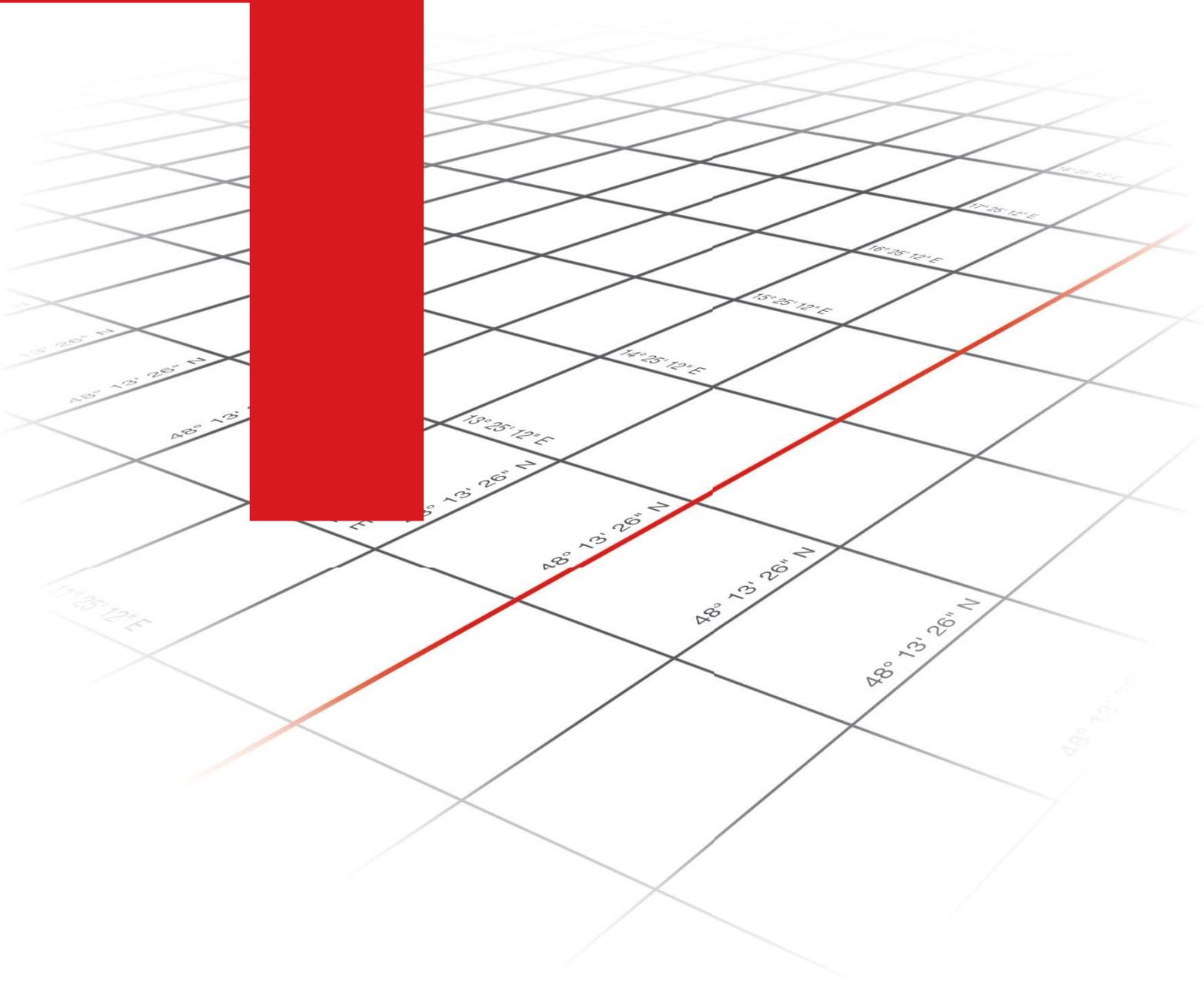




POWER EXCHANGE  
CENTRAL EUROPE



# 2009: Annual Report



cee stock exchange group

**Think globally**

**act locally**



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POWER EXCHANGE  
CENTRAL EUROPE

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## Foreword by the General Secretary

Dear Ladies and Gentlemen,

The year 2009 was the third year of the existence of PXE. This year was affected by the global slump of business activities, which was also apparent in the electricity trading.

The trading volume reached 29 TWh last year, i.e. down by 12% year-on-year; unlike the previous year, the electricity price had a downward tendency, with the price for electricity under base load decreasing by 24% for 2010.

PXE again underwent a series of significant changes. The most important change was a new name: from the original Prague Energy Exchange, the company was transformed to a joint-stock company, POWER EXCHANGE CENTRAL EUROPE, a.s. This change was a part of our strategy regarding the regionalisation of our business activities. In 2009, we launched the trading of Hungarian electricity futures products; Hungary thus became the third country in which PXE trades electricity. The change in the name of the Exchange should reflect this fact.

Another milestone in the development of our company is the cooperation agreement with the Czech market operator, OTE, a.s. OTE decided to introduce the euro as a business currency along with the Czech crown, which opened space for an agreement between OTE and PXE regarding cooperation on the Czech spot market; the platforms of both institutions were connected. The spot market will continue to be operated by the OTE, and trading participants on the PXE have the option of accessing this market via PXE terminals.

The year 2009 was also important for the PXE from a regulatory perspective. PXE obtained a licence from the Czech National Bank for the organization of the market of commodity derivatives. With respect to new European legislation, the market in commodity derivatives is considered in a similar way as the market in investment instruments; therefore, it was absolutely necessary to obtain this licence to ensure further development of the PXE.



David Kučera

Next year, the PXE will focus on two basic objectives: increasing market liquidity and transparency and the implementation of further steps under our long-term vision of building the PXE as a liquid and transparent Central European trading platform. This will in practice include the commencement of the trading of futures contracts, with financial settlement, and the development of our efforts towards commencing cooperation with other spot platform operators in neighbouring countries, similar to our cooperation with OTE.

Thank you for your interest in the PXE and I look forward to our cooperation in the future.

**Approximately half of the electric power consumed in the Czech Republic is traded at the PXE every year.**

Approximately half of the electric power consumed in the Czech Republic is traded at the PXE every year.

## Company Profile

POWER EXCHANGE CENTRAL EUROPE, a.s. (PXE) was established on 8 January 2007 (as Prague Energy Exchange) and during the first year of its existence became the most important energy exchange in the CEE region.

PXE offers unique services in the electricity market, i.e. anonymous trading of standardized products with guaranteed settlement; one account provides access to the electricity market with the place of delivery in the Czech Republic, Slovakia and Hungary.

Thanks to a trading platform that guarantees equal trading conditions for all trading participants regardless of their size and transaction volumes, the PXE creates a transparent competitive environment in the electricity market.

# Highlights of 2009

## 2 March 2009

### **Launch of electricity trading with the place of delivery in Hungary**

On 2 March 2009, PXE extended its portfolio of products by the electric power futures with physical settlement with the place of delivery in Hungary. Similarly to CZ and SK products, the delivery period in Hungary corresponds to a year, calendar quarter and month, all in base load and peak loads.

## 1 April 2009

### **Common Day-Ahead Market of OTE and PXE**

Effective as of 1 April 2009, the PXE spot market joined the OTE spot market, giving rise to the Common Day-Ahead Market of OTE and PXE (hereinafter the "Day-Ahead Market"). The objective is to increase the liquidity and transparency of the Czech spot market, which is important for the implementation of futures with financial settlement, planned by the PXE for 2010.

### **Indices for setting delivery prices**

In connection with the Day-Ahead Market, PXE also terminated the calculation of the PXE Czech Day Base and PXE Czech Day Peak exchange indices previously used for the calculation of delivery prices. Following 1 April 2009, the price for electricity deliveries is based on the CZ Spot Market Base Load and CZ Spot Market Peak Load indices calculated on the basis of trading on the Day-Ahead Market.

## 4 May 2009

### **New market maker**

On 4 May 2009, GDF Suez became the new market maker at the PXE, undertaking to grant its listing for CZ products.

## 29 June 2009

### **Extended operation of market maker**

On 29 June 2009, GDF Suez extended the scope of its services as a market maker to include Hungarian electricity (i.e. HU products).

## 15 July 2009

### **The new business name is POWER EXCHANGE CENTRAL EUROPE, a.s.**

The Prague Energy Exchange changed its name to POWER EXCHANGE CENTRAL EUROPE. In addition, as of 2 July 2009 the company transformed its legal status to a joint-stock company. The new business name is POWER EXCHANGE CENTRAL EUROPE, a.s. The company will continue to use its abbreviated title of PXE, under which it has been communicating in the past and which is also used for the purpose of the company's website presentations [www.pxe.cz](http://www.pxe.cz), [www.pxe.sk](http://www.pxe.sk) and [www.pxe.hu](http://www.pxe.hu). The intention behind the change in the company's name is the company's geographic development and expansion to other Central European countries.

## 10 November 2009

### **Commencement of preparations for spot market of Hungarian electricity**

PXE announced its plan to extend its offer to include spot market products with the place of delivery in Hungary and launched preparations for this important step.

## 1 December 2009

### **Changes in the official exchange list of PXE**

On 1 December 2009, the official exchange list of PXE also included a file comprising the index values for delivery prices in the Czech Republic, Slovakia and Hungary (BI file).

## 3 December 2009

### **Seventh clearing participant**

BHF BANK Aktiengesellschaft became the seventh clearing participant at PXE. BHF BANK Aktiengesellschaft is a prominent clearing bank.

## Key Annual Data

	<b>2009</b>
Number of Trading Sessions	251
<b>FUTURES MARKET</b>	
Volume [MWh]	28,939,305
of which BASE LOAD	27,265,545
PEAK LOAD	1,673,760
Value [EURm]	1,396.113
of which BASE LOAD	1,285.964
PEAK LOAD	110.149
Traded Contracts [MW]	12,083
of which BASE LOAD	9,593
PEAK LOAD	2,490
Number of Trades	3,178
of which BASE LOAD	2,640
PEAK LOAD	538
Daily Average Value [MWh]	115,296.04
of which BASE LOAD	108,627.67
PEAK LOAD	6,668.37
<b>SPOT MARKET</b>	
Volume [MWh]	240
Value [EURm]	0.017
Traded Contracts [MW]	10
Number of Trades	2

## Trading

In 2009, PXE reported a total of 251 exchange days (trading sessions), i.e. business days from 2 January to 31 December 2009. Non-business days also included public holidays (1 January, 13 April, 1 and 8 May, 6 July, 28 September, 28 October, 17 November, 24 and 25 December).

The subject of trading on the PXE included commodity futures contracts with physical settlement and a place of delivery in the Czech electricity network (CZ), Slovak electricity network (SK) and Hungarian electricity network (HU) and spot CZ contracts with physical settlement.

In 2009, there were 3 companies in the position of an official market maker at the PXE (ČEZ, a.s., E.ON Energy Trading SE and GDF Suez Electrabel), and several other trading participants supported liquidity by regularly sending listings (offers to buy and sell) for the provided CZ, HU and SK products.

### Products Traded in 2009

In 2009, commodity futures contracts were listed, always of both base load and peak load types.

- a) Base load – constant delivery 24 hours a day, 7 days a week
- b) Peak load – delivery 12 hours a day, during peak hours (8am to 8pm), 5 days a week (Monday through Friday)

**Next 3 calendar years** – i.e. 2010, 2011 and 2012

Place of delivery: CZ, SK, HU (since 2 March 2009)

**Next 4 full calendar quarters** – i.e. the 2nd quarter of 2009, 3rd quarter of 2009, 4th quarter of 2009, 1st quarter of 2010, 2nd quarter of 2010, 3rd quarter of 2010 and 4th quarter of 2010.

Place of delivery: CZ, SK, HU (since 2 March 2009)

**Next 6 full calendar months** – i.e. February 2009, March 2009, April 2009, May 2009, June 2009, July 2009, August 2009, September 2009, October 2009, November 2009, December 2009, January 2010, February 2010, March 2010, April 2010, May 2010 and June 2010.

Place of delivery: CZ, SK, HU (since 2 March 2009)

**Next 2 delivery days** (if such a day is not a trading day at the PXE, all following non-trading days are also listed) – i.e. gradually all 365 days of 2009

Place of delivery: CZ

**Hours for the next delivery day** – since 1 April 2009, hours have not been listed as products for exchange trades but as a subject of the Day-Ahead Market trading.

Place of delivery: CZ

## Trading Results

In 2009 a total of **3,178 futures trades with the total value of 28.9 TWh** were concluded within the PXE system.

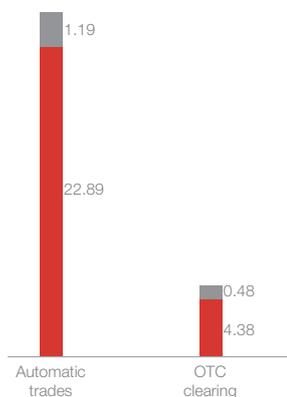
While CZ electricity was the subject of the majority of trades, the shares of HU and SK electricity are also considerable. The percentage ratio by individual locations is shown in the following diagram.

### The ratio of trade volumes by individual locations

(%)



Participants have the option of concluding anonymous trades directly within the exchange system (so-called automatic trades) or to register OTC trades for settlement purposes (so-called OTC clearing).



### Trade volumes by types of trades

(TWh)

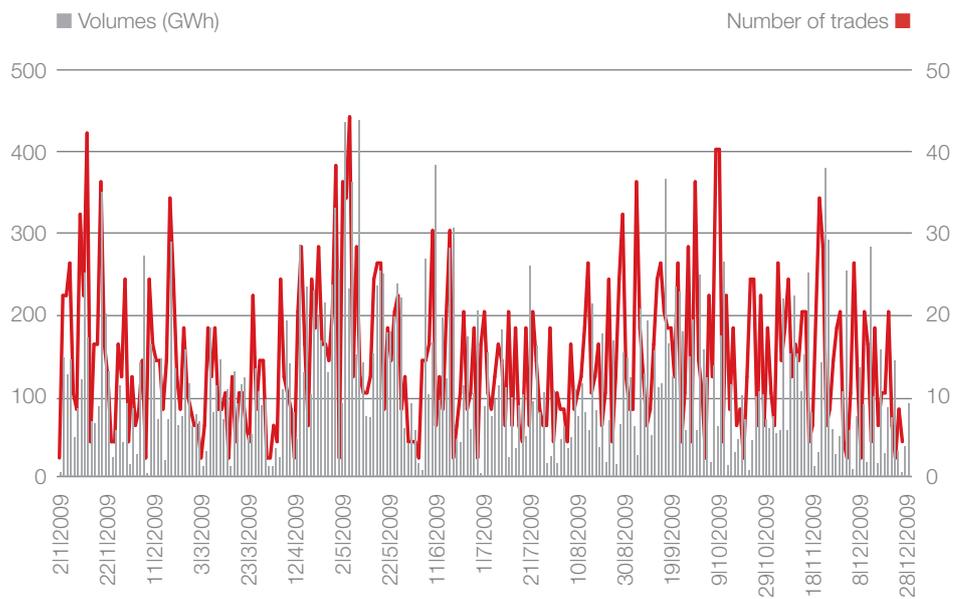
- Base
- Peak

Contrary to the previous year's significant increase in trading volumes during the second half of the year, compared with lower volumes posted during the first half of the year, the course of trading was relatively constant in 2009 and without significant fluctuations between individual parts of the calendar year. For the history of trading volumes (GWh) and the numbers of concluded trades (futures, spot, OTC – single counted), see the following diagram.

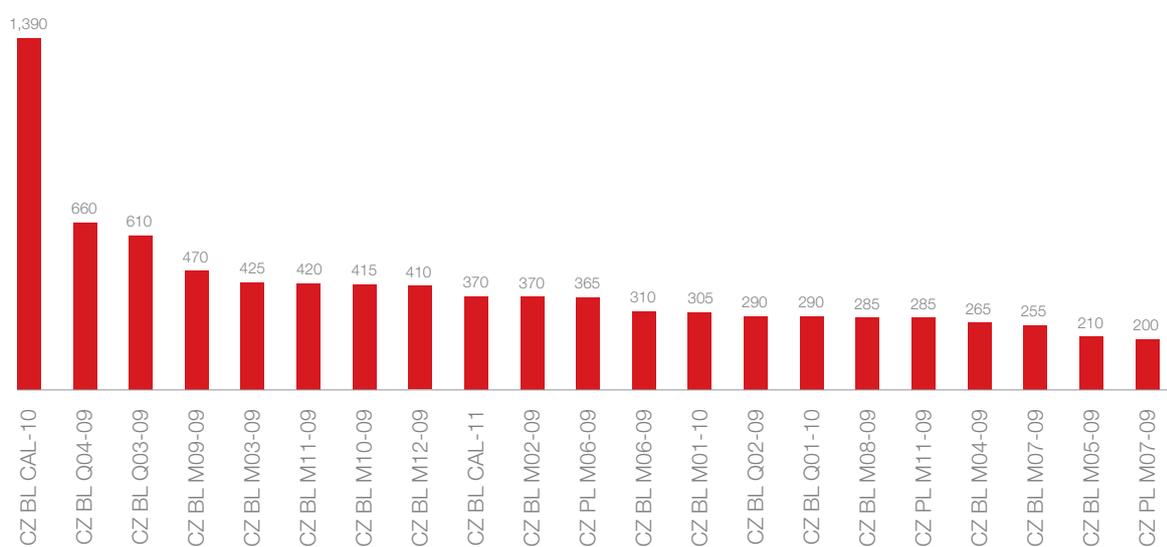
Annual maximum values:

- a) Trade volume – 11 May 2009 (435 GWh)
- b) Number of trades – 6 May 2009 (22 trades)

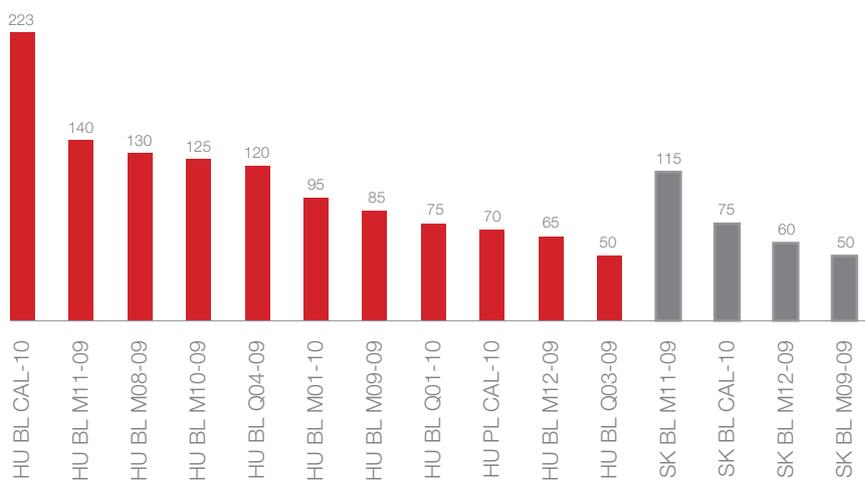
### Trading in 2009



The interest among trading participants as regards base load products is significantly higher on a long term basis than the interest in peak load products. Identically to the previous year, the highest number of contracts (MW) in Czech and Hungarian products was traded for the coming year (so-called front year) CAL-10; however, the annual delivery of Slovak products was exceeded by the delivery for November 2009. For details regarding product liquidity, see the following two diagrams.



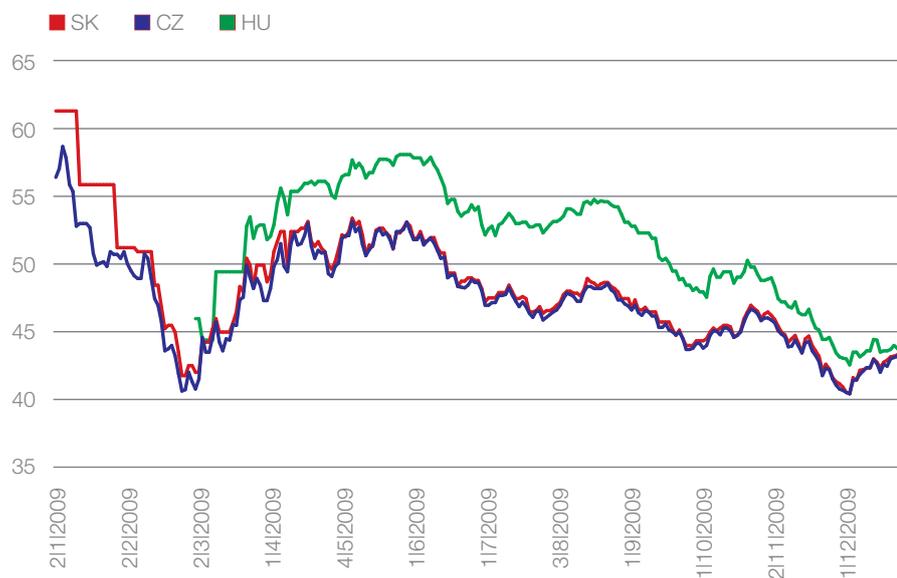
**The most traded CZ products (more than 200 MW)  
(MW)**



**The most traded HU and SK products (more than 50 MW)  
(MW)**

From the annual perspective, the electricity price at PXE showed a downward tendency. Following April, the prices for CZ and SK products drew closer, owing to the launch of the common market for Czech and Slovak electricity at OTE (so-called “market coupling”). For the history of the annual delivery prices under base load, see the following diagram.

### Base load 2010 delivery prices (EUR/MWh)



## Information and Trading System

During the first half of the year, the IT Division provided PXE (PXE) with the connection of the PXE spot energy market with OTE a.s. (formerly Organizovaný trh s elektřinou, Organized Electricity Market). Thanks to this solution, it is now possible to enter trade instructions via the PXE terminal in the business platform of DT OTE.

In addition, the trading system was extended to include the possibility of trading futures of Hungarian energy products, including their guaranteed settlement.

During the second half of the year, the IT Department dealt with the expansion of information for clearing banks; in addition, the process of launching a spot market of Hungarian products began, together with preparations for the trading of financial futures and a change in the OTE communication interface. These projects will be gradually implemented during the 1st quarter of 2010.

Throughout the year, work was in progress regarding the development of the PXE-Monitor front-end software used by the vast majority of PXE participants for exchange trading. SW underwent substantial improvements in order to increase its speed and user comfort.

For the needs of the Czech National Bank, the system for the collection and reporting of all trades and transfers, and their registration within the regulator's system, was also expanded to include reports from PXE.

In 2009, the IT Department also secured a number of technological projects with the aim of improving the technological quality of infrastructure and offering new services.

# Results of Economic Activities

## Development of indicators

<b>CZK '000</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Revenues	55,924	54,703	39,893
Operating Expenses	52,213	58,554	33,816
Operating Results	3,711	(3,851)	6,077
Financial Profit/Loss	198	1,238	503
Profit/Loss before Taxation	3,909	(2,613)	6,580
Net Profit/Loss	2,375	(2,785)	4,608
Shareholder's Capital	64,275	61,900	64,608

## Selected financial analysis indicators

	<b>2009</b>	<b>2008</b>	<b>2007</b>
Return on Sales "ROS" – operating results/revenues	6.6%	loss	15.2%
Return on Costs – operating results/expenses	7.1%	loss	18.0%

## Exchange Bodies

The General Meeting of Shareholders is the supreme body of PXE. The General Meeting of Shareholders is attended by the company founders, i.e. Prague Stock Exchange (represented by Petr Kobic), Central Securities Depository Prague (represented by Petr Kobic, Board of Directors Chairperson), and CENTRAL COUNTERPARTY (represented by Helena Čacká, sole Board of Directors member). The Exchange Chamber is the second most important body of the Exchange. Experts from among businesses and government agencies participate in the operation of the PXE through its three committees (Trading Committee, Clearing and Risk Management Committee, Strategic Committee). Mr David Kučera, general secretary, is in charge of the activities of PXE.

### Exchange Chamber

**Number of Meetings in 2009: 3**

14 April 2009

14 September 2009

23 November 2009

**Chairperson of the Exchange Chamber and Chief Executive Officer of Prague Stock Exchange:**

Petr Kobic, date of birth: 22 February 1971

Office existing since: 1 July 2009

Membership on Board existing since: 1 July 2009

**Vice-Chairperson of the Exchange Chamber and Chief Executive Officer of Central Securities Depository Prague:**

Helena Čacká, date of birth: 25 January 1956

Office existing since: 1 July 2009

Membership on Board existing since: 1 July 2009

**Exchange Chamber member:**

Bohumil Havel, date of birth: 10 October 1975

Membership existing since: 1 July 2009

**Proxy, general secretary of PXE:**

David Kučera, date of birth: 29 September 1968

**Changes during the year:**

Prague Energy Exchange changed its name to: POWER EXCHANGE CENTRAL EUROPE, a.s., 15 July 2009

**Trading Committee**

The Trading Committee is an association of selected market participants recommending adjustments to the PXE trading system and trading rules.

**Members as of 31 December 2009:**

Atel Česká republika, s.r.o.	Karel Kadlec
Czech Coal, a.s.	Zdeněk Fousek
Czech-Karbon s.r.o.	Petr Havlíček
Česká spořitelna, a.s.	Jakub Židoň
ČEZ, a.s.	Michal Skalka
Dalkia Česká republika, a.s.	Pavel Luňáček
EDF Trading Ltd.	Jan Kožušník
EGL Česká republika, s.r.o.	Georg Varadi
E.ON Energy Trading AG	Boris Kendra
Ezpada s.r.o.	Richard Kučik
GDF Suez	Frank Brannvoll
International Power Opatovice, a.s.	Petr Chaloupka
POWER EXCHANGE CENTRAL EUROPE, a.s.	Petr Koblic
Pražská energetika, a.s.	Michal Korynta
RE Trading CEE, s.r.o.	Jozef Zuba
RBS Sempra Energy Europe s.r.o.	Renata Franková
Slovenské elektrárne, a.s.	Šárka Vinklérová
Stredoslovenská energetika, a.s.	Jaroslav Gabriel

## Clearing and Risk Management Committee

Composed of trading participants, representatives of clearing banks and the settlement institution, the Clearing and Risk Management Committee is an association that proposes the principles and rules of trade settlement.

### Members as of 31 December 2009:

ČSOB, a.s.	Jaroslav Záruba
Česká spořitelna, a.s.	Pavel Kovalčík
Komerční banka, a.s.	Zdeněk Lust
UniCredit Bank Czech Republic, a.s.	Filip Veselý
Citibank Europe plc	Jaromír Javůrek
Raiffeisenbank a.s.	Jiří Hloušek
E.ON Sales & Trading GmbH	Solveig Mestern
ČEZ, a.s.	Martina Suchánková
Centrální depozitář cenných papírů, a.s. (Central Securities Depository Prague)	Helena Čacká

## Strategic Committee

Composed of representatives of the Czech Ministry of Industry and Trade, the Energy Regulatory Office, ČEPS, a.s., and OTE, a.s., the Strategic Committee submits proposals for the further development of the PXE.

### Members as of 31 December 2009:

OTE, a.s.	Jiří Štaštný
ČEPS, a.s.	Petr Zeman
Energy Regulatory Office	Josef Fiřt
Czech Ministry of Industry and Trade	Tomáš Hüner
POWER EXCHANGE CENTRAL EUROPE, a.s.	David Kučera

# Trading Participants

## Members as of 31 December 2009:

A.En.CZ, s.r.o.  
Akcenta Energie, a.s.  
Atel Česká republika, s.r.o. (ALPIQ ENERGY SE from 1 January 2010)  
Atel Energia Kereskedő Kft  
Atel Slovenská republika, s.r.o. (ALPIQ ENERGY SE from 1 January 2010)  
CARBOUNION BOHEMIA, spol. s.r.o.  
Czech Coal, a.s.  
CZECH-KARBON, s.r.o.  
ČEZ, a.s.  
Dalkia Česká republika, a.s.  
E.ON Energy Trading SE  
EDF Trading Ltd  
Edison Trading S.p.A.  
EFT Česko, a.s.  
EGL Česká republika, s.r.o.  
Elektrárny Opatovice, a.s.  
ETC-Energy Trading, s.r.o.  
Ezpada, s.r.o.  
GDF Suez Electrabel  
Holding Slovenské elektrárne, d.o.o.  
Chemoprojekt, a.s.  
KI Energy Ceska, s.r.o.  
Korlea Invest, a.s.  
Lumius, spol. s r.o.  
Merrill Lynch Commodities(Europe) Limited  
Pražská energetika, a.s.  
První energetická, a.s.  
RBS Sempra Energy Europe KFT  
RBS Sempra Energy Europe, s.r.o.  
RE Trading CEE, s.r.o.  
RSP Energy, a.s.  
Slovenské elektrárne, a.s. – organizační složka  
SSE CZ, s.r.o.  
Statkraft Markets GmbH  
Vattenfall Energy Trading GmbH  
V-Elektra, s.r.o.

# Report on the Relationships

## **Report on the Relationships between the Controlling and Controlled Undertaking and the Relationships between the Controlled Undertaking and other Undertakings Controlled by the Same Controlling Undertaking in Fiscal Year 2009.**

In accordance with the provisions of Art. 66a (9) of Act 513/1991 Coll., the Commercial Code, as amended (hereinafter the “ComCo”), the Exchange Chamber of **POWER EXCHANGE CENTRAL EUROPE, a.s.** hereby issues this Report on the Relationships between

the Controlling Undertaking, **Burza cenných papírů Praha, a.s.**, with its registered office at Rybná 14/682, Prague 1, ID No.: 47115629, entered in the Commercial Register kept on file at the Municipal Court in Prague, Section B, Insert 1773 (hereinafter the “Controlling Undertaking” or “Prague Stock Exchange”)

and

Controlled Undertaking, **POWER EXCHANGE CENTRAL EUROPE, a.s.**, with its registered office at Rybná 14, Prague 1, ID No.: 27865444, entered in the Commercial Register kept on file at the Municipal Court in Prague, Section B, Insert 15362 (hereinafter “PXE”)

in fiscal year 2009.

The parent company of the Controlling Undertaking is **CEESEG Aktiengesellschaft**, with its registered office at Wallnerstraße 8, 1010 Vienna, entered in the Commercial Register maintained by Handelsgericht Wien, FN 161826f. The Exchange Chamber is not aware of any contractual relationships between the processor of this Report and the parent company of the Controlling Undertaking or fulfillment on any other basis for 2009.

The Report also provides information regarding the relationships between the Controlled Undertaking and other affiliated undertakings. These are:

- **Centrální depozitář cenných papírů, a.s.**, with its registered office at Rybná 14, Prague 1, ID No.: 25081489, entered in the Commercial Register kept on file at the Municipal Court in Prague, Section B, Insert 4308 (hereinafter the “Central Securities Depository”)
- **CENTRAL COUNTERPARTY, a.s.**, with its registered office at Rybná 14/682, Prague 1, ID No.: 27122689, entered in the Commercial Register kept on file at the Municipal Court in Prague, Section B, Insert 9145 (hereinafter “CCP”);

- **Central Clearing Counterparty, a.s.**, with its registered office at Rybná 14/682, Prague 1, ID No.: 28381696, entered in the Commercial Register kept on file at the Municipal Court in Prague, Section B, Insert 14224 (hereinafter “CCC”);
- **Energy Clearing Counterparty, a.s.**, with its registered office at Rybná 682/14, Prague 1, ID No.: 28441681, entered in the Commercial Register kept on file at the Municipal Court in Prague, Section B, Insert 14531 (hereinafter “ECC”).

The Controlling Undertaking holds a 100% stake in Central Securities Depository, CCP, CCC and ECC. The Controlling Undertaking holds a 33.3% stake in PXE; indirectly, the Controlling Undertaking controls the remaining 66.7% (33% through the Central Securities Depository and 33% through CCP).

The Report provides a list of agreements entered into between these undertakings during fiscal year 2009, other legal steps taken between the affiliated undertakings in their interest, and a list of all measures adopted or executed by the Controlled Undertaking in the interest of or upon a request from such undertakings.

The Report is issued in writing and is included in the Annual Report, in accordance with the applicable regulations.

## Agreements

The business relationships between the Controlling and Controlled Undertakings were regulated by the following agreements during fiscal year 2009; on the basis of previous agreements the following performance was provided:

Agreement entered into on	Agreement title	Description	Fulfilment provided (incl. VAT)
7 February 2007	Cooperation in the implementation of the project regarding the connection of the Prague Energy Exchange to OTE	System connection and the exchange of information	No fulfillment
1 January 2009	Agreement on Sublease of Non-Residential Premises	Payment for sublease	CZK 893,000
19 December 2009	Agreement on Cooperation with Joint VAT Registration	The Prague Stock Exchange, Central Securities Depository and PXE are registered as a group within the meaning of the VAT Act	No fulfillment
30 June 2009	Amendment 1 to Agreement on Cooperation in Connection Agreement on Services entered into with T-Soft, spol. s r.o., on 10 April 2008	Multilateral Agreement- T-SOFT, spol. s r.o. + UNIVYC, a.s. + BCPP, a.s. + CENTRAL COUNTERPARTY, a.s. + Central Clearing Counterparty, a.s + Energy Clearing Counterparty	CZK 72,000
11 September 2009	Agreement on Use of Car	Provision of passenger car	CZK 559,000

Furthermore, expenses were re-invoiced between these two entities, for consultancy services, telephone fees, the insurance of statutory bodies and liability arising from activities, staff training, joint ownership of the EMOFF software and the use of a time stamp, provided by the Prague Stock Exchange. The re-invoiced expenses represented an amount of CZK 278,000, incl. VAT.

The business relationships between the Central Securities Depository and the Controlled Undertakings were regulated by the following agreements during fiscal year 2009; on the basis of previous agreements the following performance was provided to the Central Securities Depository:

Agreement entered into on	Agreement title	Description	Fulfilment provided (incl. VAT)
4 July 2007	Agreement on Provision of Services associated with Clearing of Trades Concluded at the Prague Energy Exchange	Organization of clearing for PXE	CZK 5,123,000
19 December 2008	Agreement on Cooperation with Joint VAT Registration	The Prague Stock Exchange, Central Securities Depository and PXE are registered as a group within the meaning of the VAT Act	No fulfilment

The business relationships between CCP and the Controlled Undertaking were regulated by the following agreements during fiscal year 2009; on the basis of previous agreements the following performance was provided:

Agreement entered into on	Agreement title	Description	Fulfilment provided (incl. VAT)
1 September 2007	Agreement on the Provision of Services of the Central Counterparty in Connection with Trades Concluded at the Prague Energy Exchange	Provision of Central Counterparty services	See below
1 October 2008	Amendment 1 to the Agreement on the Provision of Services of the Central Counterparty in Connection with Trades Concluded at the Prague Energy Exchange	CCP claims a share of selected fees collected by PXE for the registration of daily diagrams with TSO, in the amount of 50%	CZK 5,759,000
10 February 2009	Loan Agreement	Provision of a short-term revolving loan for the purpose of the payment of VAT to the suppliers of electrical power to PXE, up to the amount of CZK 300 million, with the solidarity of the creditors Central Securities Depository, PXE, and PSE.  Share of PXE – credit line of CZK 30 million	Interest receivable: CZK 79,000.

The business relationships between CCC and the Controlled Undertaking were regulated by the following agreements during fiscal year 2009; on the basis of previous agreements the following fulfilments were rendered:

Agreement entered into on	Agreement title	Description	Fulfilment provided (incl. VAT)
1 October 2008	Agreement on the Provision of Services of the Central Counterparty in Connection with Trades Concluded at the Prague Energy Exchange	CCC claims a share of selected fees collected by PXE for the registration of daily diagrams with TSO, in the amount of 50%	CZK 86,000
24 June 2009	Loan Agreement	Provision of a short-term revolving loan for the purpose of the payment of VAT to the suppliers of electrical power to PXE, up to the amount of CZK 100 million, with the solidarity of the creditors Central Securities Depository, PXE, and PSE.  Share of PXE – credit line of CZK 10 million	Interest receivable: CZK 8,000

The business relationships between ECC and the Controlled Undertaking were regulated by the following agreements during fiscal year 2009; on the basis of previous agreements the following fulfilments were rendered:

Agreement entered into on	Agreement title	Description	Fulfilment provided (incl. VAT)
27 February 2009	Agreement on the Provision of Services of the Central Counterparty in Connection with Trades Concluded at the Prague Energy Exchange	Provision of Central Counterparty services	50% of the total amount of some fees collected by PXE for the registration of daily diagrams with TSO (Hungarian market) and EUR 100 for each trading participant in the Czech spot market, i.e. a total of CZK 162,000 Settlement of expenses incurred in connection with the implementation of trades at the Day-Ahead Market of OTE and PXE, i.e. CZK 7,000
30 March 2009	Loan Agreement	Provision of a short-term revolving loan for the purpose of the payment of VAT to the suppliers of electrical power to PXE, up to the amount of CZK 150 million, with the solidarity of the creditors Central Securities Depository, PXE, and PSE. Share of PXE – credit line of CZK 15 million	Interest receivable: CZK 7,000.

#### Legal Acts and other Measures

With respect to the fact that as of 1 July 2009 Energetická burza Praha (the Prague Energy Exchange) was transformed into a joint-stock company, the following circumstances occurred:

On 2 February 2009 an Independent Auditor's Report and the Financial Statements of the Prague Energy Exchange were compiled.

On 31 March 2009, the Prague Energy Exchange held a General Meeting of Shareholders, adopting the following decisions:

- Approval of regular Exchange financial statements,
- Approval of a change in the legal form of the Exchange, from the legal form of a commodity exchange established under Act 229/1992 Coll., on commodity exchanges, to a joint-stock company,
- Approval of the project regarding a change in the legal form of the Exchange, from the legal form of a commodity exchange established under Act 229/1992 Coll., on commodity exchanges, to a joint-stock company,
- Approval of the Articles of Association following the entry of the change in the legal form into the Commercial Register;

On 5 May 2009 the Ministry of Industry and Trade decided to approve amendments to the Articles of Association and a change in the status of the Prague Energy Exchange.

On 2 July 2009, Energetická burza Praha, a.s. (the Prague Energy Exchange) changed its name to POWER EXCHANGE CENTRAL EUROPE, a.s., in the form of a notarial report.

As of 15 July 2009, Energetická burza Praha (the Prague Energy Exchange) was deleted from the Commercial Register and Power Exchange Central Europe, a.s. was entered to replace it.

No other measures or legal steps were adopted or executed between the undertakings concerned.

The Exchange Chamber approves the Report on Relationships on 30 March 2010 and declares that the Controlled Undertaking did not suffer any detriment from the agreements specified above, other measures and steps, or from any other performance accepted or provided. This Report contains all of the fulfillment between the processor of the Report and affiliated undertakings for 2009. All fulfillment was standard and regular and was not unbalanced; the Report accurately describes cash flows between affiliated undertakings.



**Ing. Petr Koblic**  
Exchange Chamber Chair



**Ing. Helena Čacká**  
Exchange Chamber Vice-Chair



**KPMG Česká republika Audit, s.r.o.**

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

## **Auditor's report to the shareholders of POWER EXCHANGE CENTRAL EUROPE, a.s.**

### **Financial statements**

On the basis of our audit, on 15 March 2010 we issued an auditor's report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of POWER EXCHANGE CENTRAL EUROPE, a.s., which comprise the balance sheet as of 31 December 2009, the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the company is set out in Note 1 to these financial statements.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements of POWER EXCHANGE CENTRAL EUROPE, a.s. in accordance with Czech accounting legislation. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *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 and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

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DIČ CZ699001996

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 present fairly in all material respects the assets, liabilities and the financial position of POWER EXCHANGE CENTRAL EUROPE, a.s. as of 31 December 2009, and its expenses, revenues and financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.”

#### **Report on relations between related parties**

We have also reviewed the factual accuracy of the information disclosed in the report on relations between related parties of POWER EXCHANGE CENTRAL EUROPE, a.s. for the year ended 31 December 2009. This report on relations between the related parties is the responsibility of the Company’s management. Our responsibility is to express our view on the report on relations based on our review.

We conducted our review in accordance with International Standard on Review Engagements and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the review to obtain moderate assurance that the report on relations is free of material factual misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not conducted an audit of the report on relations and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information disclosed in the report on relations between related parties of POWER EXCHANGE CENTRAL EUROPE, a.s. for the year ended 31 December 2009 contains material factual misstatements.

#### **Annual report**

We have audited the consistency of the annual report with the audited financial statements. This annual report is the responsibility of Company’s management. Our responsibility is to express our opinion on the consistency of the annual report with the audited financial statements based on our audit.

We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance that the information disclosed in the annual report describing matters that all also presented in the financial statements is, in all material respects, consistent with the audited financial statements. We believe that our audit provides a reasonable basis for the auditor’s opinion.

In our opinion, the information disclosed in the annual report is, in all material respects, consistent with the audited financial statements.

Prague  
19 April 2010

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

  
Pavel Závitkovský  
Partner  
Licence number 69

## Contact Data

POWER EXCHANGE CENTRAL EUROPE, a.s.

Rybná 14

P.O. Box 49

110 05 Praha 1

Czech Republic

[www.pxe.cz](http://www.pxe.cz)

[pxe@pse.cz](mailto:pxe@pse.cz)

ID No.: 27865444

VAT No.: CZ699000864

Bank: KB, a.s. Praha 1, account number: 35-8652570267/0100

Registered in the Commercial Register maintained by the Municipal Court  
in Prague, Section B, Insert 15362

# Auditor's report



**KPMG Česká republika Audit, s.r.o.**  
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This document is an English translation of the Czech auditor's report.  
Only the Czech version of the report is legally binding.

## Auditor's report to the shareholders of POWER EXCHANGE CENTRAL EUROPE, a.s.

We have audited the accompanying financial statements of POWER EXCHANGE CENTRAL EUROPE, a.s., which comprise the balance sheet as of 31 December 2009, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the company is set out in Note 1 to these financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements of POWER EXCHANGE CENTRAL EUROPE, a.s. in accordance with Czech accounting legislation. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *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 and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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



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

*Opinion*

In our opinion, the financial statements present fairly in all material respects the assets, liabilities and the financial position of POWER EXCHANGE CENTRAL EUROPE, a.s. as of 31 December 2009, and its expenses, revenues and financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

Prague  
15 March 2010

*KPMG Česká republika Audit*  
KPMG Česká republika Audit, s.r.o.  
Licence number 71



Pavel Závitkovský  
Partner  
Licence number 69

# Balance Sheet

as at 31 December 2009

ASSETS	Note	31 December 2009			31 December 2008
		Gross amount	Adjustment	Net amount	Net amount
<b>B. Fixed assets</b>		<b>1,654</b>	<b>918</b>	<b>736</b>	<b>1,170</b>
<b>I. Intangible fixed assets</b>	<b>3.1.1.</b>	<b>1,497</b>	<b>818</b>	<b>679</b>	<b>1,014</b>
1. Establishment costs		1,120	578	542	765
3. Software		377	240	137	249
<b>II. Tangible fixed assets</b>	<b>3.1.2.</b>	<b>157</b>	<b>100</b>	<b>57</b>	<b>156</b>
3. Individual movable assets and sets of movable assets		157	100	57	156
<b>C. Current assets</b>		<b>72,379</b>		<b>72,379</b>	<b>75,416</b>
<b>II. Long-term receivables</b>		<b>60</b>		<b>60</b>	<b>369</b>
5. Long-term advances paid		15		15	15
8. Deferred tax asset		45		45	354
<b>III. Short-term receivables</b>		<b>27,211</b>		<b>27,211</b>	<b>9,897</b>
1. Trade receivables	3.3.	5,212		5,212	8,921
3. Receivables – associated companies		6,443		6,443	–
6. State – tax receivables		–		–	735
7. Short-term advances paid		3,043		3,043	167
8. Estimated assets		–		–	42
9. Other receivables		12,513		12,513	32
<b>IV. Current financial assets</b>	<b>3.2.</b>	<b>45,108</b>		<b>45,108</b>	<b>65,150</b>
1. Cash in hand		42		42	25
2. Cash at bank		23,064		23,064	593
3. Short-term securities and investments		22,002		22,002	64,532
<b>D. I. Accruals and deferrals</b>	<b>3.4.</b>	<b>324</b>		<b>324</b>	<b>272</b>
1. Prepaid expenses		83		83	272
3. Accrued income		241		241	–
<b>TOTAL ASSETS</b>		<b>74,357</b>		<b>73,439</b>	<b>76,858</b>

		CZK '000	
LIABILITIES	Note	31 December 2009 Net amount	31 December 2008 Net amount
<b>A. Equity</b>	<b>3.5.</b>	<b>64,275</b>	<b>61,900</b>
<b>I. Share capital</b>		<b>60,000</b>	<b>60,000</b>
<b>III. Reserve fund</b>		<b>230</b>	<b>230</b>
<b>IV. Retained earnings</b>		<b>1,670</b>	<b>4,455</b>
<b>V. Profit/(loss) for the current period</b>		<b>2,375</b>	<b>(2,785)</b>
<b>B. Liabilities</b>		<b>9,119</b>	<b>14,958</b>
<b>I. Provisions</b>	<b>3.6.</b>	<b>296</b>	<b>1,750</b>
<b>III. Short-term liabilities</b>	<b>3.7.1.</b>	<b>8,823</b>	<b>13,208</b>
1. Trade payables		2,424	7,407
4. Liabilities to shareholders		646	–
5. Liabilities to employees		3,688	1,935
6. Liabilities for social security and health insurance		245	152
7. State – tax payables		689	498
10. Estimated liabilities		1,067	3,178
11. Other payables		64	38
<b>C. I. Accruals and deferrals</b>	<b>3.8.</b>	<b>45</b>	<b>–</b>
1. Accrued expenses		45	–
<b>TOTAL LIABILITIES&amp;EQUITY</b>		<b>74,439</b>	<b>76,858</b>

# Income Statement

for the year ended 31 December 2009

	Note	Year ended 31 December 2009	CZK '000 Year ended 31 December 2008
II. Production	3.10.	55,909	54,703
1. Sales of own products and services		55,909	54,703
B. Cost of sales		38,040	43,798
1. Raw materials and consumables		921	784
2. Services	3.12.	37,119	43,014
<b>+ Added value</b>		<b>17,869</b>	<b>10,905</b>
C. Staff costs	4.1.	14,670	11,924
1. Wages and salaries		11,573	9,797
2. Emoluments of board members		600	540
3. Social security and health insurance costs		2,214	1,341
4. Other social costs		283	246
D. Taxes and charges		56	133
E. Depreciation of long-term assets		399	373
III. Proceeds from disposal of fixed assets and raw material		15	–
1. Proceeds from disposal of fixed assets		15	–
F. Net book value of fixed assets and raw material sold		77	–
1. Net book value of fixed assets sold		77	–
G. Change in operating provisions		(1,750)	1,750
H. Other operating charges	3.13.	721	576
<b>* Operating result</b>		<b>3,711</b>	<b>(3,851)</b>
VIII. Income from short-term investments	3.14.	473	2,093
X. Interest income	3.15.	117	5
XI. Other financial income	3.16.	7,745	1,169
O. Other financial expenses	3.17.	8,137	2,029
<b>* Financial result</b>		<b>198</b>	<b>1,238</b>
Q. Tax on profit on ordinary activities	3.9.	1,534	172
1. – current		1,225	449
2. – deferred		309	(277)
<b>** Profit/(loss) on ordinary activities after taxation</b>		<b>2,375</b>	<b>(2,785)</b>
<b>*** Net profit/(loss) for the financial period</b>		<b>2,375</b>	<b>(2,785)</b>
<b>**** Net profit/(loss) before tax</b>		<b>3,909</b>	<b>(2,613)</b>

## Statement of Changes in Equity

for the year ended 31 December 2009

	CZK '000			
	Share capital	Statutory reserve fund	Retained earnings	Total equity
<b>As at 31 December 2007</b>	<b>60,000</b>	<b>–</b>	<b>4,608</b>	<b>64,608</b>
Contribution to reserve fund	–	230	(230)	–
Initial recognition of 2007 deferred tax	–	–	77	77
Loss for the current period	–	–	(2,785)	(2,785)
<b>As at 31 December 2008</b>	<b>60,000</b>	<b>230</b>	<b>1,670</b>	<b>61,900</b>
Profit for the current period	–	–	2,375	2,375
<b>As at 31 December 2009</b>	<b>60,000</b>	<b>230</b>	<b>4,045</b>	<b>64,275</b>

# Cash Flow Statement

for the year ended 31 December 2009

		CZK '000	
		Year ended 31 December 2009	Year ended 31 December 2008
<b>P.</b>	<b>Cash and cash equivalents as at the beginning of the year</b>	<b>65,150</b>	<b>67,784</b>
<b>Cash flow from operating activities</b>			
Z.	Net profit/(loss) from ordinary activities before tax	3,909	(2,613)
A.1.	Adjustments for non-cash movements	(2,808)	25
A.1.1.	Depreciation and amortisation of fixed assets	399	373
A.1.2.	Change in provisions	(2,679)	1,750
A.1.3.	Profit (-) or loss (+) on sale of fixed assets	62	-
A.1.5.	Net interest income	-	(2,098)
<b>A.*</b>	<b>Net cash flow from operating activities before tax and changes in working capital</b>	<b>1,101</b>	<b>(2,588)</b>
A.2.	Working capital changes:	(20,777)	1,181
A.2.1.	Change in short-term receivables and prepayments	(16,437)	(6,592)
A.2.2.	Change in short-term payables and accruals	(4,340)	7,773
<b>A.**</b>	<b>Net cash flow from operating activities before tax</b>	<b>(19,676)</b>	<b>(1,407)</b>
A.4.	Interest received	590	2,098
A.5.	Income tax on ordinary activities paid	(929)	(3,156)
<b>A.***</b>	<b>Net cash flow from operating activities</b>	<b>(20,015)</b>	<b>(2,465)</b>
<b>Cash flow from investing activities</b>			
B.1.	Acquisition of fixed assets	(42)	(169)
B.2.	Proceeds from sale of fixed assets	15	-
<b>B.***</b>	<b>Net cash flow from investing activities</b>	<b>(27)</b>	<b>(169)</b>
<b>Cash flow from financing activities</b>			
C.1.	Change in long and short-term liabilities	-	-
<b>C.***</b>	<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>F.</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(20,042)</b>	<b>(2,634)</b>
<b>R.</b>	<b>Cash and cash equivalents as at the end of the year</b>	<b>45,108</b>	<b>65,150</b>

# Notes to the Czech Statutory Financial Statements

## 1. GENERAL INFORMATION

### 1.1. Incorporation and description of the business

POWER EXCHANGE CENTRAL EUROPE, a.s. (former Energetická burza Praha) (the "Company"), with its registered office at Rybná 682/14, Prague 1, was incorporated by means of a Founding Contract dated 8 January 2007.

#### The principal subjects of operation of the Company

Types of stock exchange transactions:

- a) commodities transactions with prompt delivery;
- b) term commodities transactions – transactions with commodity derivatives;
- c) auxiliary transactions entered into on the stock exchange related to commodities traded on the stock exchange (especially insurance contracts, storage contracts, transportation contracts and shipping contracts).

The transactions involve:

- a) electricity;
- b) indices derived from prices of commodities.

Share capital recorded in the Commercial Register as at 31 December 2008 amounts to TCZK 60,000.

Prague energy exchange Founders:

Burza cenných papírů Praha, a.s.	investment of TCZK 20,000
Centrální depozitář cenných papírů, a.s.	investment of TCZK 20,000
CENTRAL COUNTERPARTY, a.s.	investment of TCZK 20,000

On 8 December 2008 Wiener Börse AG became a majority shareholder of the BCPP group.

As at 31 March 2009 the annual General meeting of former Energetická burza Praha took place. The annual General meeting reached the following resolution:

- approval of financial statements for 2008;
- approval of change in legal status from commodity exchange to joint-stock company according to Act no. 229/1992 Coll.

- approval of project “Change in legal status from commodity exchange to joint-stock company according to Act no. 229/1992 Coll.”
- approval of the articles of association.

The Exchange Chamber of the Company decided as at 14 April 2009 on the change in a legal status of the Company and for this a purpose project for the change in a legal status according to Act no. 125/2008 Coll. was elaborated. The effective date of the legal status change was set on 1 July 2009.

As at 5 May 2009 the Ministry of Industry and Trade approved the change in a legal status and a change in the articles of association of Energetická burza Praha.

In line with requirements of Act no. 563/1991 Coll. the Company compiled its interim financial statements as at the day before the change of a legal status in the Commercial Register. The interim financial statements related to the period from 1 January to 30 June 2009.

As at 2 July 2009 based on a notarial record a change in the name of the Company from Energetická burza Praha, a.s. to POWER EXCHANGE CENTRAL EUROPE, a.s. was implemented.

Energetická burza Praha, a.s. was deleted from the Commercial Register as at 15 July 2009 and was replaced by POWER EXCHANGE CENTRAL EUROPE, a.s. The Company’s corporate details are maintained in the Commercial Register at the Municipal Court in Prague, File B, Insert 15362.

## **1.2. Corporate structure**

The Company is managed by the Chief executive officer.

The departments below are directly subordinated to the Chief executive officer.

- Trading Department,
- Business Development Department,
- Customer Service Department,
- Services Department.

### 1.3. Statutory body as at 31 December 2009

	<b>Position</b>	<b>Name</b>
<b>Exchange Chamber</b>	Chairman	Ing. Petr Kobic
	Vice Chairman	Ing. Helena Čacká
	Member	JUDr. Bohumil Havel, PhD.
<b>Supervisory Board</b>	Member	Ing. Jiří Opletal
	Member	Ing. Petr Horáček
	Member	Mgr. Radan Marek

## 2. ACCOUNTING POLICIES

### 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.

All figures are presented in thousands of Czech crowns (CZK), unless indicated otherwise.

### 2.1. Tangible fixed assets

All tangible assets with a useful life longer than one year and a unit cost of more than TCZK 10 are treated as tangible fixed assets.

Acquired tangible fixed assets are recorded at cost, which include all costs incurred in bringing the assets to their present location and condition.

Enhancements of tangible fixed assets are capitalised. Repair and maintenance expenditures of tangible fixed assets are charged to expenses as incurred.

Tangible fixed assets are depreciated applying the straight-line basis over their estimated useful lives as follows:

	<b>Number of years</b>
Computer systems	3

### **Provisions**

A provision for impairment is established when the carrying value of an asset is greater than its estimated recoverable amount.

### **2.2. Intangible fixed assets**

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

Purchased intangible fixed assets are recorded at cost, which includes all costs incurred in bringing the assets to their present location and condition.

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

	<b>Number of years</b>
Establishment costs	5
Software	3

### **Provisions**

A provision for impairment is established when the carrying value of an asset is greater than its estimated recoverable amount.

### **2.3. Financial assets**

Investments with a fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, unless the date of maturity falls within 12 months after the balance sheet date.

All securities and investments are initially recorded at cost, including transaction costs. Held-to-maturity investments are subsequently accounted for at amortised cost.

A provision for impairment is established for held-to-maturity investments when their carrying value is greater than their estimated recoverable amount.

#### **2.4. Receivables**

Receivables are stated at the nominal value less a provision for doubtful amounts. A provision for bad debts is created on the basis of an aging analysis and individual evaluation of the collectability of the receivables.

#### **2.5. Foreign currency translation**

Transactions denominated in a foreign currency are translated and recorded at the rate of exchange ruling at the date of transaction.

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

#### **2.6. Provisions**

Provisions are recognised when the Company has a present obligation, it is probable that our outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

#### **2.7. Deferred taxation**

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. A deferred tax asset is recognised if it is probable that sufficient future taxable profit will be available against which the asset can be utilised.

#### **2.8. Related parties**

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

- shareholders, of which the Company is a subsidiary or an associate, directly or indirectly, and subsidiaries and associates of these shareholders; and/or
- members of the Exchange Chamber and parties close to such members, including entities in which they have a controlling or significant influence.

Material transactions with related parties are disclosed in Note 3.11.

#### **2.9. Revenue recognition**

Sales are recognised upon the provision of service and customer acceptance and are stated net of discounts and Value Added Tax.

### 2.10. Employment benefits

Regular contributions are made to the state to fund the national pension plan. The Company also provides contributions to defined contribution plans operated by third parties.

### 2.11. Cash flow statement

The cash flow statement is prepared using the indirect method. Cash equivalents represent short-term liquid investments, which are readily convertible for a known amount of cash

### 2.12. Subsequent events

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. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND INCOME STATEMENT

### 3.1. Fixed assets

#### 3.1.1. Intangible fixed assets

	<b>Cost</b>					
	<b>Balance as at 31 Dec 2007</b>	<b>Additions</b>	<b>Balance as at 31 Dec 2008</b>	<b>Additions</b>	<b>Balance as at 31 Dec 2009</b>	
Establishment costs	1,120	–	1,120	–	1,120	
Software	250	113	363	14	377	
<b>Total</b>	<b>1,370</b>	<b>113</b>	<b>1,483</b>	<b>14</b>	<b>1,497</b>	

<b>Accumulated amortisation</b>					
	<b>Balance as at 31 Dec 2007</b>	<b>Additions</b>	<b>Balance as at 31 Dec 2008</b>	<b>Additions</b>	<b>Balance as at 31 Dec 2009</b>
Establishment costs	131	224	355	223	578
Software	14	100	114	126	240
<b>Total</b>	<b>145</b>	<b>324</b>	<b>469</b>	<b>349</b>	<b>818</b>

<b>Net book value</b>			
	<b>Balance as at 31 Dec 2007</b>	<b>Balance as at 31 Dec 2008</b>	<b>Balance as at 31 Dec 2009</b>
Establishment costs	989	765	542
Software	236	249	137
<b>Total</b>	<b>1,225</b>	<b>1,014</b>	<b>679</b>

In 2009, the major addition to fixed assets was the acquisition of EMOFF software – co-owner share of 10% - Burza cenných papírů Praha, a.s. is the major owner (40%). The acquisition cost of this asset is TCZK 14.

### 3.1.2. Tangible fixed assets

<b>Cost</b>						
	<b>Balance as at 31 Dec 2007</b>	<b>Additions</b>	<b>Balance as at 31 Dec 2008</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance as at 31 Dec 2009</b>
Machinery and equipment	65	–	65	25	–	90
Low value tangible assets	90	–	90	–	90	–
Furniture and fixtures	11	56	67	–	–	67
<b>Total</b>	<b>166</b>	<b>56</b>	<b>222</b>	<b>25</b>	<b>90</b>	<b>157</b>

<b>Accumulated depreciation and allowances</b>						
	<b>Balance as at 31 Dec 2007</b>	<b>Additions</b>	<b>Balance as at 31 Dec 2008</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance as at 31 Dec 2009</b>
Machinery and equipment	14	22	36	26	–	62
Low value tangible assets	2	9	11	4	15	–
Furniture and fixtures	1	18	19	19	–	38
<b>Total</b>	<b>17</b>	<b>49</b>	<b>66</b>	<b>49</b>	<b>15</b>	<b>100</b>

**Net book value**

	<b>Balance as at 31 Dec 2007</b>	<b>Balance as at 31 Dec 2008</b>	<b>Balance as at 31 Dec 2009</b>
Machinery and equipment	51	29	28
Low value tangible assets	88	79	–
Furniture and fixtures	10	48	29
<b>Total</b>	<b>149</b>	<b>156</b>	<b>57</b>

As at 11 May 2009 the Company disposed unnecessary non-tax assets with acquisition costs of TCZK 90.

**3.2. Financial assets**

	<b>As at 31 Dec 2009</b>	<b>As at 31 Dec 2008</b>
Cash in hand	42	25
Cash at bank	23,064	593
Short-term securities	22,002	64,532
<b>Total</b>	<b>45,108</b>	<b>65,150</b>

**3.3. Short-term receivables****3.3.1. Trade receivables**

<b>Year</b>	<b>Category</b>	<b>Before due date</b>	<b>Past due date</b>	<b>Total</b>
As at 31 Dec 2008	Short-term	8,921	–	8,921
<b>As at 31 Dec 2009</b>	<b>Short-term</b>	<b>5,211</b>	<b>1</b>	<b>5,212</b>

Trade receivables have not been secured.

### 3.3.2. Other receivables

	As at 31 Dec 2009	As at 31 Dec 2008
Receivables to employees	1	6
Receivables to Central Clearing Counterparty, a.s.	4,031	–
Receivables to Energy Clearing Counterparty, a.s.	8,481	–
Other receivables	–	26
<b>Total</b>	<b>12,513</b>	<b>32</b>

### 3.4. Accruals and deferrals

	As at 31 Dec 2009	As at 31 Dec 2008
Insurance	76	119
Other	7	153
<b>Prepaid expenses</b>	<b>83</b>	<b>272</b>
<b>Accrued income</b>	<b>241</b>	<b>–</b>
<b>Total</b>	<b>324</b>	<b>272</b>

### 3.5. Equity

Share capital recorded in the Commercial Register as at 31 December 2009 amounts to TCZK 60,000. Share capital comprised of 60 pieces of registered shares in the nominal amount of TCZK 1,000 each.

The statutory reserve fund, which is funded by 5% of the profit of the Company according to law, may not be distributed but may be used to offset losses.

Net loss of TCZK 2,785 for 2008 was approved and allocated by the General meeting on 31 March 2009 and it was transferred to accumulated losses.

### 3.6. Provisions

As at 31 December 2009 the Company created a provision for income tax of TCZK 296 (31 December 2008: TCZK 0).

### 3.7. Payables

#### 3.7.1. Short-term payables

Short-term payables can be analysed as follows:

	Balance at 31 Dec 2009	Balance at 31 Dec 2008
<b>Category</b>		
Trade payables – Czech Republic	2,424	7,407
Liabilities to shareholders/ owners and alliance partners	646	–
Estimated payables	1,067	3,178
Tax liabilities	689	498
Payables to staff	3,688	1,935
Social security and health insurance payables	245	152
Other payables	64	38
<b>Total short-term payables</b>	<b>8,823</b>	<b>13,208</b>

No trade payables as at 31 December 2008 and 2009 were overdue. Trade and other payables have not been secured over any assets of the Company and none of them are due for more than 5 or more years.

### 3.8. Accruals and deferrals

	Balance at 31 Dec 2009	Balance at 31 Dec 2008
Advisory services	27	–
Wages and salaries costs	15	–
Other	3	–
<b>Total accruals and deferrals</b>	<b>45</b>	<b>–</b>

### 3.9. Income tax on ordinary activities

The income tax expense consists of the following:

	2009	2008
Current tax expense	1,225	449
Deferred tax expense	309	(277)
<b>Total income tax expense</b>	<b>1,534</b>	<b>172</b>

The deferred tax asset / (liability) is calculated at tax rate 19%.

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

	31 December 2009	31 December 2008
Deferred tax liability:		
Accelerated tax depreciation of fixed assets	(3)	(17)
Deferred tax asset:		
Provisions		350
Unpaid social and health insurance	48	21
<b>Net deferred tax asset</b>	<b>45</b>	<b>354</b>
		<b>309</b>

### 3.10. Revenue analysis

	2008		
	Domestic	Foreign	Total
Energy exchange fees	43,530	11,047	54,577
one-off entrance fee	757	377	1,134
participation fee	5,700	714	6,414
transaction fees	14,315	2,968	17,283
transaction settlement fees	8,755	1,923	10,678
registration fees OTE	9,235	3,243	12,478
communication connection fees	4,768	1,822	6,590
Stock exchange information	–	126	126
<b>Total income from the sale of services</b>	<b>43,530</b>	<b>11,173</b>	<b>54,703</b>

	2009		
	Domestic	Foreign	Total
Energy exchange fees	40,838	14,878	55,716
one-off entrance fee	1,190	2,036	3,226
participation fee	9,412	2,359	11,771
transaction fees	9,148	2,119	11,267
transaction settlement fees	8,103	2,154	10,257
registration fees OTE	6,933	2,762	9,695
registration fees SEPS	134	3	137
registration fees MAVIR	139	70	209
communication connection fees	5,779	3,375	9,154
Stock exchange information	13	158	171
Other services	4	18	22
<b>Total income from the sale of services</b>	<b>40,855</b>	<b>15,054</b>	<b>55,909</b>

### 3.11. Related party transactions

#### 3.11.1. Purchases from related parties

2008

Entity	Relation to the Company	Services
CDCP	shareholder – member of BCPP Group	5,339
CENTRAL COUNTERPARTY, a.s.	shareholder – member of BCPP Group	10,392
Burza cenných papírů Praha, a.s.	shareholder – member of BCPP Group	11,940
<b>Total</b>		<b>27,671</b>

2009

Entity	Relation to the Company	Services
CDCP	shareholder – member of BCPP Group	5,123
CENTRAL COUNTERPARTY, a.s.	shareholder – member of BCPP Group	4,840
Burza cenných papírů Praha, a.s.	shareholder – member of BCPP Group	11,091
Energy Clearing Counterparty, a.s.	member of BCPP Group	136
Central Clearing Counterparty, a.s.	member of BCPP Group	68
<b>Total</b>		<b>21,258</b>

The Company purchases services related to trading at the commodity exchange. It also purchases IT services from Burza cenných papírů Praha, a.s., settlement services from Centrální depozitář cenných papírů, a.s. (“CDCP”) and services related to the physical settlement of energy transactions from CENTRAL COUNTERPARTY, a.s. (“CCP”), Central Clearing Counterparty, a.s. (“CCC”) and Energy Clearing Counterparty, a.s. (“ECC”).

#### Net interest income within group

	2009	2008
CENTRAL COUNTERPARTY, a.s.	80	0
Energy Clearing Counterparty, a.s.	7	0
Central Clearing Counterparty, a.s.	8	0
<b>Total</b>	<b>95</b>	<b>0</b>

All material transactions with related parties were realised on the arm's length principle.

### 3.11.2. Related parties receivables

<b>Receivables – associated companies</b>	<b>As at 31 Dec 2009</b>	<b>As at 31 Dec 2008</b>
CENTRAL COUNTERPARTY, a.s.	6,443	0
<b>Total</b>	<b>6,443</b>	<b>0</b>

<b>Short-term advances paid</b>	<b>As at 31 Dec 2009</b>	<b>As at 31 Dec 2008</b>
Energy Clearing Counterparty, a.s.	306	0
Burza cenných papírů Praha, a.s.	–	139
Central Clearing Counterparty, a.s.	2,734	257
<b>Total</b>	<b>3,040</b>	<b>396</b>

### 3.11.3. Related parties other receivables

	<b>As at 31 Dec 2009</b>	<b>As at 31 Dec 2008</b>
Central Clearing Counterparty, a.s.	4,031	0
Energy Clearing Counterparty, a.s.	8,481	0
<b>Total</b>	<b>12,512</b>	<b>0</b>

### 3.11.4. Related parties liabilities

	<b>As at 31 Dec 2009</b>	<b>As at 31 Dec 2008</b>
Centrální depozitář cenných papírů, a.s. – trade payables	252	1,550
CENTRAL COUNTERPARTY, a.s. – trade payables	493	667
Burza cenných papírů Praha, a.s. – trade payables	743	1,962
<b>Total</b>	<b>1,488</b>	<b>4,179</b>

### 3.12. Services

	2009	2008
Repairs and maintenance	12	–
Travel expenses	1,432	1,014
Representation costs	368	377
Telephone, fax, postal fees	331	194
Rental	649	381
Services relating to rental from BCPP	231	155
Rental from BCPP	662	459
Services from BCPP	10,198	11,940
Services from CCP	4,840	10,392
Services from CDCP	5,123	5,339
Services from ECC	136	–
Services from CCC	68	–
Advisory services	5,897	6,635
Audit	374	248
Promotion	4,778	4,681
Other services	2,020	1,199
<b>Total</b>	<b>37,119</b>	<b>43,014</b>

### 3.13. Other operating expenses

	2009	2008
Gifts	12	11
Fines and penalties	156	–
Insurance premiums	394	565
Other	159	–
<b>Total other operating expenses</b>	<b>721</b>	<b>576</b>

### 3.14. Income from financial assets

	2009	2008
Interest from depository notes (CZK)	472	1,950
Interest from depository notes (EUR)	1	143
<b>Total income from current financial assets</b>	<b>473</b>	<b>2,093</b>

### 3.15. Interest income

	2009	2008
Interest on current bank accounts	22	5
Interest income within group	95	–
<b>Total interest income</b>	<b>117</b>	<b>5</b>

For more details about intergroup interest see 3.11

### 3.16. Other financial income

	2009	2008
Foreign exchange gains	7,745	1,169
<b>Total</b>	<b>7,745</b>	<b>1,169</b>

### 3.17. Other financial expenses

	2009	2008
Foreign exchange losses	8,067	1,968
Banking charges	70	61
<b>Total</b>	<b>8,137</b>	<b>2,029</b>

## 4. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

### 4.1. Staff costs and number of employees

data on persons	Average recalculated headcount for the year 2009	Average recalculated headcount for the year 2008
Chief executive officer	1	1
Other employees	7	4
<b>Total</b>	<b>8</b>	<b>5</b>

	Total staff costs for the year 2009	Total staff costs for the year 2008
Staff costs of employees	5,697	5,474
Staff costs of the Exchange Chamber and Chief executive officer	8,973	6,450
<b>Total staff costs</b>	<b>14,670</b>	<b>11,924</b>

The managing body of the Company consists of the Exchange Chamber and the Chief executive officer.

#### **4.2. Loans, credits and other benefits provided**

During the year 2009 and 2008 the members of the Exchange Chamber and the Chief executive officer received no loans, credits or bonuses.

#### **5. FEES PAID AND PAYABLE TO THE AUDITOR**

The information relating to the fees paid and payable for services performed by the auditor is included in the consolidated financial statements of the parent company Burza cenných papírů Praha, a.s.

#### **6. CONTINGENT LIABILITIES AND OFF BALANCE SHEET COMMITMENTS**

The management of the Company is not aware of any significant unrecorded contingent liabilities as at 31 December 2009.

#### **7. POST BALANCE SHEET EVENTS**

As at 1 February 2010 the Company launched trading with future contracts with financial settlement. These products will not be physically settled, only financially settled against future spot value..

**15 March 2010**



**Ing. David Kučera**  
Secretary General of PXE, a. s.

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