cee stock exchange group

2010: Annual Report

POWER EXCHANGE
CENTRAL EUROPE

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Company Profile

POWER EXCHANGE CENTRAL EUROPE (PXE) was established on 8 January 2007 (as Prague Energy Exchange) and during the very 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 2010

6 January 2010

A spot auction for electricity with a point of supply in Hungary is introduced.

1 February 2010

Trading futures with financial settlement commences. Seven products of the base load type and seven of the peak load type, without physical supply but only with financial settlement against a future spot price, are therefore added to existing products with physical settlement. They are always four monthly, two quarterly, and one annual products.

17 May 2010

PXE and EXAA commence cooperation on the spot market in Hungary. Based on the Agreement on Cooperation signed in December 2009, EXAA and PXE connected their trading platforms to reinforce their positions on the Central and Eastern Europe markets. EXAA takes over the activities of the PXE spot market in Hungary, linking it with its trading system and enriching it with elements that have met with success on the German and Austrian market.

Key Data

	2010	2009	2008	2007
Number of Exchange Days	253	251	252	115
FUTURES				
Trading volume [MWh]	24,306,334	28,939,305	32,727,366	34,368,318
of which BASE LOAD	23,589,934	27,265,545	30,417,966	33,313,386
PEAK LOAD	716,400	1,673,760	2,309,400	1,054,932
Trading volume [EURm]	1,171,374	1,396.113	2,440.96	1,897.82
of which BASE LOAD	1,126,812	1,285.964	2,202.63	1,811.76
PEAK LOAD	44.562	110.149	238.33	86.06
Number of contracts [MW]	7,572	12,083	14,042	4,726
of which BASE LOAD	6,533	9,593	11,217	3,558
PEAK LOAD	1,039	2,490	2,825	1,168
Number of trades	2,238	3,178	4,242	1,822
of which BASE LOAD	1,965	2,640	3,396	1,362
PEAK LOAD	273	538	846	460
Average daily volume [MWh]	96,072.47	115,296.04	129,870.50	298,854.94
of which BASE LOAD	93,240.85	108,627.67	120,706.21	289,681.62
PEAK LOAD	2,831.62	6,668.37	9,164.29	9,173.32
SPOT				
Trading volume [MWh]	83,712	240	93,130	
Trading volume [EURm]	3.852	0.017	7.073	
Number of contracts [MW]	3,863	10	9,130	
Number of trades	816	2	1,700	

Foreword by the General Secretary

David Kučera

Dear Ladies and Gentlemen,

As this year is the fifth year of the existence of PXE, now is perhaps the right moment to look back on last year and assess the performance of the Exchange up until now.

It is my pleasure to observe that PXE has won a firm place in the public consciousness and I believe that it has significantly contributed to the development of a liberalized electricity market, especially in the Czech Republic. This is confirmed, among others, by the ever increasing number of trading participants, which amounted at the end of 2010 to 45 electricity traders, producers and suppliers.

The Company's economic operations in 2010 developed in line with the expectations, and the exchange continued to make use of synergies ensuing from membership in the Group of Prague Stock Exchange and its majority shareholder, the Vienna Stock Exchange. Despite the positive economic trend and the number of participants, the development of the trading volume fell short of Company management's expectations. Unfortunately our industry, too, was hit by the financial crisis, even though slightly later than others. The drain of venture capital in particular and the reorganization of some of the major international trading participants led in PXE to a decrease in the trading volumes to the final 24.4 TWh.

Last year, PXE introduced new products - futures with financial settlement. This product was previously missing from the Czech market but now we can say that trading participants can currently work with a complete product portfolio, fully comparable to the advanced, liberalized markets of Western Europe.

Next year, we will continue our efforts to increase liquidity and attract new trading participants to the Czech market. In addition, we would like to intensify cooperation with existing members to enable them to offer a wider service portfolio for the end users of electricity and use new instruments provided by the modern electricity market.

I wish you and PXE a successful trading year in 2011.

Trading

In 2010, PXE reported a total of 253 exchange days (trading sessions), i.e. all business days from 2 January to 31 December 2010. Non-business days also included public holidays (1 January, 5 April, 5 and 6 July, 28 September, 28 October, 17 November, and 24 December).

The subject of trading at PXE included
a) 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);
b) commodity futures contracts with financial settlement and an underlying asset of the price for the CZ electricity specified within the Day-Ahead Market organized by OTE;
c) spot CZ contracts with physical settlement.

During 2010, three companies were in the position of the official market maker. Of this
- ČEZ, a.s. in the position of a general market maker for CZ futures with physical settlement (January to February) and subsequently in the position of a general market maker for CZ futures with financial settlement (March to December);
- GDF Suez Electrabel in the position of a market maker for HU futures with physical settlement (the entire year), in the position of a market maker for CZ futures with physical settlement (January to February), and subsequently in the position of a market maker for CZ futures with financial settlement (March to December);
- E.ON Energy Trading SE in the position of a market maker for CZ futures with physical settlement (January);
- several other trading participants supported market liquidity by regularly sending their listings (offers to buy and sell) for the provided CZ, HU and SK products.

Products Traded in 2010

In 2010 commodity contracts were regularly listed, always so that trading was possible for at least
the next 3 calendar years with the place of delivery in CZ, SK, and HU – i.e. 2011, 2012 and 2013;
the next 2010 full calendar quarters with the place of delivery in CZ, SK, and HU – i.e. the 2nd quarter of 2010, 3rd quarter of 2010, 4th quarter of 2010, 1st quarter of 2011, 2nd quarter of 2011, 3rd quarter of 2011, and 4th quarter of 2011.
the next 6 full calendar months with the place of delivery in CZ, SK, and HU – i.e. February 2010, March 2010, April 2010, May 2010, June 2010, July 2011, August 2010, September 2010, October 2010, November 2010, December 2010, January 2011, February 2011, March 2011, April 2011, May 2011, and June 2011.
the next 2 delivery days (if such a day is not an exchange day at the PXE, all following non-trading days are also listed) with the place of delivery in CZ, SK, and HU – i.e. gradually all days of 2010 were listed for trading

All the products above were listed as a delivery of a base load type and a delivery of a peak load type.
Note: Base load – constant delivery 24 hours a day, 7 days a week; peak load – delivery 12 hours a day (8am to 8pm), 5 days a week (Monday through Friday).

Hourly products with the place of delivery in CZ are not listed directly as exchange products but as a subject of trading of the Day-Ahead Market, at which offers for sale and purchase can be placed using the PXE system.

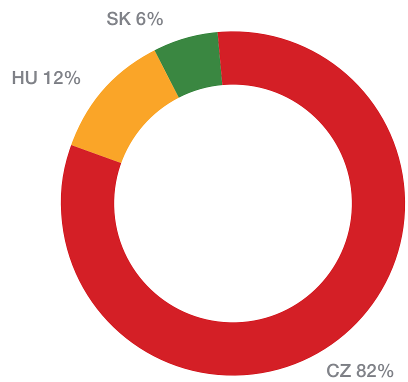
The trades involving hourly products with the place of delivery in HU are concluded via the trading system of EXAA (Abwicklungsstelle für Energieprodukte AG). This option was introduced following a Cooperation Agreement concluded on 14 May 2010.

The Results and Development of Trading in 2010

In 2010 a total of 3,054 trades with the total value of 24.39 TWh were concluded in the PXE system.

From the perspective of the place of delivery, the share of trades with HU products did not change against last year but the share of SK products trades grew by 2% at the expense of the volume of trades with CZ products. The percentage ratio by individual locations is shown in the following diagram.

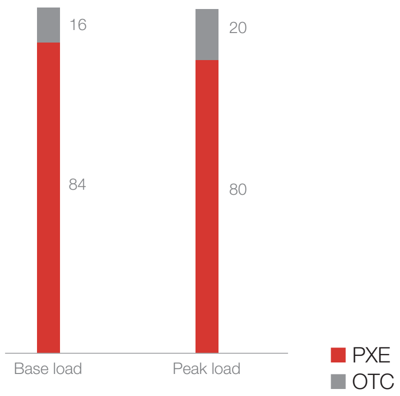
The ratio of trade volumes by individual locations (in %)



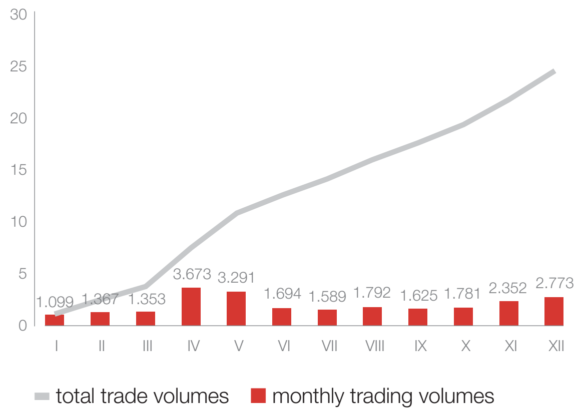
Each trading participant can anonymously conclude trades in the PXE system while observing the stipulated rules and regulation mechanisms; at the same time, the trader may also use the PXE system to register and subsequently settle trades concluded outside PXE ("OTC clearing"). The following diagram depicts the ratio of the volume of registered OTC trades while differentiating between the base load delivery and peak load delivery.

Trading volumes in the individual months of 2010 ranged from 1 TWh (January) to approximately 3.5 TWh (April, May). From the perspective of traded MWh, the largest trading volume was on 12 May 2010 – 807,005 MWh; this exchange day was also the day of the highest number of concluded trades. The highest number of traded contracts (MW) was attained on 14 April 2010 – 180 MW. The 2010 development of trading volumes is shown in the diagram below.

The ratio of the volume of registered OTC trades (in %)

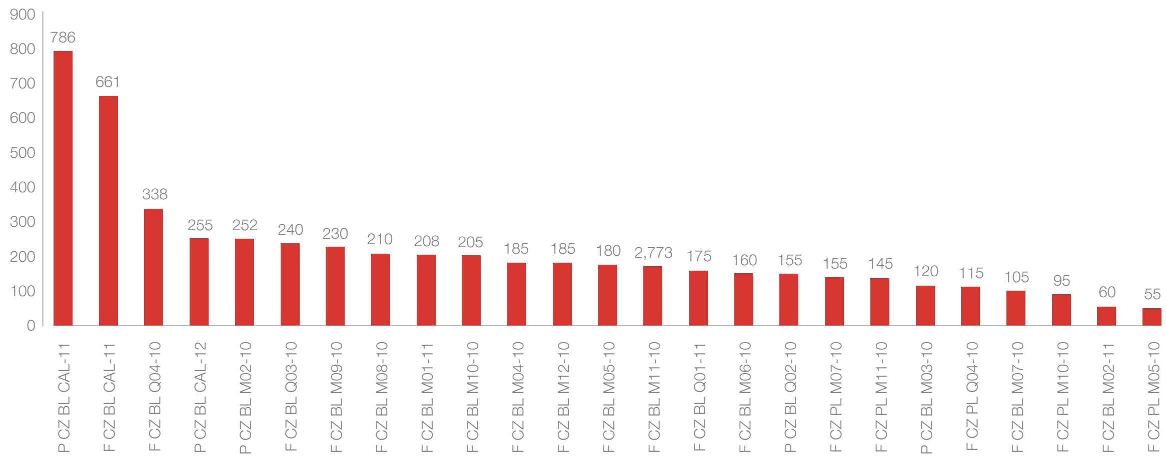


Total trade and monthly trading volumes (in TWh)

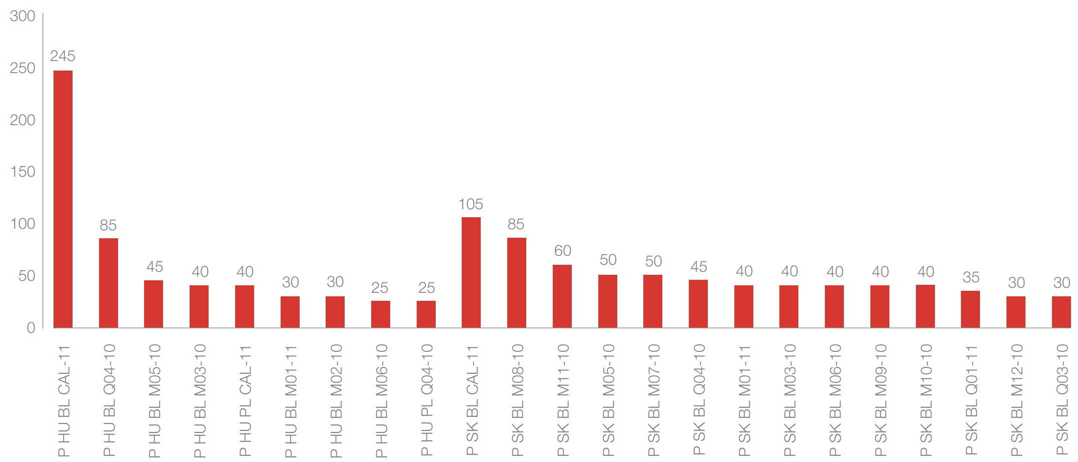


As in preceding years, 2010 also saw a prevalence of trades with base load delivery type products over products of the peak load delivery type. All in all, the most traded products with the place of delivery in CZ, SK and HU were 2011 base load annual deliveries with physical settlement. As regards CZ electricity it was 786 contracts, with SK it was 105 contracts, and with HU 245 contracts. Concrete data concerning the trading of individual products are shown in the following two diagrams.

The most traded CZ products (in MW)

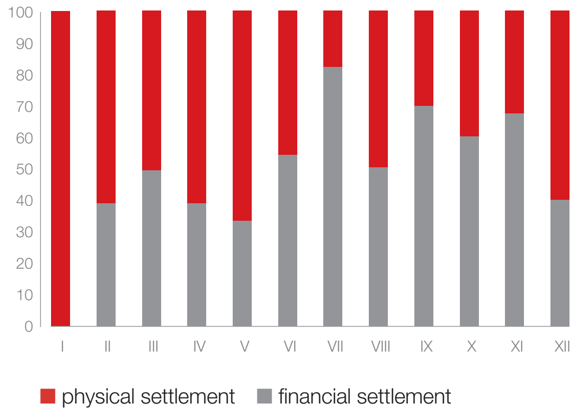


The most traded SK and HU products (in MW)



In February 2010 PXE introduced the possibility of trading commodity futures with financial settlement for products with the place of delivery in CZ. From that moment participants could select between actual physical delivery for the relevant delivery period and financial settlement of the price differences. Neither of the two settlement types for CZ products became markedly dominant in 2010.

The ratio of trade volumes of CZ products by types of settlement (in %)



The price of annual electricity delivery under base load did not record any major fluctuations in 2010, only a drop in spring and then a growth back by approximately 5 EUR/MWh. The price at the beginning and the end of 2010 was almost identical.

Annual delivery prices (EUR/MWh))

Note: on a clear majority of exchange days, the SK delivery has a rate identical to the CZ delivery and therefore the SK electricity price curve is not very noticeable.

Product (base load)	**Annual max.** (EUR/MWh)	**Annual min.** (EUR/MWh)	**Avg. price** (EUR/MWh)
2011 CZ	52.60 (21 June 2010)	42.60 (30 March 2010)	47.71
2011 SK	52.60 (3 June 2010)	42.75 (30 March 2010)	47.75
2011 HU	54.45 (11 June 2010)	44.25 (25 March 2010)	49.21

Information and Trading System

During the first half of the year, the IT Division provided the connection of the spot energy market trading Hungarian instruments with the Austrian system EXAA. Built on the Eclipse platform, a new generation of the front-end software PXE Monitor was implemented at the beginning of the year. The application also continued to be developed over the year in order to raise user comfort (displaying on the screen as much top priority information as possible and allowing prompt and intuitive access to other information) and provide even better security against potential user errors.

In the second half of the year, the operation of transferring trading data from PXE to the Vienna Stock Exchange in the format of the FIX protocol commenced. At the same time, a new faster and more reliable FIX engine developed by the Stock Exchange was introduced. Work on support for the conversion of financial futures into physical supplies commenced towards the end of the year. This project was implemented in conjunction with OTE, whose system had to be adjusted to this task. Towards the end of the year, the PXE web site was re-designed using a new graphic design that meets all marketing requirements for a modern web presentation. The presentation of trading data in graphs has been significantly improved using interactive flash graphs.

Financial Results of Economic Activities

Income Statement

(CZK'000)	Y 2010	Y 2009	Y 2008
Revenues from business activities	49,629	55,924	54,703
Operating expenses	45,444	52,213	58,554
Operating profit / loss (-)	4,185	3,711	(3,851)
Financial profit / loss (-)	(2,139)	198	1,238
Profit / loss (-) before income tax	2,046	3,909	(2,613)
Income tax expense	1,201	1,534	172
Net profit / loss (-) (comperhensive income) for the period	845	2,375	(2,785)

Statement of Changes in Equity and Financial Position

(CZK'000)	Y 2010	Y 2009	Y 2008
Share capital	60,000	60,000	60,000
Shareholder's equity	65,120	64,275	61,900
Statutory reserve fund	705	230	230
Rentained earnings	4,415	4,045	1,670
Earnings per Share “EPS” (net profit / number of shares)	14.08	39.59	*)

*) The company was not a joint stock company in 2008.

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 Koblic), Central Securities Depository Prague (represented by Petr Koblic, 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 committees. Mr David Kučera, General Secretary, is in charge of the activities of PXE.

Exchange Chamber

Number of Meetings in 2010: 4
15 January 2010
30 March 2010
14 September 2010
6 December 2010

Chairperson of the Exchange Chamber and Chief Executive Officer of Prague Stock Exchange:
Petr Koblic, date of birth 22 February 1971
Office existing since: 1 July 2009
Membership 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 existing since: 1 July 2009

Exchange Chamber member:
Bohumil Havel, date of birth 10 September 1975
Membership existing since: 1 July 2009

Proxy, general secretary of PXE:
David Kučera, date of birth: 29 September 1968

Changes during the year:
none

Trading Committee

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

Members as of 31 December 2010:

ALPIQ ENERGY SE	Karel Kadlec
Czech Coal, a.s	Zdeněk Fousek
Česká spořitelna, a.s.	Jakub Židoň
ČEZ, a.s.	Michal Skalka
Dalkia Česká republika, a.s.	Pavel Luňáček
Deutsche Bank AG (DB Energy Commodities Limited)	Sevastos Kavanozis
E.ON Energy Trading AG	Jivko Jekov
EDF Trading Ltd.	
EGL Česká Republika s.r.o.	Georg Varadi
Energetický a průmyslový holding	František Čupr
Ezpada s. r. o.	Richard Kučík
GDF Suez Electrabel	Frank Brannvoll
GEN-I, trgovanje in prodaja električne energije, d.o.o	Sandor Gyulay
J.P. Morgan	Chris Panton
Mercuria Energy Group Ltd.	Alistair Roffey
Morgan Stanley Capital Group Czech Republic, s.r.o.	Jozef Miskuf
Pražská energetika, a.s.	Michal Korynta
RE Trading CEE. s. r. o.	Jozef Zuba
Slovenské elektrárne, a.s.	Šárka Vinklérová
SSE CZ, s.r.o.	Jan Pišta
Statkraft Markets GmbH	Adrian Ivanov
Vattenfall Energy Trading GmbH	Marek Krzysteczko

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 2010:

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
ČEZ, a. s.	Jiří Olyšar
Central Securities Deposity 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 2010:

OTE, a.s.	Jiří Šťastný
ČEPS, a.s.	Vladimír Tošovský
Energy Regulatory Office	Josef Fiřt
Ministry of Industry and Trade of the Czech Republic	Tomáš Hüner
POWER EXCHANGE CENTRAL EUROPE, a.s.	David Kučera

Security Committee, Internal Audit Committee

In December 2010 Prague Stock Exchange along with Central Securities Depository Prague and PXE set up a joint Security Committee for the purpose of the implementation, maintenance and continuous improvement of the Information Security Management System. The committee's primary task will be to continually assess the ISMS internal security standards, enforce information security and discuss the standards of ensuring the continuity of activities.

At the same time a joint Internal Audit Committee was set up for the independent and objective execution of internal auditing in all the aforementioned companies.

List of Trading Participants

Members as of 31 December 2010:

ALPIQ ENERGY SE
Arbustrade, s.r.o.
B.E.K. Group kft.
BOHEMIA ENERGY entity s.r.o.
Budapesti Energiakereskedö Kft
CARBOUNION BOHEMIA, spol. s.r.o.
Czech Coal a.s.
CZECH-KARBON, s.r.o.
ČEZ, a. s.
Dalkia Česká republika, a.s.
Danske Commodities A/S
DB Energy Commodities Limited
E.ON Energy Trading SE
EDF Trading Limited
Edison Trading S.p.A.
EGL AG
Energy Financing Team (Switzerland) AG
ETC-Energy Trading, s.r.o.
Ezpada s.r.o.
Gazprom Marketing & Trading Limited
GDF Suez Electrabel SA
GEN-I, trgovanje in prodaja električne energije, d.o.o.
HOLDING SLOVENSKE ELEKTRARNE d.o.o.
J.P. Morgan Energy Europe KFT
J.P. Morgan Energy Europe s.r.o.
JAS Budapest
KI Energy Ceska, s.r.o.
Korlea Invest, a.s.
Lumius, spol. s r.o.
Mercuria Energy Trading SA
Merrill Lynch Commodities(Europe) Limited
Morgan Stanley & Co. International plc
Morgan Stanley Capital Group Czech Republic, s.r.o.
Österreichische Elektrizitätswirschafts AG (Verbund)
PB Power Trade, a.s.
Pražská energetika, a.s.
První energetická, a.s.
Repower Trading Česká republika s.r.o.
RSP Energy a.s.
Slovenské elektrárne, a.s.
SSE CZ, s.r.o.
Statkraft Markets GmbH
TINMAR-IND S.A.
Vattenfall Energy Trading GmbH
V-Elektra, s.r.o.

Report on Relationships between Controlling and Controlled Undertaking and Relationships between Controlled Undertaking and other Undertakings Controlled by the Same Controlling Undertaking in Fiscal Year 2010

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 2010.

CEESEG Aktiengesellschaft, with registered office at Wallnerstraße 8, Vienna 1010, entered in the Commercial Register maintained by Handelsgericht Wien, FN 161826f, is the parent company of the Controlling Undertaking. The Exchange Chamber is aware neither of any contractual relationship between the author of this Report and the parent company of the Controlling Undertaking, nor of any performance based on another deed in 2010.

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 "EnCC").

The Controlling Undertaking holds a 100% stake in Central Securities Depository, CCP, CCC and EnCC. 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 2010, 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 request of 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 2010; on the basis of previous agreements the Controlling Undertaking was provided with the following performance:

Agreement entered into on	Agreement title	Description	Performance provided (incl. VAT)
7 February 2007	Cooperation in the implementation of the project regarding the connection of the Prague Energy Exchange to OTE	System Interconnection and Exchange of Information	No performance
1 January 2009	IT Service Agreement	Technical support in the trading and settlement system operation	CZK 10,481,000
1 January 2009	Agreement on the Sublease of Non-Residential Premises	Sublease	CZK 905,000
19 December 2008	Agreement on Cooperation with Joint VAT Registration	The Prague Stock Exchange, Central Securities Depository and PXE are registered as a group as defined by the VAT Act	No performance
11 September 2009	Agreement on Use of Car	Provision of a car	CZK 556,000

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 amounted to CZK 86,000, incl. VAT.

The business relationships between the Central Securities Depository and the Controlled Undertakings were regulated by the following agreements during fiscal year 2010; on the basis of previous agreements, CDCP was provided with the following:

Agreement entered into on	Agreement title	Description	Performance provided (incl. VAT)
4 July 2007	Agreement on Provision of Services associated with Clearing of Trades Concluded at Prague Energy Exchange	Organization of clearing for PXE	CZK 4,343,000
19 December 2008	Agreement on Cooperation with Joint VAT Registration	The Prague Stock Exchange, Central Securities Depository and PXE are registered as a group as defined by the VAT Act	No performance

3 September 2010	Loan Agreement	Provision of a short-term loan in the amount of CZK 50 million	Interest receivable: CZK 335,000.

The business relationships between CCP and the Controlled Undertaking were regulated by the following agreements during fiscal year 2010; on the basis of previous agreements the following performance was provided:

Agreement entered into on	Agreement title	Description	Performance 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 1,531,000
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 32,000.

The business relationships between CCC and the Controlled Undertaking were regulated by the following agreements during fiscal year 2010; on the basis of previous agreements the following performance was rendered:

Agreement entered into on	Agreement title	Description	Performance 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 151,000
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 40,000.

The business relationships between EnCC and the Controlled Undertaking were regulated by the following agreements during fiscal year 2010; on the basis of previous agreements the following performance was rendered:

Agreement entered into on	Agreement title	Description	Performance 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 379,000 Settlement of expenses incurred in connection with the implementation of trades on the Day-Ahead Market of OTE and PXE, i.e. CZK 8,000
30 March 2009	Loan Agreement	Provision of a short-term revolving loan for the purpose of the payment of VAT to the suppliers of electric 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 8,000.

Legal Acts and other Measures

In 2010, the Controlled Undertaking held three General Meetings.
14th General Meeting decided on amendments to the Trading Rules.
15th General Meeting decided on

- Approval of the Exchange's 2009 regular financial statements,
- Approval of the proposed distribution of profit posted in 2009,
- Approval of the 2009 Report of the Supervisory Board,
- Election of Supervisory Board members, Mssrs. Opletal, Marek and Horáček
- Approval of the Report on Relationships between Affiliated Undertakings in 2009

16th General Meeting decided on

- Appointment of KPMG Česká republika, s.r.o. as the company auditor

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

The Exchange Chamber approves the Report on Relationships on 30 March 2011 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.

....	....
Petr Koblic	Helena Čacká
Exchange Chamber Chairperson	Exchange Chamber Vice-Chairperson

Opinion of the Supervisory Board of POWER EXCHANGE CENTRAL EUROPE, a.s. on the Results of Operations for 2010 Submitted for Approval to the Sole Shareholder, Burza cenných papírů Praha, a.s., Which Serves as the Company's General Meeting in the Decision Making of the Sole Shareholder

Report on the Review of the Report on Relationships between Affiliated Undertakings, the Annual Regular Financial Statements and the Proposal for the Distribution of Profit

The Supervisory Board reviewed the Report on Relationships between Affiliated Undertakings in Fiscal Year 2010.

In accordance with Article 18(3)(b) of the Articles of Association of POWER EXCHANGE CENTRAL EUROPE, a.s., the Supervisory Board reviewed the Regular Financial Statements for 2010. At its 8th meeting, the Supervisory Board studied the auditor's methods and the Auditor's Report for Shareholders of POWER EXCHANGE CENTRAL EUROPE, a.s. compiled by the audit firm of KPMG Česká republika Audit, s.r.o.

- *The Supervisory Board recommends that Burza cenných papírů Praha, a.s., as the sole shareholder of POWER, approve the Report on Relationships between Affiliated Undertakings in Fiscal Year 2010.*
- *The Supervisory Board recommends that Burza cenných papírů Praha, a.s., as the sole shareholder of POWER EXCHANGE CENTRAL EUROPE, a.s. approve the company's Annual Financial Statements and the Proposal of the Exchange Chamber for the Distribution of Profit in 2010 as submitted by the Exchange Chamber. The Supervisory Board agrees with the Exchange Chamber's proposal for the distribution of profit in the form of a mandatory allocation to the reserve fund in the amount of CZK 43,000 and the transfer of the balance of retained profit in the amount of CZK 802,000 to retained profit from previous years.*

Prague, 14 April 2011

Petr Horáček
Chairman of the Supervisory Board

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

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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.

Independent Auditor's Report to the Shareholders of POWER EXCHANGE CENTRAL EUROPE, a.s.

Financial statements

On the basis of our audit, on 15 March 2011 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 2010, 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.

Statutory Body's Responsibility for the Financial Statements

The statutory body of POWER EXCHANGE CENTRAL EUROPE, a.s. is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal controls as the statutory body determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors 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 give a true and fair view of the assets and liabilities of POWER EXCHANGE CENTRAL EUROPE, a.s. as of 31 December 2010, and of its expenses, revenues and net result and its cash flows for the year then ended in accordance with Czech accounting legislation."

Report on relations between related parties

We have 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 2010. The responsibility for the preparation and factual accuracy of this report rests with the Company's statutory body. Our responsibility is to express our view on the report on relations based on our review.

We conducted our review in accordance with Auditing Standard No. 56 of the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain limited assurance as to whether the report on relations is free of material misstatement. A review is limited primarily to inquiries of the Company's 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 performed an audit of the report on relations and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that would lead us to believe that the report on relations between related parties of POWER EXCHANGE CENTRAL EUROPE, a.s. for the year ended 31 December 2010 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 the Company's statutory body. 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 are also presented in the financial statements is, in all material respects, consistent with the audited financial statements. We believe that the audit we have conducted provides a reasonable basis for our audit opinion.

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

Prague
18 April 2011

KPMG Česká republika Audit

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

Pavel Závitkovský
Partner
Licence number 69

Financial Part

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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.

Independent 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 2010, 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.

Statutory Body's Responsibility for the Financial Statements

The statutory body of POWER EXCHANGE CENTRAL EUROPE, a.s. is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal controls as the statutory body determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors 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.

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

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

IČ 49619187
DIČ CZ699001996

Opinion

In our opinion, the financial statements give a true and fair view of the assets and liabilities of POWER EXCHANGE CENTRAL EUROPE, a.s. as of 31 December 2010, and of its expenses, revenues and net result and its cash flows for the year then ended in accordance with Czech accounting legislation.

Prague
15 March 2011

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 2010

(in CZK thousand)

ASSETS		Note	31 December 2010 Gross amount	31 December 2010 Adjustment	31 December 2010 Net amount	31 December 2009 Net amount
B.	**Fixed assets**		**1,788**	**1,307**	**481**	**736**
I.	**Intangible fixed assets**	3.1.1.	**1,593**	**1,172**	**421**	**679**
1.	Incorporation costs		1,120	802	318	542
3.	Software		423	370	53	137
7.	Intangible fixed assets under construction		50	–	50	–
II.	**Tangible fixed assets**	3.1.2.	**195**	**135**	**60**	**57**
3.	Individual movable assets and sets of movable assets		195	135	60	57
C.	**Current assets**		**72,224**	**–**	**72,224**	**72,379**
II.	**Long-term receivables**		**3,143**	**–**	**3,143**	**60**
5.	Long-term advances paid		2,478	–	2,478	15
8.	Deferred tax asset		665	–	665	45
III.	**Short-term receivables**		**35,256**	**–**	**35,256**	**27,211**
1.	Trade receivables	3.3.	4,988	–	4,988	5,212
3.	Receivables – associated companies		30,238	–	30,238	6,443
7.	Short-term advances paid		5	–	5	3,043
8.	Estimated receivables		25	–	25	–
9.	Other receivables		–	–	–	12,513
IV.	**Current financial assets**	3.2.	**33,825**	**–**	**33,825**	**45,108**
1.	Cash in hand		96	–	96	42
2.	Cash at bank		14,228	–	14,228	23,064
3.	Short-term securities and investments		19,501	–	19,501	22,002
D. I.	**Accruals and deferrals**	3.4.	**515**	**–**	**515**	**324**
1.	Prepaid expenses		179	–	179	83
3.	Accrued income		336	–	336	241
TOTAL ASSETS			**74,527**	**1,307**	**73,220**	**73,439**

(in CZK thousand)

EQUITY AND LIABILITIES			31 December 2010	31 December 2009
A.	**Equity**	3.5.	**65,120**	**64,275**
I.	**Share capital**		**60,000**	**60,000**
III.	**Statutory Reserve fund**		**705**	**230**
IV.	**Retained earnings**		**3,570**	**1,670**
V.	**Profit/ (loss) for the current period**		**845**	**2,375**
B.	**Liabilities**		**8,080**	**9,119**
I.	**Provisions**	3.6.	**4,171**	**296**
3.	Income tax provision		671	296
4.	Other reserves provisions		3,500	–
III.	**Short-term liabilities**	3.7.1.	**3,909**	**8,823**
1.	Trade payables		2,217	2,424
4.	Liabilities to shareholders		322	646
5.	Liabilities to employees		669	3,688
6.	Liabilities for social security and health insurance		343	245
7.	State - tax payables		173	689
8.	Short-term prepayments received		6	–
10.	Estimated payables		115	1,067
11.	Other payables		64	64
C. I.	**Accruals and deferrals**	3.8.	**20**	**45**
1.	Accrued expenses		20	45
TOTAL EQUITY AND LIABILITIES			**73,220**	**73,439**

Income Statement Year ended 31 December 2010

(in CZK thousand)

		Note	Year ended 31 December 2010	Year ended 31 December 2009
II.	Revenue from production	3.10.	49,629	55,909
1.	Revenue from own products and services		49,629	55,909
B.	Cost of sales		30,039	38,040
1.	Raw materials and consumables		628	921
2.	Services	3.12.	29,411	37,119
+	**Added value**		**19,590**	**17,869**
C.	Staff costs	4.1.	9,558	14,670
1.	Wages and salaries		6,720	11,573
2.	Remuneration of board members		660	600
3.	Social security and health insurance costs		1,928	2,214
4.	Other social costs		250	283
D.	Taxes and charges		1	56
E.	Depreciation of fixed assets		388	399
III.	Proceeds from disposal of fixed assets		–	15
1.	Proceeds from disposal of fixed assets		–	15
F.	Net book value of fixed assets sold		–	77
1.	Net book value of fixed assets sold		–	77
G.	Change in provisions		3,500	(1,750)
H.	Other operating charges	3.13.	1,958	721
*	**Operating result**		**4,185**	**3,711**
VIII.	Income from short-term investments	3.14.	29	473
X.	Interest income	3.15.	432	117
XI.	Other financial income	3.16.	5,826	7,745
O.	Other financial expenses	3.17.	8,426	8,137
*	**Financial result**		**(2,139)**	**198**
Q.	Tax on profit on ordinary activities	3.9.	1,201	1,534
1.	- current		1,821	1,225
2.	- deferred		(620)	309
**	**Profit / (loss) on ordinary activities after taxation**		**845**	**2,375**
***	**Net profit / (loss) for the period**		**845**	**2,375**
****	**Net profit / (loss) before tax**		**2,046**	**3,909**

Statement of Changes in Equity Year ended 31 December 2010

(in CZK thousand)

	Share capital	Statutory reserve fund	Retained earnings	Accumulated losses	Profit (Loss)	Total equity
As at 31 December 2008	**60,000**	**230**	**4,455**	**–**	**(2,785)**	**61,900**
Transfer to accumulated losses	–	–	–	(2,785)	2,785	–
Profit for the period	–	–	–	–	2,375	2,375
As at 31 December 2009	**60,000**	**230**	**4,455**	**(2,785)**	**2,375**	**64,275**
Transfer to reserve fund	–	475	–	–	(475)	–
Settlement of accumulated losses	–	–	(2,785)	2,785	–	–
Transfer to retained earnings	–	–	1,900	–	(1,900)	–
Profit for the period	–	–		–	845	845
As at 31 December 2010	**60,000**	**705**	**3,570**	**–**	**845**	**65,120**

Cash Flow Statement Year ended 31 December 2010

(in CZK thousand)

		Year ended 31 December 2010	Year ended 31 December 2009
P.	**Cash and cash equivalents as at the beginning of the year**	**45,108**	**65,150**
	Cash flow from operating activities		
Z.	Net profit / (loss) from ordinary activities before tax	2,046	3,909
A.1.	Adjustments for non-cash movements:	3,831	(2,808)
A.1.1.	Depreciation and amortisation of fixed assets	388	399
A.1.2.	Change in provisions	3,875	(2,679)
A.1.3.	Profit (-) or loss (+) on sale of fixed assets	–	62
A.1.5.	Net interest income	(432)	(590)
A.*	**Net cash flow from operating activities before tax and changes in working capital**	**5,877**	**1,101**
A.2.	Working capital changes:	(16,518)	(20,777)
A.2.1.	Change in short-term receivables and prepayments	(11,579)	(16,437)
A.2.2.	Change in short-term payables and accruals	(4,939)	(4,340)
A.**	**Net cash flow from operating activities before tax**	**(10,641)**	**(19,676)**
A.4.	Interest received	432	590
A.5.	Income tax on ordinary activities paid	(941)	(929)
A.***	**Net cash flow from operating activities**	**(11,150)**	**(20,015)**
	Cash flow from investing activities		
B.1.	Acquisition of fixed assets	(133)	(42)
B.2.	Proceeds from sale of fixed assets	–	15
B.***	**Net cash flow from investing activities**	**(133)**	**(27)**
F.	**Net (decrease) / increase in cash and cash equivalents**	**(11,283)**	**(20,042)**
R.	**Cash and cash equivalents as at the end of the year**	**33,825**	**45,108**

Notes to the Czech Statutory Financial Statements as at 31 December 2010

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.

Types of commodity exchange transactions:
a) commodities transactions with prompt delivery;
b) term commodities transactions – transactions with commodity derivatives;
c) auxiliary exchange transactions related to exchange-traded commodities (especially insurance contracts, storage contracts, transportation contracts and shipping contracts).

The exchange transactions involve:
a) electric power;
b) indices derived from prices of commodities.

Share capital recorded in the Commercial Register as at 31 December 2010 amounts to CZK 60,000 thousand.

Founders of the Company:

Burza cenných papírů Praha, a.s. ("BCPP")	investment of CZK 20,000 thousand
Centrální depozitář cenných papírů, a.s.	investment of CZK 20,000 thousand
CENTRAL COUNTERPARTY, a.s	investment of CZK 20,000 thousand

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

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.

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.

As at 7 July 2010 the General meeting of POWER EXCHANGE CENTRAL EUROPE, a.s. took place. The General meeting reached the following resolutions:
– approval of the 2009 financial statements of the Company
– approval of the 2009 profit distribution to statutory reserve fund (amounting to 20% of the profit) and the rest to retained earnings
– approval of the supervisory board report on examination of the 2009 financial statements and the 2009 profit distribution

In order to organize the electric power trading with delivery in Hungary the Company established a branch in Hungary – POWER EXCHANGE CENTRAL EUROPE, a.s., Magyarországi Fióktelepe through which power traders may access the Company's trading platform.

In 2010 the Company launched trading on the Hungarian spot auction which is organised by the Company together with the Austrian power exchange EXAA.

1.2. Corporate Structure
The Company is managed by the Chief executive officer.

The following 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 2010

	Position	Name
Exchange Chamber	Chairman	Petr Koblic
	Vice Chairman	Helena Čacká
	Member	Bohumil Havel
Supervisory Board	Member	Jiří Opletal
	Member	Petr Horáček
	Member	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 CZK 40 thousand 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.

Technical appreciation of tangible fixed assets is capitalized. 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:

	Number of years
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 that one year and a unit cost of more than CZK 60 thousand 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 amortized applying the straight-line basis over their estimated useful lives as follows:

	Number of years
Incorporation 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 amortized 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 an impairment 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 date. All exchange gains and losses on cash, receivables and liabilities are recorded in the income statement.

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

2.7. Deferred taxation
Deferred tax is recognized 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 recognized if it is probable that sufficient future taxable profit will be available against which the asset can be utilized.

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
Revenues are recorded as at date of rendering the services and are shown after discounts and without VAT.

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 recognized 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 recognized in the financial statements.

3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND INCOME STATEMENT

3.1. Fixed Assets

3.1.1. Intangible Fixed Assets

Cost	Balance as at 31 December 2009	Additions	Balance as at 31 December 2010
Incorporation costs	1,120	–	1,120
Software	377	46	423
Intangible fixed assets under construction	–	50	50
Total	**1,497**	**96**	**1,593**

Accumulated amortisation	Balance as at 31 December 2009	Additions	Balance as at 31 December 2010
Incorporation costs	578	224	802
Software	240	130	370
Total	**818**	**354**	**1,172**

Net book value	Balance as at 31 December 2009	Balance as at 31 December 2010
Incorporation costs	542	318
Software	137	53
Intangible fixed assets under construction	–	50
Total	**679**	**421**

In 2010 the acquisition of the PXE web license (CZK 37 thousand) and modification of EMOFF software (CZK 9 thousand) took place.

Assets under construction consist of a web application amounting to CZK 50 thousand.

3.1.2. Tangible Fixed Assets

Cost	Balance as at 31 December 2009	Additions	Balance as at 31 December 2010
Machinery and equipment	90	38	128
Low value tangible assets	–	–	–
Furniture and fixtures	67	–	67
Total	**157**	**38**	**195**

Accumulated depreciation and allowances	Balance as at 31 December 2009	Additions	Balance as at 31 December 2010
Machinery and equipment	62	23	85
Low value tangible assets	–	–	–
Furniture and fixtures	38	12	50
Total	**100**	**35**	**135**

Net book value	Balance as at 31 December 2009	Balance as at 31 December 2010
Machinery and equipment	28	43
Low value tangible assets	–	–
Furniture and fixtures	29	17
Total	**57**	**60**

In 2010 the Company acquired a computer with acquisition cost of TCZK 38.

3.2. Financial Assets

	As at 31 December 2010	As at 31 December 2009
Cash in hand	96	42
Cash at bank	14,228	23,064
Short-term securities	19,501	22,002
Total	**33,825**	**45,108**

3.3. Short-term Receivables

3.3.1. Trade Receivables

Year	Category	Before due date	Past due date	Total
As at 31/12/2009	Short-term	5,211	1	5,212
As at 31/12/2010	Short-term	4,988	–	4,988

Trade receivables have not been secured.

3.3.2. Other Receivables

	As at 31 December 2010	As at 31 December 2009
Receivables from employees	–	1
Receivables from Central Clearing Counterparty, a.s.	–	4,031
Receivables from Energy Clearing Counterparty, a.s.	–	8,481
Total	**–**	**12,513**

3.4. Accruals and Deferrals

	As at 31 December 2010	As at 31 December 2009
Insurance	76	76
Other	103	7
Prepaid expenses	179	83
Accrued income	336	241
Total	**515**	**324**

3.5. Equity
Share capital recorded in the Commercial Register as at 31 December 2010 amounts to CZK 60,000 thousand. Share capital comprised of 60 pieces of registered shares in the nominal amount of CZK 1,000 thousand each.

The statutory reserve fund, which is funded by 20% of the profit of the Company according to law, may not be distributed but may be used to offset losses.

2009 profit distribution and transfer to the reserve fund were approved by the General meeting on 7 July 2010.

3.6. Provisions
As at 31 December 2010 the Company created a provision for income tax of CZK 671 thousand (31 December 2009: CZK 296 thousand).

3.7. Payables
3.7.1. Short-term Payables
Short-term payables can be analyzed as follows:

Category	Balance as at 31 December 2010	Balance as at 31 December 2009
Trade payables	2,217	2,424
Payables to shareholders/ owners and alliance partners	322	646
Payables to staff	669	3,688
Social security and health insurance payables	343	245
Tax liabilities	173	689
Short term advances received	6	–
Estimated payables	115	1,067
Other payables	64	64
Total short-term payables	**3,909**	**8,823**

No trade payables were overdue as at 31 December 2010 and 2009.

3.8. Accruals and Deferrals

	Balance as at 31 December 2010	Balance as at 31 December 2009
Advisory services	3	27
Payroll services	15	15
Other	2	3
Total accruals and deferrals	**20**	**45**

3.9. Income Tax on Ordinary Activities
The income tax expense consists of the following:

	2010	2009
Current tax expense	1,821	1,225
Deferred tax expense / (credit)	(620)	309
Total income tax expense	**1,201**	**1,534**

The 2010 deferred tax asset / (liability) was calculated using a at tax rate of 19% and can be analysed as follows:

	Balance as at 31 December 2010	Balance as at 31 December 2009
Deferred tax liability:		
Accelerated tax depreciation of fixed assets	–	(3)
Deferred tax asset:		
Provisions	665	–
Unpaid social and health insurance	–	48
Net deferred tax asset	**665**	**45**

3.10. Revenue Analysis

		2010	
	Domestic	Foreign	Total
Commodity exchange fees	32,556	16,820	49,376
- one-off entrance fee	1,165	1,866	3,031
- participation fee	8,901	4,583	13,484
- transaction fees	7,236	2,894	10,130
- transaction settlement fees	6,165	2,493	8,658
- registration fees OTE	2,386	166	2,552
- registration fees SEPS	232	21	253
- registration fees MAVIR	260	119	379
- communication connection fees	6,211	4,678	10,889
Commodity exchange information	–	195	195
Other services	58	–	58
Total revenue from the sale of services	**32,614**	**17,015**	**49,629**

		2009	
	Domestic	Foreign	Total
Commodity 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
Commodity exchange information	13	158	171
Other services	4	18	22
Total revenue from the sale of services	**40,855**	**15,054**	**55,909**

3.11. Related Party Transactions

All material transactions with related parties were realised on an arm's length basis.

3.11.1. Purchases from Related Parties

2010		
Entity	**Relation to the Company**	**Services**
Centrální depozitář cenných papírů, a.s.	shareholder – member of BCPP Group	4,343
CENTRAL COUNTERPARTY, a.s.	shareholder – member of BCPP Group	1,276
Burza cenných papírů Praha, a.s.	shareholder – member of BCPP Group	10,481
Energy Clearing Counterparty, a.s.	member of BCPP Group	318
Central Clearing Counterparty, a.s.	member of BCPP Group	127
Total		**16,545**

2009		
Entity	**Relation to the Company**	**Services**
Centrální depozitář cenných papírů, a.s.	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
Total		**21,258**

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. ("EnCC").

3.11.2. Interest Income from Related Parties

	2010	2009
Centrální depozitář cenných papírů, a.s.	335	–
CENTRAL COUNTERPARTY, a.s.	32	80
Energy Clearing Counterparty, a.s.	7	7
Central Clearing Counterparty, a.s.	40	8
Total	**414**	**95**

All significant transactions are carried out on an arm-length basis.

3.11.3. Receivables from Related Parties

Receivables from shareholders	As at 31 December 2010	As at 31 December 2009
CENTRAL COUNTERPARTY, a.s.	–	6,443
Centrální depozitář cenných papírů, a.s.	30,238	–
Total	**30,238**	**6,443**

Short-term advances paid	As at 31 December 2010	As at 31 December 2009
Energy Clearing Counterparty, a.s.	–	306
Central Clearing Counterparty, a.s.	–	2,734
Total	**–**	**3,040**

Long-term advances paid	As at 31 December 2010	As at 31 December 2009
Central Clearing Counterparty, a.s.	2,463	–
Total	**2,463**	**–**

3.11.4. Payables to Related Parties

Short-term liabilities	As at 31 December 2010	As at 31 December 2009
Centrální depozitář cenných papírů, a.s. – trade payables	553	252
CENTRAL COUNTERPARTY, a.s. – trade payables	140	493
Burza cenných papírů Praha, a.s. – trade payables	954	743
Energy Clearing Counterparty, a.s. – trade payables	30	–
Total	**1,677**	**1,488**

3.11.5. Other Receivables

	As at 31 December 2010	As at 31 December 2009
Receivables from employees	–	1
Central Clearing Counterparty, a.s.	–	4,031
Energy Clearing Counterparty, a.s.	–	8,481
Total	**–**	**12,513**

3.12. Purchased Services

	2010	2009
Repairs and maintenance	–	12
Travel expenses	1,392	1,432
Representation costs	465	368
Telephone, fax, postal fees	305	331
Rent	474	649
Services relating to rental from BCPP	313	231
Rental services from BCPP	636	662
Services from BCPP	10,481	10,198
Services from CCP	1,276	4,840
Services from CDCP	4,343	5,123
Services from EnCC	318	136
Services from CCC	127	68
Advisory services	3,830	5,897
Audit	215	374
Promotion	3,342	4,778
Other services	1,894	2,020
Total	**29,411**	**37,119**

3.13. Other Operating Expenses

	2010	2009
Gifts	–	12
Fines and penalties	–	156
Insurance premiums	325	394
Other	1,633	159
Total other operating expenses	**1,958**	**721**

3.14. Income from Financial Assets

	2010	2009
Interest from depository notes (CZK)	29	472
Interest from depository notes (EUR)	–	1
Toal income from current financial assets	**29**	**473**

3.15. Interest Income

	2010	2009
Interest on current bank accounts	18	22
Interest income within group	414	95
Total interest income	**432**	**117**

For more details about intergroup interest see Note 3.11.

3.16. Other Financial Income

	2010	2009
Foreign exchange gains	5,826	7,745
Total	**5,826**	**7,745**

3.17. Other Financial Expenses

	2010	2009
Foreign exchange losses	8,363	8,067
Banking charges	63	70
Total	**8,426**	**8,137**

4. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

4.1. Staff Costs and Number of Employees

2010	Headcount	Personnel expenses total
Employees	6	5,499
Management	1	3,399
Total	**7**	**8,898**

2009	Headcount	Personnel expenses total
Employees	7	5,697
Management	1	8,373
Total	**8**	**14,070**

4.2. Loans, Credits and Other Benefits Provided

During the year 2010 and 2009 the members of the Exchange Chamber and the management received the following benefits:

2010	Exchange chamber	Management	Total
Remuneration of the statutory body members	660	–	660
Total	**660**	**–**	**660**

2009	Exchange chamber	Management	Total
Remuneration of the statutory body members	600	–	600
Total	**600**	**–**	**600**

5. 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 2010.

6. POST BALANCE SHEET EVENTS

The Company's management is not aware of any events that have occurred since the balance sheet date that would have a material impact on the financial statements as at 31 December 2010.

Prague, 15 March 2011

Petr Koblic
Chairman of the Exchange Chamber

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