0
G-LINDE s.r.o. Kutvirtova 339/5, Praha 5	-	-	6,219	12,048	100	2,114	12,048	2,000
IROMEZ s.r.o. Pod Náspem 2005, Pelhřimov	-	-	33,126	69,918	100	12,059	69,918	0
TERMIZO a.s. Dr. Milady Horákové 571, Liberec	1,389	13,890	487,607	515,010	100	63,604	515,010	82,599
e.services s.r.o. Oblouková 958/25, Děčín	-	-	211	453	100	207	453	0
Total				1,902,975				255,087
Provision for diminution in value				-23,143*				
Net book value				1,879,832				

* Note: The impairment consists of: 100% impairment in amount of CZK 12,000 thousand of the company Dubská energetická společnost a.s. The Company has no ability to effectively use its controlling power over the company Dubská energetická společnost a.s. due to an ownership dispute. The Company has no access to the recent financial results of the company. Furthermore, a 100% impairment in amount of CZK 11,143 thousand was created to MVV enservis a.s., v likvidaci, as the company is being dissolved.

There is no difference between the percentage of the ownership and the percentage of voting rights in any of the subsidiary and associate.

As at 30 September 2016 and 30 September 2015 the Company did not recognise any unpaid dividends received.

The company MVV enservis a.s., v likvidaci, was removed from the Commercial Register on 2 May 2016 and carrying amount of CZK 11,150 thousand was recognized within Other financial costs. Also the previously created provision for diminution in value in amount of CZK 11,143 thousand was dissolved.

▶ 6. INVENTORIES

Inventories amounting to CZK 27,191 thousand (as at 30 September 2015: CZK 27,227 thousand) represent inventories of heavy heating oil. Heavy heating oil is intended as fuel supply to a subsidiary, Teplárna Liberec, a.s.

No impairment was created to inventories as at 30 September 2016 and also as at 30 September 2015.

▶ 7. RECEIVABLES

		Current period	Previous period
Trade receivables	– current	6,930	11,598
	– overdue	78	1,194
Total trade receivables		7,008	12,792
Other receivables	– current	4,977	6,700
Estimated receivables	– current	16,667	17,583
Total short-term receivables		28,652	37,075
Provision for doubtful receivables		-610	-610
Net book value of short-term receivables		28,042	36,465
Long-term trade receivables		7,326	13,749
Deferred tax receivable		4,496	4,504
Net book value of long-term receivables		11,822	18,253
Total net book value of receivables		39,864	54,718

The overdue receivables as at 30 September 2016 amounted to CZK 78 thousand, representing mainly receivables from subsidiaries (as at 30 September 2015: CZK 1,194 thousand).

Unsettled trade receivables have not been secured. As at 30 September 2016 the Company has trade receivables due after more than 5 years in the amount of CZK 200 thousand (as at 30 September 2015: CZK 662 thousand).

Analysis of the change in the provision for doubtful receivables:

	Current period	Previous period
Opening balance as at 1 October	610	6,618
Charge for the year	0	267
Released during the year	0	-6,275
Closing balance as at 30 September	610	610

► 8. EQUITY

Authorised and issued share capital:

	Current period		Previous period	
	No. of pieces	Carrying value	No. of pieces	Carrying value
Ordinary shares of CZK 20,000 thousand, fully paid	36	720,000	36	720,000

The Company is fully owned by MVV Energie AG, incorporated in Germany. MVV Energie AG is also the parent company of the whole Group MVV Energie CZ.

The Company has fully complied with the requirements under the Business Corporations Act (see Note 1) and used the option not to create a reserve fund. This fact is further enabled by the Company's Articles of Association.

The sole shareholder of the Company decided about dissolution of the reserve fund and transfer of all outstanding balances to 'Retained earnings' on 7 December 2015.

The General Meeting of the shareholder approved the financial statements for the year ended 30 September 2015 and decided about the allocation of profit earned for year ended 30 September 2015 of CZK 252,557 thousand on 7 December 2015.

► 9. PROVISIONS

	Litigation provisions	Provision for projects	Payables to Employees (bonuses)	Total
Opening balance as at 1 October 2014	1,208	10,384	5,178	16,770
Charge for the year	100	0	6,679	6,779
Released in the year	0	0	-521	-521
Used in the year	0	0	-4,657	-4,657
Closing balance as at 30 September 2015	1,308	10,384	6,679	18,371
Charge for the year	0	0	6,817	6,817
Released in the year	0	-8,384	-1,117	-9,501
Used in the year	0	-869	-5,562	-6,431
Closing balance as at 30 September 2016	1,308	1,131	6,817	9,256

The analysis of current and deferred income tax is presented in Note 12 *Income tax*.

► 10. PAYABLES AND FUTURE COMMITMENTS

	Current period	Previous period
Trade payables		
– current	4,318	5,880
– overdue	668	1,792
Total trade payables	4,986	7,672
Other payables		
– current	22,449	20,888
Total other payables	22,449	20,888
Total short-term liabilities	27,435	28,560

Trade and other payables have not been secured against any assets of the Company and are not due after more than 5 years.

The Company does not have any overdue payables related to social or health insurance or any other overdue payables to tax authorities or other state institutions.

The Company had bank guarantees issued for operational purposes as at 30 September 2016 in amount of CZK 1,127 thousand (as at 30 September 2015: CZK 1,077 thousand).

► 11. BANK LOANS AND OTHER BORROWINGS

The Company has no bank loans.

The Company has provided guarantees and collaterals for loans of its subsidiaries in the following banking institutions:

ČSOB	– pledge of the shares of subsidiary Českolipské teplo a.s. for its loan
UniCredit Bank	– pledge of the shares of subsidiary OPATHERM a.s.
ČS	– pledge of the shares of subsidiary ENERGIE Holding a.s. for its loan
UniCredit Bank	– guarantor statement concerning a loan of POWGEN a.s.
Komerční banka	– pledge of shares of subsidiary TERMIZO a.s. for its loan
Raiffeisenbank	– pledge of shares of subsidiary IROMEZ s.r.o. for its loan
UniCredit Bank	– guarantor statement concerning the loan of G-RONN s.r.o.
UniCredit Bank	– guarantor statement concerning the loan of G-LINDE s.r.o.

► 12. INCOME TAX

The income tax expense consists of:

	Current period	Previous period
Deferred tax expense	8	-2,616
Total income tax expense	8	-2,616

Current tax can be analysed as follows:

	Current period	Previous period
Profit before taxation	108,250	249,941
Items decreasing tax base - mainly dividends	-142,057	-264,789
Items increasing tax base	22,831	24,291
Net taxable profit	-10,976	9,443
Deduction of tax losses	0	-9,443
Corporate income tax at 19%	0	0
Advances paid for income tax	0	55
Current income tax asset	0	55

The deferred tax was calculated at 19% (the rate enacted for 2015 and subsequent years).

Deferred tax asset/(liability) can be analysed as follows:

	Current period	Previous period
Deferred tax liability arising from:		
Difference between tax and accounting net book value of fixed assets	-505	-998
Total deferred tax liability	-505	-998
Deferred tax asset arising from:		
Provisions	1,874	3,606
Previous tax losses	3,127	1,896
Total deferred tax asset	5,001	5,502
Net deferred tax asset	4,496	4,504

▶ 13. REVENUE ANALYSIS

Revenues generated from the domestic activities are as follows:

	Current period	Previous period
Sale of services		
Implementation of saving project	7,303	47,640
Services provided within the MVV Energie CZ Group	51,794	52,538
Total sale of services	59,097	100,178
Sale of goods		
Fuels	57,884	69,787
Total sale of goods	57,884	69,787
Other revenues		
Revenues from sales of fixed assets and material	471	0
Revenues from cessation of receivables	0	64,616
Other operating income	2,455	24
Total other revenues	2,926	64,640
Change in work-in-progress	0	-14,394
Total	2,926	50,246

▶ 14. EMPLOYEES

	Current period	Previous period
Members of Statutory Bodies	2	2
Average number of other members of management	6	4
Average number of other staff	24	25
Total number of employees	32	31

The Company's management includes executive members of the Board of Directors, Directors of departments and divisional Managers, other directors and managers directly reporting to them.

	Management	Other staff	Total
Current period			
Wages and salaries	15,744	14,341	30,085
Social security costs	3,845	4,751	8,596
Other social costs	279	426	705
Total staff costs	19,868	19,518	39,386
Previous period			
Wages and salaries	11,238	16,972	28,210
Social security costs	2,778	5,567	8,345
Other social costs	152	552	704
Total staff costs	14,168	23,091	37,259

Other transactions with the Company's management are described in Note 15 *Related party transactions*.

► 15. RELATED PARTY TRANSACTIONS

All material transactions with related parties are presented in this note.

	Current period	Previous period
Revenues		
Services provided within the Group	51,794	52,538
Sales of goods - sales of fuels	57,884	69,787
Dividend income	116,173	255,087
Interest income	0	231
Total	225,851	377,643
Costs		
Lease of movable and immovable assets	7,341	7,590
Other services	121	271
Total	7,462	7,861

Related party transactions do not include re-invoicing of emission allowances transactions. The Company purchased emission allowances in amount of CZK 1,241 thousand from its subsidiary POWGEN a.s. in the financial year ended 30 September 2016 and sold these emission allowances to related party MVV Trading GmbH in the same amount. As at 30 September 2016, the liability to subsidiary POWGEN a.s. has not been settled.

The following related party balances were outstanding as at:

	Current period	Previous period
Receivables		
Trade receivables	0	4,131
Estimated receivables	15,698	17,053
Total	15,698	21,184
Liabilities		
Trade liabilities	1,928	821
Estimated payables	243	243
Total	2,171	1,064

Members of the Company's Board of Directors, Supervisory Board and shareholder have not received any loans.

Total remuneration for the members of the managing bodies was CZK 9,225 thousand (2015: CZK 7,205 thousand). This remuneration is part of the staff costs.

▶ 16. FEES PAID AND PAYABLE TO THE AUDIT COMPANY

The information relating to the fees paid and payable for services performed by the audit company is included in the consolidated financial statements of the parent company MVV Energie AG.

▶ 17. CONTRACTUAL OBLIGATIONS

As at 30 September 2016, contractual commitments arising from the lease agreement of the Company's registered office amounted to CZK 4,240 thousand (as at 30 September 2015: CZK 6,039 thousand).

▶ 18. CONTINGENT LIABILITIES

The management of the Company is not aware of any significant unrecorded contingent liabilities as at 30 September 2016 and also as at 30 September 2015.

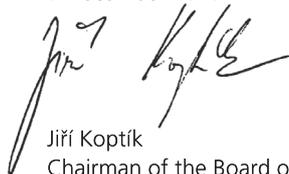
▶ 19. EVENTS AFTER THE REPORTING PERIOD

On 30 September 2016, Mr. Udo Bekker resigned from the position of the chairman of the Supervisory Board, and Mr. Ralf Klöpfer was elected a new chairman of the Supervisory Board on 14 October 2016.

On 15 October 2016, Mr. Florian Pavel was elected a new member of the Supervisory Board.

There were no other events that could have had a substantial impact on the financial statement as of 30 September 2016 or on the annual report for the fiscal year 2015–2016.

9 December 2016



Jiří Koptík
Chairman of the Board of Directors



Libor Žížala
Member of the Board of Directors

06 REPORT ON RELATIONS

for the accounting period from 1 October 2015
to 30 September 2016

Company name: MVV Energie CZ a.s.
Registered office: Kutvirtova 339/5, Praha 5, PSČ: 150 00
Company identification No.: 49685490
Tax identification No.: CZ49685490

Company registered in the Commercial Register maintained by the Municipal Court in Prague; Section B, File No. 14942 (hereinafter referred to as the "Company").

The Board of Directors of the Company:

► 1) DECLARES THAT:

- The business concern has joint management – with a holding entity and a subsidiary.
- The holding entity as per Section 79 of Act No. 90/2012 Sb., on Business Corporations, as amended (hereinafter referred to as the "Business Corporations Act") and the majority shareholder are always the controlling entity, unless otherwise stated in Section 75 of the Business Corporations Act; the subsidiary is always the controlled entity.

On the basis thereof, the Company's Board of Directors is obliged, in accordance with the provisions of Section 82 of the Business Corporations Act, to produce a written report on relations between the controlling and controlled entities for the previous accounting period within 3 months of the end of the accounting period.

► 2) APPROVES THIS REPORT ON RELATIONS FOR THE PERIOD OF OCTOBER 2015 – SEPTEMBER 2016

The structure of relations between the holding entity and all subsidiaries (the controlling and all controlled entities) within the MVV Energie concern:

The Company belongs to the MVV Energie concern; the structure of its entities located in the Czech Republic is shown in Appendix 1 to this Report on Relations.

The controlling entity (holding entity – Concern; as per Section 79 of the Business Corporations Act)

The controlling entity (in this concern the holding entity) is MVV Energie AG, with its registered office in the Federal Republic of Germany, Mannheim D 68159, Luisenring 49, Company Identification No. HRB 1780.

Other entities controlled by the controlling entity (i.e. by the holding entity)

The relations between MVV Energie CZ a.s. and its controlled entities are described in reports prepared by such entities. This Report contains only relations towards the parent company and subsidiaries belonging to the MVV Energie concern based in the Czech Republic. Other companies belonging to the MVV Energie concern which are headquartered abroad are not mentioned as the Company does not have any relations with them with the exception of the following companies, which are subsidiaries of MVV Energie AG: MVV Trading GmbH, with its registered office at Mannheim D 68159, Luisenring 49, Federal Republic of Germany, Company Identification No. HRB 7897, and MVV Umwelt GmbH, with its registered office at Otto-Hahn-Straße 1, 68169 Mannheim, Federal Republic of Germany, Company Identification No. HRB 8877; and MVV Umwelt O&M GmbH, Otto-Hahn-Straße 1, 68169 Mannheim, Federal Republic of Germany, Company Identification No. HRB 9355.

1. ENTITIES CONTROLLED INDIRECTLY BY THE CONTROLLING ENTITY (I.E. INDIRECT SUBSIDIARIES):

- ▶ CTZ s.r.o., with its registered office at Sokolovská 572, Uherské Hradiště, Postal Code: 686 01; Company identification No.: 63472163;
- ▶ ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., with its registered office at Liberecká 132, Stará Lípa, Česká Lípa, Postal Code: 470 01; Company identification No.: 64653200;
- ▶ Českolipské teplo a. s., with its registered office at Kutvirtova 339/5, Prague 5-Radlice, Postal Code: 150 00; Company identification No.: 63149907;
- ▶ e.services s.r.o., with its registered office at Oblouková 958/25, Děčín I-Děčín, Postal Code: 405 02; Company identification No.: 28748514;
- ▶ ENERGIE Holding a.s., with its registered office at Kutvirtova 339/5, Prague 5-Radlice, Postal Code: 150 00; Company identification No.: 27594301;
- ▶ G-LINDE s.r.o., with its registered office at Kutvirtova 339/5, Prague 5, Postal Code: 150 00; Company identification No.: 24684538;
- ▶ G-RONN s.r.o., with its registered office at Kutvirtova 339/5, Prague 5, Postal Code: 150 00; Company identification No.: 24679399;
- ▶ IROMEZ s.r.o., with its registered office at Pod Náspem 2005, Pelhřimov, Postal Code: 393 01; Company identification No.: 24707341;
- ▶ MVV enservis a.s., v likvidaci, with its registered office at Liberec 4-Perštýn, Dr. Milady Horákové 634, Postal Code: 460 01; Company identification No.: 27299872 until 2 May 2016;
- ▶ OPATHERM a.s. with its registered office at Horní náměstí 283/58, Opava-město, Opava, Postal Code: 746 01; Company identification No.: 25385771;
- ▶ POWGEN a.s., with its registered office at Kutvirtova 339/5, Prague 5; Postal Code: 150 00, Company identification No. 27928411;
- ▶ Teplárna Liberec, a.s., with its registered office at Liberec IV-Perštýn, Dr. Milady Horákové 641/34a, Postal Code: 460 01 Liberec; Company identification No.: 62241672;
- ▶ TERMIZO a.s. with its registered office at Liberec, Dr. Milady Horákové 571, Postal Code: 460 06; Company identification No.: 64650251;
- ▶ TERMO Děčín a.s. with its registered office at Oblouková 928/25, Děčín III, Postal Code: 405 02; Company identification No.: 64050882;
- ▶ Zásobování teplem Vsetín a.s., with its registered office at Jiráskova 1326, Vsetín, Postal Code: 755 01; Company identification No.: 45192588.

Role of a controlled entity in MVV Energie concern

Direct operator of business activities in the Czech Republic.

Method and means of control

By means of a share interest within the decision-making process of the Company's General Meeting.

A review of meetings held during the accounting period October 2015 – September 2016 which were initiated by or held in the interest of the controlling entity or its controlled entities and which were related to assets exceeding 10% of the equity capital of the controlled entity as per the last financial statements.

With the exception of concluding or fulfilling the contracts mentioned below, during the accounting period October 2015 – September 2016 there were no meetings initiated by or held in the interest of the controlling entity or its controlled entities related to assets exceeding 10% of the equity capital of the controlled entity as per the last financial statements.

Dividends, or shares from profit exceeding 10% of equity capital of the following companies, were paid by Českolipské teplo a.s., Zásobování teplem Vsetín a.s., G-LINDE s.r.o. to the Company. The Company did not incur any losses due to such payments.

AGREEMENTS CONCLUDED BY AND BETWEEN THE COMPANY AND THE CONTROLLED ENTITY (SUBSIDIARY) OR THE CONTROLLING (HOLDING) ENTITY AND MUTUALLY BY AND BETWEEN THE CONTROLLED ENTITIES DURING THE PERIOD OCTOBER 2015 – SEPTEMBER 2016

Agreements with MVV Energie AG

No agreements between the controlling Company and MVV Energie AG were registered during that period of time.

Agreements concluded by and between the controlled entity and other controlled entities

The following agreements and amendments were in force and effect between a controlled entity and other controlled entities during that period of time:

Agreements concluded by and between CTZ s.r.o. and the Company

Payroll and Personnel Management Contract between CTZ s.r.o., Zásobování teplem Vsetín, a.s. and MVV Energie CZ a.s., entered into on 29 December 2004. This Payroll and Personnel Management Contract was terminated by an agreement on termination from the 21 December 2015, effective on the 31 December 2015. The Company did not incur any losses from this contract.

Consultancy Agreement between CTZ s.r.o. and MVV Energie CZ a.s., entered into on 1 October 2006. The Company did not incur any losses from this contract.

Contract of Mandate – performance of agency activities and the representation of the client in matters relating to public procurement, execution of insurance policies with the selected bidder, representation in relationships arising from insurance policies with respect to the selected bidder, management of the joint property of clients relating to an association, keeping accounts and the preparation of annual settlement between CTZ s.r.o. and MVV Energie CZ a.s., entered into on 7 January 2009, as amended. The Company did not incur any losses from this contract. Power of attorney for representing CTZ s.r.o. by MVV Energie CZ a.s. as per the Contract of Mandate. The Company did not incur any losses from this power of attorney.

Association Agreement – Amendment No. 6 to the Association Agreement for the annual selection of the best bidder for the execution of a joint insurance policy and the joint execution of an insurance policy covering the risks of the individual parties on behalf of both MVV Energie CZ a.s. and CTZ s.r.o., entered into on 12 September 2005, as amended. The Company did not incur any losses from this agreement.

IS/IT Outsourcing Services Agreement between CTZ s.r.o. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Personal Data Processing Agreement between CTZ s.r.o. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o., MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of natural gas by LAMA energy a.s., entered into on 23 October 2015 for the year 2017 until 31 December 2017. The Company did not incur any losses from this contract.

Contract of Mandate between ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., CTZ s.r.o., MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of electricity with Virtuse energy, s.r.o., entered into on 29 April 2016 for the year 2017 and 2018 until 31 December 2018. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o., MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for gas supply with LAMA energy a.s., was entered into on 15 June 2016 for the year 2018 until 31 December 2018. The Company did not incur any losses from this contract.

Contract on the Sale of Coal for the period of 2009–2012 between CTZ s.r.o. and MVV Energie CZ a.s., entered into on 31 December 2008, as amended. This Contract on the Sale of Coal for the period of 2009–2012 was terminated on 31 December 2015. The Company did not incur any losses from this contract.

Contract on the Sale and Purchase of Brown Coal produced by Severočeské doly a.s. for the period of 2016–2019/2020 between CTZ s.r.o. and MVV Energie CZ a.s., entered into on 24 July 2015. The Company did not incur any losses from this contract.

Agreements concluded by and between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s. and the Company

Consultancy Agreement between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s. and MVV Energie CZ a.s., entered into on 20 March 2009. The Company did not incur any losses from this agreement.

IS/IT Outsourcing Services Agreement between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Personal Data Processing Agreement between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s. and MVV Energie CZ a.s., entered into on 15 April 2015 for the year 2016 until 31 December 2016. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s. and MVV Energie CZ a.s., entered into on 16 June 2014. The aforementioned Contract of Mandate was terminated on 31 December 2015. The Company did not incur any losses from this contract.

Contract of Mandate – performance of agency activities and the representation of the client in matters relating to public procurement, execution of insurance policies with the selected bidder, representation in relationships arising from insurance policies with respect to the selected bidder, management of the joint property of clients relating to an association, keeping accounts and the preparation of annual settlement between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s. and MVV Energie CZ a.s., entered into on 7 January 2009, as amended. The Company did not incur any losses from this contract. The power of attorney for representing ČESKOLIPSKÁ TEPLÁRENSKÁ a.s. by MVV Energie CZ a.s. was granted as per the Contract of Mandate. The Company did not incur any losses from this power of attorney.

Association Agreement – Amendment No. 11 to the Association Agreement for the annual selection of the best bidder for the execution of a joint insurance policy and the joint execution of an insurance policy covering the risks of the individual parties on behalf of both MVV Energie CZ a.s. and ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., entered into on 7 January 2009, as amended. The Company did not incur any losses from this agreement.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o., MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of natural gas by LAMA energy a.s., was entered into on 23 October 2015 for the year 2017 until 31 December 2017. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o., MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for gas supply with LAMA energy a.s., was entered into on 15 June 2016 for the year 2018, effective until 31 December 2018. The Company did not incur any losses from this contract.

Agreements concluded by and between Českolipské teplo a.s. and the Company

Contract on the Lease of Non-residential Premises between Českolipské teplo a.s. and the Company, entered into on 19 May 2010, as amended. The Company did not incur any losses from this contract.

Contract of Mandate – performance of agency activities and the representation of the client in matters relating to public procurement, execution of insurance policies with the selected bidder, representation in relationships arising from insurance policies with respect to the selected bidder, management of the joint property of clients relating to an association, keeping accounts and the preparation of annual settlement between Českolipské teplo a.s. and MVV Energie CZ a.s., entered into on 7 January 2009, as amended. The Company did not incur any losses from this contract. The power of attorney for representing Českolipské teplo a.s. by MVV Energie CZ a.s. The Company did not incur any losses from this power of attorney.

Association Agreement – Amendment No. 7 to the Association Agreement for the annual selection of the best bidder for the execution of a joint insurance policy and the joint execution of an insurance policy covering the risks of the individual parties on behalf of both Českolipské teplo a.s. and MVV Energie CZ a.s., entered into on 10 August 2006, as amended. The Company did not incur any losses from this agreement.

Notification of lien No. 0404/16/02075 from 22 April 2016 between Českolipské teplo a.s., Generali Pojišťovna a.s. and the Company relating to the Lien Contract on real estate No. 1503/09/02075 entered into on 31 July 2009. The Company did not incur any losses from this contract (notification).

Agreements concluded by and between e.services s.r.o. and the Company

IS/IT Outsourcing Services Agreement between e.services s.r.o. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Personal Data Processing Agreement between e.services s.r.o. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Contract of Mandate – Amendment No. 2 to the Contract of Mandate on the basis of which e.services s.r.o. acceded to the Contract of Mandate - performance of agency activities and the representation of the client in matters relating to public procurement, execution of insurance policies with the selected bidder, representation in relationships arising from insurance policies with respect to the selected bidder, management of the joint property of clients relating to an association, keeping accounts and the preparation of annual settlement between e.services s.r.o. and MVV Energie CZ a.s., entered into on 2 January 2012, as amended. The Company did not incur any losses from this contract. The power of attorney for representing e.services s.r.o. by MVV Energie CZ a.s. The Company did not incur any losses from this power of attorney.

Association Agreement – Amendment No. 13 to the Association Agreement for the annual selection of the best bidder for the execution of a joint insurance policy and the joint execution of an insurance policy covering the risks of the individual parties on behalf of both MVV Energie CZ a.s. and e.services s.r.o., entered into on 2 January 2012, as amended. The Company did not incur any losses from this agreement.

Agreements concluded by and between ENERGIE Holding a.s. and the Company

Payroll and Personnel Management Contract between ENERGIE Holding a.s., TERMO Děčín a.s. and MVV Energie CZ a.s., entered into on 2 January 2007. This Payroll and Personnel Management Contract was terminated by an agreement on termination from 8 December 2015, effective on 31 December 2015. The Company did not incur any losses from this contract.

Consultancy Agreement between ENERGIE Holding a.s. and MVV Energie CZ a.s., entered into on 2 January 2007. The Company did not incur any losses from this agreement.

Contract on the Lease of Non-residential Premises between ENERGIE Holding a.s. and MVV Energie CZ a.s., entered into on 28 May 2010, as amended. The Company did not incur any losses from this contract.

Contract on the Pledge of Receivables from Insurance Policy No. ZP-P3/410/07LCD between ENERGIE Holding a.s. and MVV Energie CZ a.s., entered into on 14 March 2013. This Contract was terminated by a Contract on the Pledge

of Receivables from Insurance Policy No. ZP-P4/410/07/LCD on 4 January 2016. The Company did not incur any losses from this contract.

Contract on the Pledge of Receivables from Insurance Policies No. ZP-P4/410/07/LCD between ENERGIE Holding a.s., Česká spořitelna, a.s., and MVV Energie CZ a.s., entered into on 4 January 2016 for the period until 31 December 2026. The Company did not incur any losses from this contract.

IS/IT Outsourcing Services Agreement between ENERGIE Holding a.s. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Personal Data Processing Agreement between ENERGIE Holding a.s. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Contract for Lease No. SMLV_12_080 between MVV Energie CZ a.s. and ENERGIE Holding a.s., entered into on 19 December 2012, as amended. The Company did not incur any losses from this contract.

Contract on the Sale and Purchase of Brown Coal produced by Severočeské doly a.s. for the period of 2016–2019/2020 between MVV Energie CZ a.s. and ENERGIE Holding a.s., entered into on 28 July 2015. The Company did not incur any losses from this contract.

Contract on the Sale and Purchase of Brown Coal produced by Severočeské doly a.s. for the period of 2009–2012 between MVV Energie CZ a.s. and ENERGIE Holding a.s., entered into on 2 September 2008. The Company did not incur any losses from this contract.

Loan Agreement No. 410/07/LCD between ENERGIE Holding a.s., Česká spořitelna a.s. and MVV Energie CZ a.s., entered into on 19 March 2007, as amended. The Company did not incur any losses from this agreement.

Contract of Mandate – performance of agency activities and the representation of the client in matters relating to public procurement, execution of insurance policies with the selected bidder, representation in relationships arising from insurance policies with respect to the selected bidder, management of the joint property of clients relating to an association, keeping accounts and the preparation of annual settlement between ENERGIE Holding a.s. and MVV Energie CZ a.s., entered into on 7 January 2009, as amended. The Company did not incur any losses from this contract. The power of attorney for representing ENERGIE Holding a.s. by MVV Energie CZ a.s. The Company did not incur any losses from this power of attorney.

Association Agreement – Amendment No. 8 to the Association Agreement for the annual selection of the best bidder for the execution of a joint insurance policy and the joint execution of an insurance policy covering the risks of the individual parties on behalf of both MVV Energie CZ a.s. and ENERGIE Holding a.s., entered into on 12 December 2006, as amended. The Company did not incur any losses from this agreement.

Common Procedure Agreement between the statutory city of Liberec, ENERGIE Holding a.s. and MVV Energie CZ a.s., entered into on 16 December 2015. The Company did not incur any losses from this agreement.

Vehicle Lease Contract for a ŠKODA vehicle, license plate: 4AE 4320, entered into between ENERGIE Holding a.s. and MVV Energie CZ a.s. on 1st August 2016, pursuant to Amendment No. 1 concluded on 30 September 2016, which forms the basis for the extension of the Vehicle Lease Contract until 30 November 2016. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o., MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of natural gas by LAMA energy a.s., was entered into on 23 October 2015 for the year 2017 until 31 December 2017. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., and MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of natural gas by LAMA energy a.s., was entered into on 15 April 2015 for the year 2016 until 31 December 2016. The Company did not incur any losses from this contract.

Contract of Mandate between ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., CTZ s.r.o., MVV Energie CZ a.s.,

to negotiate the conditions for the conclusion of contracts for the supply of electricity with Virtuse energy, s.r.o., entered into on 29 April 2016 for the year 2017 and 2018 until 31 December 2018. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o., MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for gas supply with LAMA energy a.s., was entered into on 15 June 2016 for the year 2018, until the 31 December 2018. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., and MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for gas supply with LAMA energy a.s., was entered into on 16 June 2014 for the year 2015. This agreement was terminated on 31 December 2015. The Company did not incur any losses from this contract.

Notification of lien on receivables from insurance policy contracts between ENERGIE Holding a.s., Generali Pojišťovna a.s., Kooperativa pojišťovna, a.s., Česká podnikatelská pojišťovna, a.s., Allianz pojišťovna, a.s., from 26 January 2016. The Company did not incur any losses from this contract.

Agreements concluded by and between G-LINDE s.r.o. and the Company

Contract on the Lease of Non-residential Premises between G-LINDE s.r.o. and MVV Energie CZ a.s., entered into on 31 May 2010, as amended. The Company did not incur any losses from this contract.

Contract of Mandate – Amendment No. 1 to the Contract of Mandate on the basis of which G-LINDE s.r.o. acceded to the Contract of Mandate about the performance of agency activities and the representation of the client in matters relating to public procurement, execution of insurance policies with the selected bidder, representation in relationships arising from insurance policies with respect to the selected bidder, management of the joint property of clients relating to an association, keeping accounts and the preparation of annual settlement between G-LINDE s.r.o. and MVV Energie CZ a.s., entered into on 10 November 2010, as amended. The Company did not incur any losses from this contract. The power of attorney for representing G-LINDE s.r.o. by MVV Energie CZ a.s. was granted as per the Contract of Mandate. The Company did not incur any losses from this power of attorney.

Association Agreement – Amendment No. 12 to the Association Agreement for the annual selection of the best bidder for the execution of a joint insurance policy and the joint execution of an insurance policy covering the risks of the individual parties on behalf of both MVV Energie CZ a.s. and G-LINDE s.r.o., entered into on 10 November 2010, as amended. The Company did not incur any losses from this agreement.

Contract of Mandate between POWGEN a.s., G-RONN s.r.o., G-LINDE s.r.o., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., and MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of electricity with Amper Market, a.s., was entered into on 29 April 2016 for 2017 and 2018. The Company did not incur any losses from this contract.

Agreements concluded by and between G-RONN s.r.o. and the Company

Contract of Mandate – Amendment No. 1 to the Contract of Mandate on the basis of which G-RONN s.r.o. acceded to the Contract of Mandate about the performance of agency activities and the representation of the client in matters relating to public procurement, execution of insurance policies with the selected bidder, representation in relationships arising from insurance policies with respect to the selected bidder, management of the joint property of clients relating to an association, keeping accounts and the preparation of annual settlement between G-RONN s.r.o. and MVV Energie CZ a.s., entered into on 10 November 2010, as amended. The Company did not incur any losses from this contract. The power of attorney for representing G-RONN s.r.o. by MVV Energie CZ a.s. was granted as per the Contract of Mandate. The Company did not incur any losses from this power of attorney.

Association Agreement – Amendment No. 12 to the Association Agreement on the basis of which G-RONN s.r.o. acceded to the Association Agreement for the annual selection of the best bidder for the execution of a joint insurance policy and the joint execution of an insurance policy covering the risks of the individual parties on behalf of both G-RONN s.r.o. and

MVV Energie CZ a.s., entered into on 10 November 2010, as amended. The Company did not incur any losses from this agreement.

Contract on the Lease of Non-residential Premises between G-RONN s.r.o. and MVV Energie CZ a.s., entered into on 31 May 2010, as amended. The Company did not incur any losses from this contract.

Agreement on the Blockage of Insurance Benefits from an Insured Event between UniCredit Bank Czech Republic, a.s., G-RONN s.r.o. and MVV Energie CZ a.s., entered into on 13 February 2013. The Company did not incur any losses from this agreement.

Loan Contract Reg. No. 909/10-120 between G-RONN s.r.o., UniCredit Bank Czech Republic and Slovakia, a.s. and MVV Energie CZ a.s., entered into on 6 December 2010, as amended. The Company did not incur any losses from this contract.

Contract of Mandate between POWGEN a.s., G-RONN s.r.o., G-LINDE s.r.o., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., and MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of electricity with Amper Market, a.s., was entered into on 29 April 2016 for 2017 and 2018. The Company did not incur any losses from this contract.

Agreements concluded by and between IROMEZ s.r.o. and the Company

IS/IT Outsourcing Services Agreement between IROMEZ s.r.o. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Personal Data Processing Agreement between IROMEZ s.r.o. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o., and MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of natural gas by LAMA energy a.s., was entered into on 23 October 2015 for the year 2017 until 31 December 2017. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s. and MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of natural gas by LAMA energy a.s., was entered into on 15 April 2015 for the year 2016 until 31 December 2016. The Company did not incur any losses from this contract.

Contract of Mandate between ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., CTZ s.r.o., MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of electricity with Virtuse energy, s.r.o., entered into on 29 April 2016 for the year 2017 and 2018 until 31 December 2018. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o., and MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for gas supply with LAMA energy a.s., was entered into on 15 June 2016 for the year 2018 until 31 December 2018. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., and MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for gas supply with LAMA energy a.s., was entered into on 16 June 2014 for the year 2015. This agreement was terminated on 31 December 2015. The Company did not incur any losses from this contract.

Association Agreement – Amendment No. 12 to the Association Agreement for the annual selection of the best bidder for the execution of a joint insurance policy and the joint execution of an insurance policy covering the risks of the individual parties on behalf of both MVV Energie CZ a.s. and IROMEZ s.r.o., entered into on 10 November 2010, as amended. The Company did not incur any losses from this agreement.

Contract of Mandate – Amendment No. 1 to the Contract of Mandate on the basis of which IROMEZ s.r.o. acceded to the Contract of Mandate - performance of agency activities and the representation of the client in matters relating to public procurement, execution of insurance policies with the selected bidder, representation in relationships arising from insurance policies with respect to the selected bidder, management of the joint property of clients relating to an association, keeping accounts and the preparation of annual settlement between IROMEZ s.r.o. and MVV Energie CZ a.s., entered into on 10 November 2010, as amended. The Company did not incur any losses from this contract. The power of attorney for representing IROMEZ s.r.o. by MVV Energie CZ a.s. The Company did not incur any losses from this power of attorney.

Request for Blockage of Insurance Benefits from the insurance policy dated 4 June 2015 for the duration of the loan agreement No. 115688/01/2010 which is valid and effective until 31 March 2016.

Request for Blockage of Insurance Benefits from the insurance policy dated 1 December 2015 for the duration of the loan agreement No. 115688/01/2010 which is valid and effective until 31 March 2016.

Request for Blockage of Insurance Benefits from an Insured Event and notice of lien to the subject of performance, for the loan agreements No. 115688/01/2010 and No. 115688/03/2010, dated on 6 April 2016, valid until 31 January 2019.

Agreements concluded by and between MVV enservis a.s., v likvidaci, and the Company

Master Contract No. IT – 2005 – 02 between MVV Energie CZ a.s. and MVV enservis a.s., v likvidaci, entered into on 7 February 2005, as amended. This Master Contract was terminated by the closure of MVV enservis a.s., v likvidaci, on 2 May 2016. The Company did not incur any losses from this contract.

Consultancy Agreement between MVV Energie CZ a.s. and MVV enservis a.s., v likvidaci, entered into on 1 October 2006, as amended. This Consultancy Agreement was terminated by the closure of MVV enservis a.s., v likvidaci, on 2 May 2016. The Company did not incur any losses from this agreement.

Agreements concluded by and between MVV Trading GmbH and the Company

General Agreement Concerning the Delivery and Acceptance of Electricity between MVV Trading GmbH and MVV Energie CZ a.s., entered into on 1 May 2007, as amended. The Company did not incur any losses from this agreement.

Agreements concluded by and between MVV Umwelt GmbH and the Company

Service Agreement between MVV Umwelt GmbH, MVV Umwelt O&M GmbH, MVV Energie CZ a.s. and TERMIZO a.s., entered into on 23 September 2014, as amended. The Company did not incur any losses from this agreement.

Agreements concluded by and between MVV Umwelt O&M GmbH and the Company

Service Agreement between MVV Umwelt O&M GmbH, MVV Umwelt GmbH, MVV Energie CZ a.s. and TERMIZO a.s., entered into on 23 September 2014, as amended. The Company did not incur any losses from this agreement.

Agreements concluded by and between OPATHERM a.s. and the Company

Payroll and Personnel Management Contract between OPATHERM a.s. and MVV Energie CZ a.s., entered into on 19 December 2003. The Company did not incur any losses from this contract. This Payroll and Personnel Management Contract between OPATHERM a.s. and MVV Energie CZ a.s., was terminated by agreement on termination from 10 December 2015, effective from 31 December 2015.

Consultancy Agreement between OPATHERM a.s. and MVV Energie CZ a.s., entered into on 2 October 2006. The Company did not incur any losses from this agreement.

IS/IT Outsourcing Services Agreement between OPATHERM a.s. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Personal Data Processing Agreement between OPATHERM a.s. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o., MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of natural gas by LAMA energy a.s., was entered into on 23 October 2015 for the year 2017 until 31 December 2017. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., and MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of natural gas by LAMA energy a.s., was entered into on 15 April 2015 for the year 2016 effective until 31 December 2016. The Company did not incur any losses from this contract.

Contract of Mandate between ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., CTZ s.r.o., MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of electricity with Virtuse energy, s.r.o., entered into on 29 April 2016 for the year 2017 and 2018 until 31 December 2018. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o., and MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for gas supply with LAMA energy a.s., was entered into on 15 June 2016 for the year 2018, till the 31 December 2018. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., and MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for gas supply with LAMA energy a.s., was entered into on 16 June 2014 for the year 2015. This agreement was terminated on 31 December 2015. The Company did not incur any losses from this contract.

Contract on the Sale and Purchase of Brown Coal produced by Severočeské doly a.s. for the period of 2016–2019/2020 between MVV Energie CZ a.s. and OPATHERM a.s., entered into on 1 July 2015. The Company did not incur any losses from this contract.

Contract on the Sale of Coal between 2009–2012, as amended, between MVV Energie CZ a.s. and OPATHERM a.s., entered into on 22 December 2008 until 31 December 2015. The Company did not incur any losses from this contract.

Contract of Mandate about the performance of agency activities and the representation of the client in matters relating to public procurement, execution of insurance policies with the selected bidder, representation in relationships arising from insurance policies with respect to the selected bidder, management of the joint property of clients relating to an association, keeping accounts and the preparation of annual settlement between OPATHERM a.s. and MVV Energie CZ a.s., entered into on 7 January 2009, as amended. The Company did not incur any losses from this contract. The power of attorney for representing OPATHERM a.s. by MVV Energie CZ a.s. was granted as per the Contract of Mandate.

Association Agreement – Amendment No. 6 to the Association Agreement for the annual selection of the best bidder for the execution of a joint insurance policy and the joint execution of an insurance policy covering the risks of the individual parties on behalf of both MVV Energie CZ a.s. and OPATHERM a.s., entered into on 12 September 2005, as amended. The Company did not incur any losses from this agreement.

Contract on the pledge of securities in physical form No. 1149/13-1059/13-120 to OPATHERM a.s. from 17 December 2013. The Company did not incur any losses from this contract.

Agreements concluded by and between POWGEN a.s. and the Company

Contract on the Lease of Non-residential Premises between POWGEN a.s. and MVV Energie CZ a.s., entered into on 25 May 2010, as amended. The Company did not incur any losses from this contract.

Consultancy Agreement between POWGEN a.s. and MVV Energie CZ a.s., entered into on 27 May 2011. The Company did not incur any losses from this agreement.

IS/IT Outsourcing Services Agreement between POWGEN a.s. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Personal Data Processing Agreement between POWGEN a.s. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s. and MVV Energie CZ a.s., entered into on 15 April 2015 for the year 2016 until 31 December 2016. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s. and MVV Energie CZ a.s., entered into on 16 June 2014. The aforementioned Contract of Mandate was terminated on 31 December 2015. The Company did not incur any losses from this contract.

Contract of Mandate about the performance of agency activities and the representation of the client in matters relating to public procurement, execution of insurance policies with the selected bidder, representation in relationships arising from insurance policies with respect to the selected bidder, management of the joint property of clients relating to an association, keeping accounts and the preparation of annual settlement between POWGEN a.s. and MVV Energie CZ a.s., entered into on 7 January 2009, as amended. The Company did not incur any losses from this contract. The power of attorney for representing Zásobování teplem Vsetín a.s. by MVV Energie CZ a.s. The Company did not incur any losses from this power of attorney.

Association Agreement – Amendment No. 10 to the Association Agreement on the basis of which POWGEN a.s. acceded to the Association Agreement for the annual selection of the best bidder for the execution of a joint insurance policy and the joint execution of an insurance policy covering the risks of the individual parties on behalf of both POWGEN a.s. and MVV Energie CZ a.s., entered into on 1 October 2008, as amended. The Company did not incur any losses from this agreement.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o., MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of natural gas by LAMA energy a.s., was entered into on 23 October 2015 for the year 2017 until 31 December 2017. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o., MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for gas supply with LAMA energy a.s., was entered into on 15 June 2016 for the year 2018, effective until 31 December 2018. The Company did not incur any losses from this contract.

Contract of Mandate between POWGEN a.s., G-RONN s.r.o., G-LINDE s.r.o., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., and MVV Energie CZ a.s., entered into on 29 April 2016, to negotiate the conditions for the conclusion of contracts for the supply of electricity with Amper Market, a.s., for the period of 2017 and 2018. The Company did not incur any losses from this contract.

Contract for the sale of allowances between POWGEN a.s. and MVV Energie CZ a.s., entered into on 20 May 2016. The contract was terminated on 30 September 2016. The Company did not incur any losses from this contract.

Loan Contract Reg. No. 179/12-120 between POWGEN a.s., UniCredit Bank Czech Republic and Slovakia, a.s. and MVV Energie CZ a.s., entered into on 30 May 2012, as amended. The Company did not incur any losses from this contract.

Agreements concluded by and between Teplárna Liberec, a.s. and the Company

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s. and MVV Energie CZ a.s., entered into on 16 June 2014. The aforementioned Contract of Mandate was terminated on 31 December 2015. The Company did not incur any losses from this contract.

IS/IT Outsourcing Services Agreement between Teplárna Liberec, a.s. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Personal Data Processing Agreement between Teplárna Liberec, a.s. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Contract for TOT Supply No. TO-12-033-D00 between MVV Energie CZ a.s. and Teplárna Liberec, a.s. entered into on 19 December 2012, as amended. The Company did not incur any losses from this contract.

Contract on the Lease of Movables No. TO-12-035-D00 between MVV Energie CZ a.s. and Teplárna Liberec, a.s. entered into on 19 December 2012, as amended. The Company did not incur any losses from this contract.

Services Contract No. TO-12-032-D00 between MVV Energie CZ a.s. and Teplárna Liberec, a.s. entered into on 19 December 2012, as amended. The Company did not incur any losses from this contract.

Master Contract No. TO-12-034-D00 between MVV Energie CZ a.s. and Teplárna Liberec, a.s. entered into on 19 December 2012, as amended. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s. and MVV Energie CZ a.s., entered into on 15 April 2015 for the year 2016 until 31 December 2016. The Company did not incur any losses from this contract.

Contract of Mandate – performance of agency activities and the representation of the client in matters relating to public procurement, execution of insurance policies with the selected bidder, representation in relationships arising from insurance policies with respect to the selected bidder, management of the joint property of clients relating to an association, keeping accounts and the preparation of annual settlement between Teplárna Liberec, a.s. and MVV Energie CZ a.s., entered into on 7 January 2009, as amended. The Company did not incur any losses from this contract. The power of attorney for representing Teplárna Liberec, a.s. by MVV Energie CZ a.s. The Company did not incur any losses from this power of attorney.

Association Agreement – Amendment No. 9 to the Association Agreement for the annual selection of the best bidder for the execution of a joint insurance policy and the joint execution of an insurance policy covering the risks of the individual parties on behalf of both MVV Energie CZ a.s. and Teplárna Liberec, a.s., entered into on 21 September 2007, as amended. The Company did not incur any losses from this agreement.

Common Procedure Agreement between the statutory city of Liberec, ENERGIE Holding a.s., MVV Energie CZ a.s., entered into on 16 December 2015. The Company did not incur any losses from this agreement.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o. and MVV Energie CZ a.s., entered into on 15 June 2016 for the year 2018 until 31 December 2018. The Company did not incur any losses from this contract.

Contract of Mandate between POWGEN a.s., G-RONN s.r.o., G-LINDE s.r.o., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., and MVV Energie CZ a.s., entered into on 29 April 2016 for the year 2017 and 2018 until 31 December 2018. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o., MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of natural gas by LAMA energy a.s., was entered into on 23 October 2015 for the year 2017 until 31 December 2017. The Company did not incur any losses from this contract.

Agreements concluded by and between TERMIZO a.s. and the Company

Consultancy Agreement between MVV Energie CZ a.s. and TERMIZO a.s., entered into on 3 October 2011. The Company did not incur any losses from this agreement.

IS/IT Outsourcing Services Agreement between TERMIZO a.s. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Personal Data Processing Agreement between TERMIZO a.s. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Service Agreement between MVV Umwelt GmbH, MVV Umwelt O&M GmbH, MVV Energie CZ a.s. and TERMIZO a.s., entered into on 23 September 2014, as amended. The Company did not incur any losses from this agreement.

Contract of Mandate – Amendment No. 2 to the Contract of Mandate on the basis of which TERMIZO a.s. acceded to the Contract of Mandate on the performance of agency activities and the representation of the client in matters relating to public procurement, execution of insurance policies with the selected bidder, representation in relationships arising from insurance policies with respect to the selected bidder, management of the joint property of clients relating to an association, keeping accounts and the preparation of annual settlement between TERMIZO a.s. and MVV Energie CZ a.s., entered into on 2 January 2012, as amended. The Company did not incur any losses from this contract. The power of attorney for representing TERMIZO a.s. by MVV Energie CZ a.s. The Company did not incur any losses from this power of attorney.

Association Agreement – Amendment No. 13 to the Association Agreement for the annual selection of the best bidder for the execution of a joint insurance policy and the joint execution of an insurance policy covering the risks of the individual parties on behalf of both MVV Energie CZ a.s. and TERMIZO a.s., entered into on 2 January 2012, as amended. The Company did not incur any losses from this agreement.

Contract on the Blockage of Insurance Benefits between TERMIZO a.s., Komerční banka, a.s., and the Company, entered into on 21 December 2015, for the period until 28 March 2021, and also the Blockage of Insurance Benefits from 21 December 2015. The Company did not incur any losses from this contract.

Agreements concluded by and between TERMO Děčín a.s. and the Company

Payroll and Personnel Management Contract between ENERGIE Holding a.s., TERMO Děčín a.s. and MVV Energie CZ a.s., entered into on 2 January 2007. This Payroll and Personnel Management Contract was terminated by an agreement on termination from 8 December 2015, effective on 31 December 2015. The Company did not incur any losses from this contract.

IS/IT Outsourcing Services Agreement between TERMO Děčín a.s. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Personal Data Processing Agreement between TERMO Děčín a.s. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Contract of Mandate – performance of agency activities and the representation of the client in matters relating to public procurement, execution of insurance policies with the selected bidder, representation in relationships arising from insurance policies with respect to the selected bidder, management of the joint property of clients relating to an association, keeping accounts and the preparation of annual settlement between TERMO Děčín a.s. and MVV Energie CZ a.s., entered into on 7 January 2009, as amended. The Company did not incur any losses from this contract. Power of attorney for representing TERMO Děčín a.s. by MVV Energie CZ a.s. The Company did not incur any losses from this power of attorney.

Association Agreement – Amendment No. 6 for the annual selection of the best bidder for the execution of a joint insurance policy and the joint execution of an insurance policy covering the risks of the individual parties on behalf of both MVV Energie CZ a.s. and TERMO Děčín a.s., entered into on 12 September 2005. The Company did not incur any losses from this agreement.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s. and MVV Energie CZ a.s., entered into on 16 June 2014. The aforementioned Contract of Mandate was terminated on 31 December 2015. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s. and MVV Energie CZ a.s., entered into on 15 April 2015 for the year 2016 until 31 December 2016. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o. and MVV Energie CZ a.s., entered into on 15 June 2016 for the year 2018 until 31 December 2018. The Company did not incur any losses from this contract.

Contract of Mandate between POWGEN a.s., G-RONN s.r.o., G-LINDE s.r.o., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., and MVV Energie CZ a.s., entered into on 29 April 2016 for the year 2017 and 2018 until 31 December 2018. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o., MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of natural gas by LAMA energy a.s., was entered into on 23 October 2015 for the year 2017 until 31 December 2017. The Company did not incur any losses from this contract.

Contract on Blockage of Insurance Benefits from an Insured Event entered into on 28 March 2011 between UniCredit Bank Czech Republic, a.s., TERMO Děčín a.s., and the Company, effective until 31 March 2016. The Company did not incur any losses from this contract.

Contract on the pledge of securities in physical form No. 2238/11-1205/11-120 concluded on 28 March 2011, effective until 31 March 2016. The Company did not incur any losses from this contract.

Agreements concluded by and between Zásobování teplem Vsetín a.s. and the Company

Consultancy Agreement between Zásobování teplem Vsetín a.s. and MVV Energie CZ a.s., entered into on 1 October 2006, as amended. The Company did not incur any losses from this agreement.

IS/IT Outsourcing Services Agreement between MVV Energie CZ a.s. and Zásobování teplem Vsetín a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Personal Data Processing Agreement between Zásobování teplem Vsetín a.s. and MVV Energie CZ a.s., entered into on 31 December 2013. The Company did not incur any losses from this agreement.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s. and MVV Energie CZ a.s., entered into on 16 June 2014. The aforementioned Contract of Mandate was terminated on 31 December 2015. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s. and MVV Energie CZ a.s., entered into on 15 April 2015 for the year 2016 until 31 December 2016. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o. and MVV Energie CZ a.s., entered into on 15 June 2016 for the year 2018 until 31 December 2018. The Company did not incur any losses from this contract.

Contract of Mandate between POWGEN a.s., G-RONN s.r.o., G-LINDE s.r.o., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., and MVV Energie CZ a.s., entered into on 29 April 2016 for the year 2017 and 2018 until 31 December 2018. The Company did not incur any losses from this contract.

Contract of Mandate between ČESKOLIPSKÁ TEPLÁRENSKÁ a.s., ENERGIE Holding a.s., IROMEZ s.r.o., OPATHERM a.s., POWGEN a.s., Teplárna Liberec, a.s., TERMO Děčín a.s., Zásobování teplem Vsetín a.s., CTZ s.r.o., MVV Energie CZ a.s., to negotiate the conditions for the conclusion of contracts for the supply of natural gas by LAMA energy a.s., entered into on 23 October 2015 for the year 2017 until 31 December 2017. The Company did not incur any losses from this contract.

Contract on the Sale and Purchase of Brown Coal produced by Severočeské doly a.s. for the period of 2016–2019/2020 between MVV Energie CZ a.s. and Zásobování teplem Vsetín a.s., entered into on 9 July 2015. The Company did not incur any losses from this contract.

Contract on the Sale of Coal for the period of 2009–2012 between Zásobování teplem Vsetín a.s. and MVV Energie CZ a.s., entered into on 31 December 2008, as amended, valid until 31 December 2015. The Company did not incur any losses from this contract.

Contract of Mandate – performance of agency activities and the representation of the client in matters relating to public procurement, execution of insurance policies with the selected bidder, representation in relationships arising from insurance policies with respect to the selected bidder, management of the joint property of clients relating to an association, keeping accounts and the preparation of annual settlement between Zásobování teplem Vsetín a.s. and MVV Energie CZ a.s., entered into on 7 January 2009, as amended. The Company did not incur any losses from this contract. The power of attorney for representing Zásobování teplem Vsetín a.s. by MVV Energie CZ a.s. The Company did not incur any losses from this power of attorney.

Association Agreement – for the annual selection of the best bidder for the execution of a joint insurance policy and the joint execution of an insurance policy covering the risks of the individual parties on behalf of both Zásobování teplem Vsetín a.s. and MVV Energie CZ a.s., entered into on 18 December 2000, as amended. The Company did not incur any losses from this agreement.

Payroll and Personnel Management Contract between Zásobování teplem Vsetín a.s., CTZ s.r.o. and MVV Energie CZ a.s., entered into on 29 December 2004. This Consultancy Agreement was terminated by agreement on termination from 21 December 2015, effective on 31 December 2015. The Company did not incur any losses from this agreement.

Other losses incurred to the company MVV Energie CZ a.s. and the evaluation of the settlement of losses pursuant to Sections 71 and 72 of the Business Corporations Act, as amended

No losses have been incurred by the Company in connection to its participation in the concern and its control in the relevant period.

Secret information

All information and facts which form the business secrets of the controlling or controlled entities (the holding entity and the subsidiaries) or other entities within the MVV Energie concern are confidential, including all information designated by any related entity as being confidential. In addition to the above, all information relating to the business and other associated information and facts which may be considered secret and which could harm any entity in the MVV Energie concern are confidential.

As per Section 504 about disclosure of business secrets pursuant to Act No. 89/2012 Coll., the Civil Code, as amended, this Report on Relations does not contain any such secret information in order to prevent any losses being incurred by the controlled or controlling entities (the holding company and subsidiary).

Further information

Further information may be found in the financial statements of MVV Energie CZ a.s.

Evaluation of the advantages and disadvantages resulting from the relations between entities in the MVV Energie concern, evaluation of risks and information on the settlement of losses

Relations between the companies within the concern are based on market conditions, participation in the concern therefore does not result in any special advantages or disadvantages and risks for the controlled company. During the accounting period, no measures initiated by or in the interest of the controlling entity or the controlled entities were adopted and implemented, apart from the usual measures taken by the controlled entities in relation to the controlling entity as the owner of the controlled entity.

No company within the MVV Energie concern incurred any losses due to the Company's activities and therefore the Company is not obliged to settle any losses.

Further information

All transactions carried out within the MVV Energie concern are listed in the Notes to the Financial Statements.

Conclusion

The Board of Directors of the Company MVV Energie CZ a.s. hereby declares, that during the period October 2015 – September 2016 no losses were incurred to MVV Energie CZ a.s. as a result of relations between the controlling and the controlled company (the holding company and the subsidiary) and between the controlled companies i.e. between all companies participating in the MVV Energie concern.

Prague, 30 September 2016

MVV Energie CZ a.s.



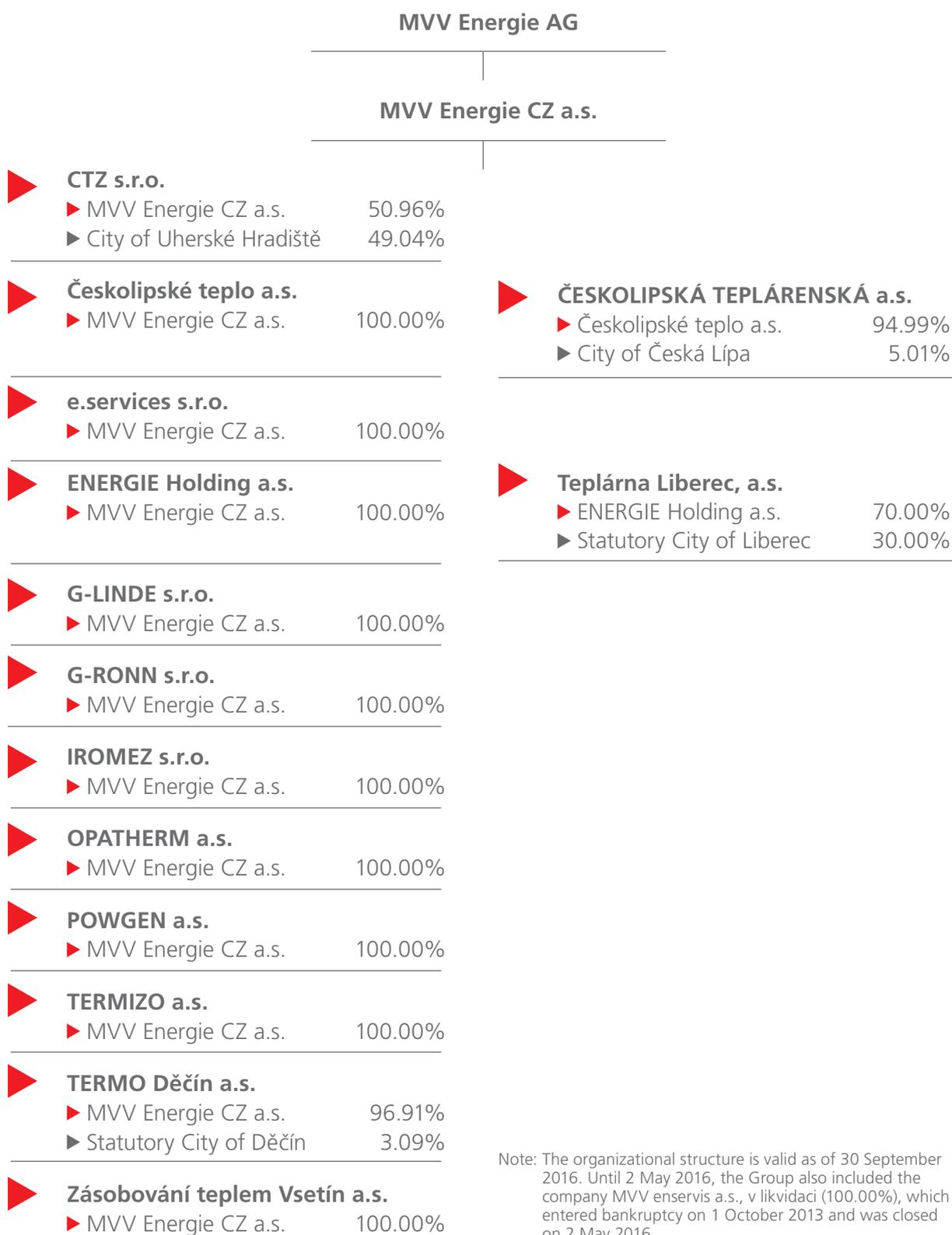
Jiří Koptík
Chairman of the Board of Directors



Libor Žižala
Member of the Board of Directors

APPENDIX NO. 1 TO THE REPORT ON RELATIONS

Structure of the MVV Energie concern on 30 September 2016



Note: The organizational structure is valid as of 30 September 2016. Until 2 May 2016, the Group also included the company MVV enservis a.s., v likvidaci (100.00%), which entered bankruptcy on 1 October 2013 and was closed on 2 May 2016.

07 CONSOLIDATED GROUP'S RESULTS

The consolidated income from operations includes the results of all the subsidiaries and the parent company for the entire MVV Energie CZ Group. The consolidated results have been used as the basis for the consolidated results of the international MVV Energie AG Group, seated in Mannheim, Germany, which are reported in accordance with the Group's accounting policies and which are based on the valid International Financial Reporting Standards (IAS/IFRS).

Total consolidated revenue for 2015–2016 exceeded CZK 2.1 billion. Year-on-year decline was recorded primarily in the area of heat sale revenue. The main reasons for this were the saving measures taken by customers and also the influence of a new business concept focused on the implementation of a long-term contract offer. And with the repetition of above average winter temperatures throughout the Czech Republic, the weather has also had an equally significant influence on the sales numbers.

As a result of the continuing decrease in electricity prices on world markets, the revenues generated from sales of electricity also significantly decreased. Sales of electric energy were also influenced by the moderate winter which resulted in lower volumes of produced electric energy. The reason for this is that the electricity generated within the Group is generated in the majority of cases through high-efficiency cogeneration and its generation therefore also depends on the production and sales of heat. The cogeneration of electricity is modern and environmentally-friendly and its importance will grow as the trend towards the partial decentralization of electricity generation grows. This, of course, applies only if adequate conditions, such as transparent and predictable development in the area of subsidies for renewable sources, are guaranteed by the government.

The lower volume of electricity and heat generation also resulted in a lower consumption of fuels, which caused a decrease in the costs associated with their acquisition. The central purchase of fuels also had a positive impact on costs by allowing their acquisition at better prices compared to individual purchases.

The operating result was reached in the amount of nearly CZK 380 million. The lower revenue was largely offset by lowering other operating charges. A number of measures for operational savings have been implemented: e.g. increased automation of several operations leading to savings on personnel expenses, or implementation of investment projects resulting in increased effectiveness of thermal energy distribution. This also included, among other things, the higher utilization of renewable sources, mainly thanks to the facility for energy utilization of municipal waste in TERMIZO a.s. This is still the only facility of its type in the Czech Republic operated commercially i.e. without any subsidies from municipal or regional authorities.

The consolidated total assets at the end of 2015–2016 were CZK 4.5 billion. The year-on-year decrease is primarily the result of the orderly repayment of investment loans drawn from financial institutions in the past. In contrast, the value of equity capital grew slightly. The development of other items of the balance sheet did not show significant year-on-year changes.

MVV Energie CZ Group continues to be one of the most important companies in the area of production and distribution of thermal energy in the Czech Republic.

Consolidated Results of MVV Energie CZ Group (in thousands of CZK)

	10/2015–09/2016	10/2014–09/2015	10/2013–09/2014
Revenues	2,119,297	2,323,308	2,467,812
Sales (incl. Energy tax)	2,064,061	2,239,663	2,346,350
Other operating income	54,457	82,930	120,666
Capitalized assets for internal services	779	715	796
Operating expenses	1,480,826	1,584,021	1,655,021
Cost of materials / purchased services	1,044,666	1,134,584	1,188,153
Personnel costs	287,879	286,054	259,229
Other operating expenses	148,281	163,383	207,639
Loss from sale of subsidiary	0	1,194	0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	638,471	738,092	812,791
Depreciation and amortisation	259,517	268,698	286,397
Earnings before interest and taxes (EBIT)	378,954	469,394	526,394
Net interest expenses	44,686	50,718	59,985
Interest expenses	45,717	53,158	62,124
Interest income	1,032	2,441	2,139
Earnings before taxes (EBT)	334,268	418,676	466,409
Income taxes	61,880	55,383	54,146
Deferred taxes	2,524	20,785	29,336
Earnings after taxes	269,864	342,509	382,927
Minority interest	3,135	10,154	15,346
Total Net Earnings after minorities	266,729	332,355	367,581

Note: Prepared in accordance with the accounting policies adopted by the MVV AG Group which are based on the International Financial Reporting Standards (IFRS).

From the year 2014–2015 the reporting of the costs of statutory bodies moved from operating expenses to personnel expenses.

Assets	10/2015–09/2016	10/2014–09/2015	10/2013–09/2014
Fixed Assets	3,466,544	3,617,199	3,788,203
Intangible assets	170,268	172,666	176,696
Software	8,782	10,729	13,813
Goodwill	160,280	160,280	161,353
Advances paid for intangible fixed assets	1,193	1,641	1,530
Emission rights	13	16	0
Tangible assets	3,288,746	3,429,483	3,589,178
Land, land rights and buildings	1,834,160	1,898,436	1,969,950
Machinery and technical equipment	1,388,060	1,470,944	1,579,116
Other tangible fixed assets	6,286	5,367	4,985
Advances paid for tangible fixed assets	60,239	54,737	35,128
Long-term financial assets	0	0	7
Loans	0	0	7
Trade receivables and other assets	7,530	15,049	22,322
Current Assets	1,032,132	1,050,083	1,030,219
Inventories	92,219	103,690	110,854
Raw materials and other supplies	91,775	103,581	110,383
Finished goods	444	109	471
Trade receivables	94,908	127,042	143,970
Other assets	23,766	17,951	24,155
Financial assets	765,265	744,811	685,143
Short-term financial assets	21,635	21,635	21,618
Bank and cash balance	743,630	723,177	663,525
Deffered Income (prepayments and accrued income)	9,403	8,099	11,575
Deffered taxes	46,571	48,489	54,522
Total Assets	4,498,676	4,667,282	4,818,422

Note: Prepared in accordance with the accounting policies adopted by the MVV AG Group which are based on the International Financial Reporting Standards (IFRS).

Liabilities and Equity	10/2015–09/2016	10/2014–09/2015	10/2013–09/2014
Equity	2,504,750	2,412,899	2,260,178
Share capital	720,000	720,000	720,000
Capital reserves	556,077	666,527	634,268
Profit and loss carried forward	961,945	694,018	538,329
Total net earnings (Net earnings after taxes)	266,729	332,355	367,581
Minority interests	147,328	153,884	161,006
Long-term liabilities	1,231,762	1,452,757	1,679,714
Long-term bank loans	871,008	1,073,939	1,296,556
Long-term finance lease liabilities	0	40	1,292
Provisions	9,817	11,087	18,716
Other liabilities	33,596	53,611	66,319
Deferred taxes	317,341	314,080	296,831
Current Liabilities	614,835	647,741	717,524
Short-term bank loans	282,932	308,117	327,101
Short-term finance lease liabilities	53	1,264	1,857
Provisions	27,802	44,062	21,760
Trade payables	104,504	122,682	142,262
Advance payments received	95,183	82,963	112,414
Other liabilities	100,295	85,147	108,495
Deferred taxes	689	0	66
Deferred expenses (prepayments and accrued expenses)	3,377	3,507	3,569
Total Liabilities and Equity	4,498,676	4,667,282	4,818,422

Note: Prepared in accordance with the accounting policies adopted by the MVV AG Group which are based on the International Financial Reporting Standards (IFRS).

08 EVENTS AFTER THE REPORTING PERIOD

On 30 September 2016, Mr. Udo Bekker resigned from the position of the chairman of the Supervisory Board, and Mr. Ralf Klöpfer was elected a new chairman of the Supervisory Board on 14 October 2016.

On 15 October 2016, Mr. Florian Pavel was elected a new member of the Supervisory Board.

There were no other events that could have had a substantial impact on the financial statement as of 30 September 2016 or on the annual report for the fiscal year 2015–2016.

MVV Energie CZ a.s.

Kutvirtova 339/5, 150 00 Prague 5, Czech Republic

phone: +420 272 113 113

e-mail: mvv@mvv.cz

Company identification No.: 49685490

Tax identification No.: CZ49685490

Registered in the Commercial Register administered
by the Municipal Court in Prague, File No. B 14942

www.mvv.cz

