cee stock exchange group

2011: Annual Report

POWER EXCHANGE
CENTRAL EUROPE

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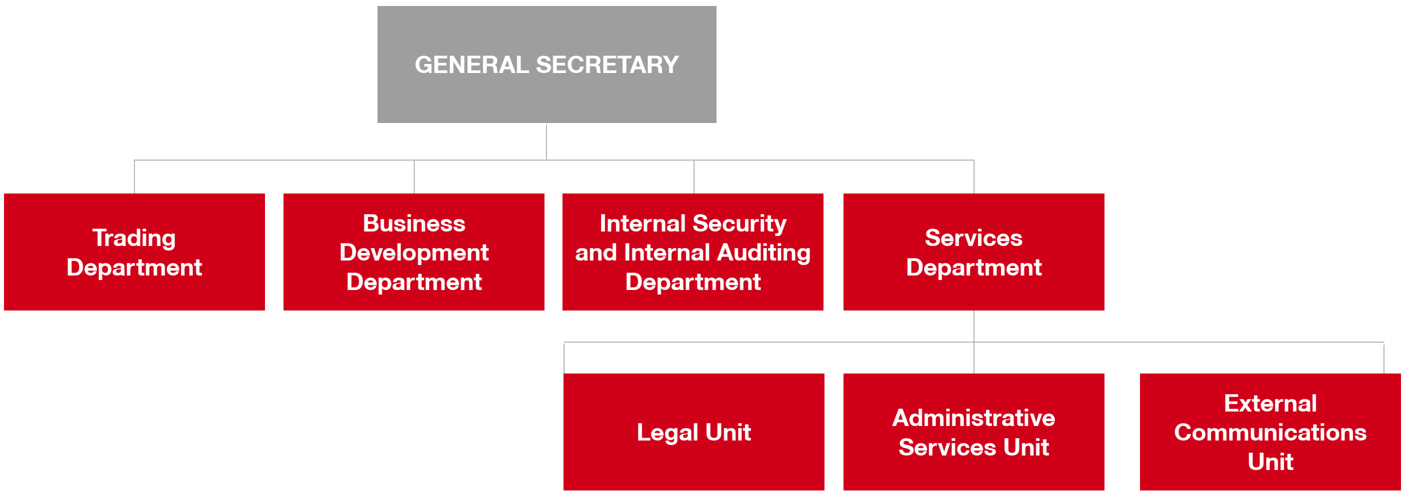
Company Profile

POWER EXCHANGE CENTRAL EUROPE, a.s. (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, such as anonymous trading of standardized products with guaranteed settlement. Moreover, just one account provides access to an electricity market with places of delivery in the Czech Republic, Slovakia and Hungary.

In October, PXE commenced trading in the new Trayport GlobalVision trading system. The most widely used commodity trading system, it is employed in more than 50 markets all around the world. By switching to this platform, PXE has made itself even more accessible to foreign participants.

Company Organizational Structure



Highlights of 2011

1 February 2011

In cooperation with OTE, the possibility for PXE trading participants to enter bids and offers at the OTE Day-Ahead Market was prepared for the purpose of physical delivery ensuing from an open position of CZ financial futures.

3 October 2011

Trading in the new Trayport GlobalVision trading system is initiated. On the basis of a contract signed in July 2011, futures contracts with physical and financial settlement for the Czech market as well as contracts with physical settlement for the Slovak and Hungarian markets are traded through this system.

Trayport GlobalVision is the most widely used commodity trading system, and it is deployed in more than 50 markets all over the world. In switching to this platform, PXE made itself even more accessible to foreign participants.

Key Data

	2011	2010	2009	2008	2007
Number of Exchange Days	253	253	251	252	115

FUTURES

	2011	2010	2009	2008	2007
Traded volume [MWh]	24,343,699	24,306,334	28,939,305	32,727,366	34,368,318
of which: BASE LOAD	23,972,119	23,589,934	27,265,545	30,417,966	33,313,386
PEAK LOAD	371,580	716,400	1,673,760	2,309,400	1,054,932
Traded volume [EUR mn]	1,327.43	1,171.37	1,396.11	2,440.96	1,897.82
of which: BASE LOAD	1,301.86	1,126.81	1,285.96	2,202.63	1,811.76
PEAK LOAD	25.57	44.56	110.15	238.33	86.06
Number of contracts [MW]	8,693	7,572	12,083	14,042	4,726
of which: BASE LOAD	7,878	6,533	9,593	11,217	3,558
PEAK LOAD	815	1,039	2,490	2,825	1,168
Number of trades	1,242	2,238	3,178	4,242	1,822
of which: BASE LOAD	1,137	1,965	2,640	3,396	1,362
PEAK LOAD	105	273	538	846	460
Average daily volume [MWh]	96,220.15	96,072.47	115,296.04	129,870.50	298,854.94
of which: BASE LOAD	94,751.46	93,240.85	108,627.67	120,706.21	289,681.62
PEAK LOAD	1,468.70	2,831.62	6,668.37	9,164.29	9,173.32

SPOT

	2011	2010	2009	2008
Traded volume [MWh]	31,355	83,712	240	93,130
Traded volume [EUR mn]	1.66	3.85	0.02	7.07
Number of contracts [MW]	1,315	3,863	10	9,130
Number of trades	113	816	2	1,700

Foreword by the General Secretary

Dear Ladies and Gentlemen,

Although it may not be apparent from a first glance at the summary transaction data, the energy sector in 2011 was exceptionally abundant in events that significantly influenced trading at POWER EXCHANGE CENTRAL EUROPE (PXE). The PXE trading volume totalled 24.4 TWh last year, unchanged from 2010. While the closing price of the base load year contract with settlement in 2012 for the first trading day of the year (3 January 2011) was EUR 50.90/MWh, on the last trading day (30 December 2011) it stood at EUR 50.70/MWh. As these numbers suggest, we cannot infer either a price trend or a trend in trading volume based upon the summary trading data.

The serious accident at Japan's Fukushima power plant was indisputably the most significant event of the year. Its occurrence reignited worldwide discussion as to the safety of nuclear power plants and accelerated the German government's decision to phase out that country's nuclear power plants. When the German Chancellor informed the public of this plan on 14 March 2011, PXE recorded an immediate upward spike in prices by almost EUR 6/MWh. This trend continued until May, when the base load energy price with 2012 delivery reached its high for the year at EUR 58.15/MWh. This example clearly demonstrates the interconnectedness of energy markets and the impacts of global events on local economies.

The year 2011 also was the first in which newly built solar power plants were commissioned. Although it seems the impact of these new facilities on PXE traded volumes has been minimal so far, we are beginning to sense reduced interest among traders to hedge the prices of their supplies on PXE in the long term and, on the other hand, heightened interest in speculative and hedging operations of a short-term nature.

From a PXE perspective, the most important event in its operations was implementation of the Trayport GlobalVision trading system. Trayport's trading terminals are among those most preferred by electricity traders, and thus PXE decided to implement this solution in response to their requests. Implementation began seamlessly from 1 October 2011, and we have been very satisfied with the new operation so far. In connection with this change, we also successfully negotiated with clearing banks at the end of the year to extend PXE trading hours as from the start of 2012.

David Kučera

There is one fundamental trend, though, that can be observed in the trading on PXE. That is a departure from trading in products with physical delivery to trading in contracts with financial settlement (which currently accounts for over 90% of traded volume). We are also pleased by the positive trend seen in the growing number of trading participants, which totalled 44 at the close of the year. We hope this trend will continue also in the next year.

During 2012, we would like to introduce adjustments in settlement which we expect will simplify trading while reducing its cost for market participants. We hope that these steps will help to generate greater liquidity and better quality price discovery at PXE.

David Kučera
PXE General Secretary

Trading

During 2011, trading occurred on PXE a total of 253 exchange days, taking in all business days from 1 January to 31 December 2011. Non-exchange days included public holidays (25 April, 5 and 6 July, 28 September, 28 October, 17 November and 26 December).

Trading took place during 2011 in the following products:
a) futures contracts with physical settlement and place of delivery in the Czech national power grid (CZ), Slovak national power grid (SK) and Hungarian national power grid (HU);
b) futures contracts with financial settlement and for which the underlying asset is the price of CZ electricity established within the Day-Ahead Market organized by OTE; and
c) spot CZ contracts with physical settlement.

In 2011, two companies acted in the capacity of official market maker. These were:
– ČEZ, a. s., as a general market maker for CZ futures with financial settlement; and
– GDF Suez Electrabel, as a market maker for HU futures with physical settlement and for CZ futures with financial settlement.

Several other trading participants supported market liquidity by regularly posting their quotations (bid and ask prices) for selected CZ, HU and SK products.

Products traded in 2011

For CZ futures with financial settlement, HU futures with physical settlement and SK futures with physical settlement, contracts were regularly originated in 2011 so that trading was always possible for at minimum:
– **the next 3 full calendar years,**
– the next 4 full calendar quarters, and
– the next 6 full calendar months.

For CZ futures with physical settlement, contracts were regularly originated in 2011 so that trading was always possible for at minimum:
– **the next 1 full calendar year,**
– the next 2 full calendar quarters, and
– the next 3 full calendar months.

For CZ and HU daily products with physical settlement, contracts were regularly quoted in 2011 so that trading was always possible for at minimum:
– the next 2 delivery days (if such day is not an exchange day at PXE, all subsequent non-trading days are also quoted).

All the products above were quoted for deliveries of base load type and of peak load type. Note: Base load means constant delivery 24 hours a day, 7 days a week, while peak load refers to delivery 12 hours a day (8:00 a.m. to 8:00 p.m.), 5 days a week (Monday through Friday).

Hourly products with place of delivery CZ are not listed directly as exchange products but as a subject of trading on the OTE Day-Ahead Market for which bids to buy and offers to sell can be placed via the PXE system.

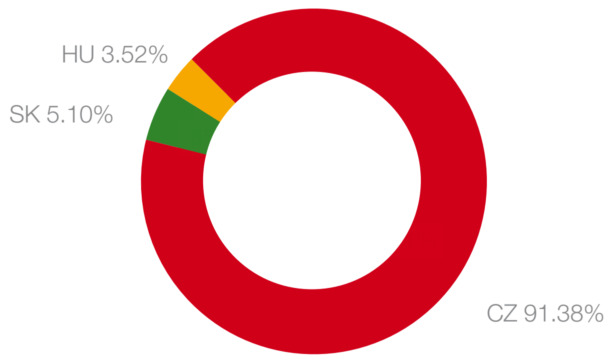
Trades involving hourly products with place of delivery HU are concluded via the EXAA (Abwicklungsstelle für Energieprodukte AG) trading system. This was made possible on the basis of a cooperation agreement concluded on 14 May 2010.

Trading activity and outcomes in 2011

A total of 1,355 trades were concluded in the PXE system during 2011 with overall volume of 24.38 TWh.

From the perspective as to place of delivery, the proportion of trades in CZ products increased against the previous year, and especially at the expense of volume traded in HU products. The specific percentage shares by individual places of delivery are shown in the following figure.

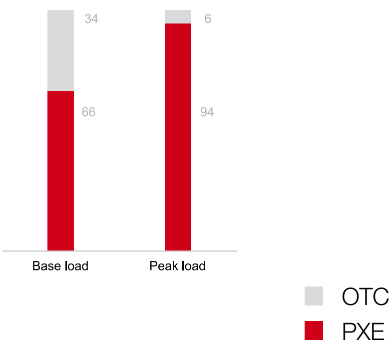
Share in traded volumes, by place of delivery (in %)



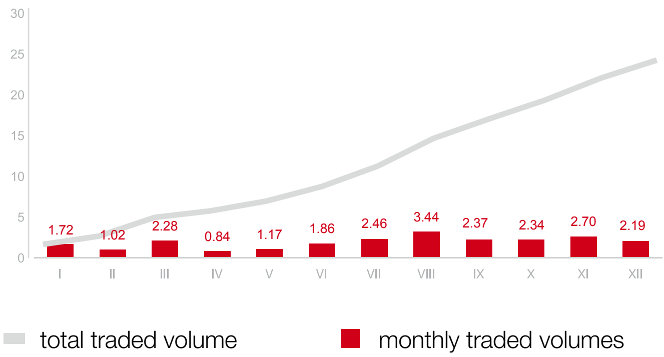
Each trading participant can anonymously conclude trades in the PXE system while observing the stipulated rules and regulatory mechanisms. At the same time, a trader may use the PXE system to register and subsequently settle trades concluded outside PXE ("OTC clearing"). The following figure depicts the proportions of cleared volume comprised of registered OTC trades while differentiating between base load versus peak load delivery.

Traded volumes in the individual months of 2011 ranged from 0.8 TWh (April) to approximately 3.4 TWh (August). From the perspective of traded MWh, the largest single-day traded volume (552,287 MWh) occurred on 9 December 2011. The highest number of concluded trades (22 trades) was attained on 23 June 2011, while the highest number of traded contracts (MW) was recorded on 13 December 2011 (265 MW). The development of volumes traded in 2011 is shown in the figure below.

OTC trades clearing as a proportion of total trades (in %)

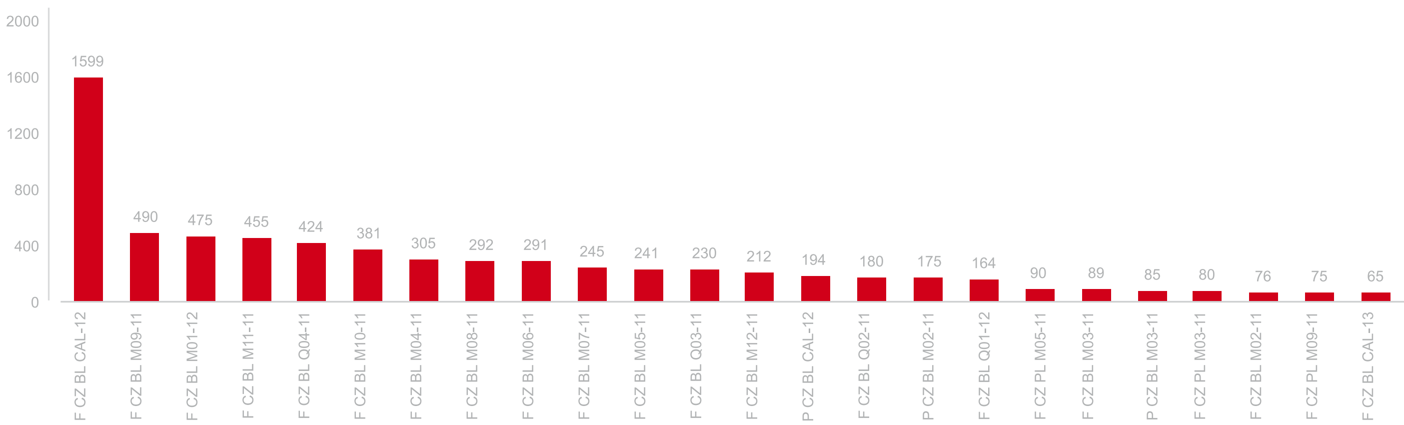


Monthly and cumulative traded volumes (in TWh)

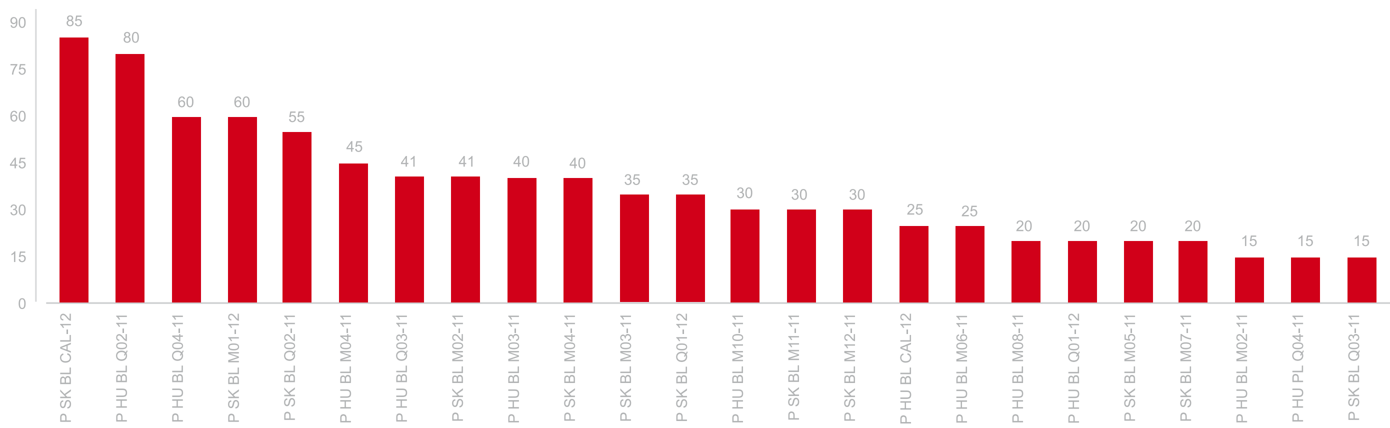


As in preceding years, 2011 also saw a prevalence of transactions with base load delivery products over products of the peak load delivery type. The most traded products with places of delivery CZ and SK were 2012 base load annual deliveries (with financial settlement for CZ and physical settlement for SK). For contracts with place of delivery in Hungary, Q2 base load represented the most traded product. For CZ electricity this involved 1,599 contracts, while the number was 85 contracts for SK and 80 contracts for HU. Specific data concerning the trading of individual products are shown in the following two figures.

Most traded CZ products (in MW)



Most traded HU and SK products (in MW)



Although PXE offers its participants the possibility of trading in CZ commodity futures with both financial and physical settlement (and thus they are able to select between actual physical delivery for the relevant delivery period and financial settlement of price differences), contracts with financial settlement were conspicuously most prevalent in 2011.

The electricity price in 2011 was markedly affected by the Fukushima nuclear accident and the German government's subsequent decision to shut down its eight oldest nuclear power plants and halt production of nuclear power by 2020. This decision caused annual delivery prices at the end of Q1 to rise by ca 9.61%. Trading at the end of the year, by contrast, was influenced by a significant drop in the prices of permits, which lost as much as 60% of their value.

Proportions of traded volumes for CZ products, by type of settlement (in %)

Annual base load delivery prices (EUR/MWh)

Note: In a vast majority of exchange days, SK delivery shows the same development as CZ delivery. Thus, the SK electricity price curve is not always visible.

Product (base load)	**Annual max.** (EUR/MWh)	**Annual min.** (EUR/MWh)	**Avg. price** (EUR/MWh)
2012 CZ	58.15	48.65	53.98
2012 SK	58.15	48.65	54.01
2012 HU	61.10	49.95	56.93

Information and Trading System

During 2011, the IT Division focused its efforts on further developing the activities of the Central Securities Depository, transferring electricity trading at POWER EXCHANGE CENTRAL EUROPE to the new Trayport GlobalVision system, and extensively developing and modifying the technological infrastructure of the PX group's systems with an emphasis on further enhancing the accessibility and security of the information system and data. In mid-2011, preparations were initiated in order to implement and launch the Xetra® trading system in 2012.

The IT Division's main task for PXE was the changeover to the new Trayport GlobalVision trading system. However, this platform only provides trading. All other activities, such as settlement of exchange trades, clearing banks' access to information on trading and risk management, data sharing with information agencies, data transfer to the PXE website and reporting to the regulator, are provided by the existing systems developed by employees of the Prague Stock Exchange. From a technical point of view, therefore, the Trayport GlobalVision project consisted in integrating the new trading platform into PXE's existing systems. The project was successfully completed and the Trayport GlobalVision system launched after five months.

In early 2011, the project for switching financial futures to physical delivery was implemented. From a technical viewpoint, the project consisted in registering PXE participants' requests for switching financial futures to physical delivery. Based on these requests, orders for the PXE-OTE Day-Ahead Market are automatically generated on a daily basis, ensuring that such a request for physical delivery is carried out.

The new version of the PXEMonitor front-end application was launched at the start of the year. This brought further improvements in user-friendliness in trading electricity and made installation and maintenance of the application less demanding.

The new PXE website was enhanced with a new content management system, enabling the creation and administration of contributions from processors on multiple levels and thereby increasing publishing flexibility and efficiency.

For the IT Division, 2011 marked a year of technological changes due to the large number and complexity of projects. One of the most important is implementation of the desktop virtualization project as a solution strengthening the security of information and data in the PX group systems.

The aim of the server virtualization project was to prepare a new, robust infrastructure that will enable the use of new application servers and migration of old servers into this infrastructure. The main advantages of this platform are its flexibility in executing new requirements and changes, high accessibility of systems, simplification of system administration, and reduction in costs of implementing new servers.

Along with virtualization and high accessibility, it was also necessary to address broadband connection of the primary and back-up locations. The new data connection of the primary and back-up workstations based on broadband connections over Fibre Channel Protocol and Ethernet will ensure the necessary data throughput and synchronization of systems at the primary and back-up workstations.

The IT Division also devoted great efforts to security. In close cooperation with the Security Division, it participated in further improving the information security management system (ISMS) in accordance with international standards. This collaboration involved analysing and adopting a number of internal security policies, processing and introducing documentation for operating processes, and implementing a number of security measures, including internal controls. In the context of security projects implementation, also worthy of note is the network segmentation consisting in separation of servers from PCs, launch of the intrusion prevention system (IPS), centralized storing of certificates, and more.

For purposes of software audit and record maintenance, software was purchased and installed that enables more efficient scanning of software installed on devices and regular evaluation of the status of licensed software based on a record of purchased licences. The system was put into test operation at the end of the year.

Due to the growing number of messages arriving via data boxes, a secure data messages storage system was proposed in the second quarter and then implemented across PX group. The robust system is based on two independent storage locations, each controlling the other, and ensures that no data messages will get lost.

For purposes of management and training, an independent WiFi network was put into service, thus enabling broadband internet connection especially of mobile devices.

Work in implementing a system for automated collection and evaluation of operating and security events from various systems and devices (a so-called log concentrator) continued, with more devices being connected and the creation of reports being tested. The system was put into live operation at the start of 2012, and regular reports began to be generated for connected systems. The number of connected devices and reports will continue to grow.

In November and December, a cumulative package of repair software for the primary iSeries computing platform was installed. The transfer process was well prepared and was performed with no undesirable impacts on group systems operation.

At the very end of the year, an external company performed penetration tests which found no serious deficiencies in internet connection security.

Financial Results

Income Statement

in CZK thousand	2011	2010	2009
Revenues from business activities	49,763	49,629	55,924
Operating expenses	37,719	45,444	52,213
Operating profit	12,044	4,185	3,711
Net financial income / expense (-)	2,679	(2,139)	198
Profit before income tax	14,723	2,046	3,909
Income tax expense	3,157	1,201	1,534
Net profit	11,566	845	2,375

Statement of Changes in Equity and Financial Position

in CZK thousand	2011	2010	2009
Share capital	60,000	60,000	60,000
Shareholders' equity	76,686	65,120	64,275
Statutory reserve fund	748	705	230
Retained earnings	15,938	4,415	4,045
Earnings per share (CZK)	192.77	14.08	39.59

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, Chairperson of the Board of Directors), and CENTRAL COUNTERPARTY, a.s. (represented by Helena Čacká, sole member of the Board of Directors). The Exchange Chamber is the second most important body of the Exchange. Experts from several companies and government agencies participate in the operations of PXE through its committees. David Kučera, General Secretary, is in charge of PXE's activities.

Exchange Chamber

Numbers of meetings in 2011: 2
20 July 2011
15 September 2011

Chairperson of the Exchange Chamber and Chief Executive Officer of Prague Stock Exchange:
Petr Koblic, date of birth: 22 February 1971
Date of assuming office: 1 July 2009
Member 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
Date of assuming office: 1 July 2009
Member since: 1 July 2009

Member of the Exchange Chamber:
Bohumil Havel, date of birth: 10 September 1975
Member 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 at 31 December 2011:

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
EGL AG	Georg Varadi
Energetický a průmyslový holding, a.s.	František Čupr
Ezpada s.r.o.	Dušan Bahula
GDF Suez Electrabel	Frank Brannvoll
GEN-I, trgovanje in prodaja električne energije, d.o.o.	Sandor Gyulay
Morgan Stanley Capital Group Czech Republic, s.r.o.	Jozef Miskuf
Pražská energetika, a.s.	Michal Korynta
Repower Trading Česká republika 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 the body that proposes the principles and rules of trade settlement.

Members as at 31 December 2011:

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
Centrální depozitář cenných papírů, a.s.	Helena Čacká

Strategy Committee

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

Members as at 31 December 2011:

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 2011, the Security Committee analysed and re-evaluated the information security requirements and established principles and objectives for the PX group to be achieved in this area. The conclusions were then incorporated into the underlying documents – the information security management system (ISMS) specifications and policies, security directives, and operational security directives. By means of these documents, the group's management stated its strategy for continually safeguarding information security as part of its management processes.

The group's information security management stems from the fundamental principles of the ISO 27000 series standards, decisions and recommendations of the supervisory authority (Czech National Bank), and legal regulations.

The committee also directed its attention to the implementation and operation of individual security measures the principles of which are based on the approved ISMS policy, and especially in the areas of information access management, confidentiality protection and information integrity, management of security incidents, and monitoring of adherence to ISMS principles.

Activity of the internal audit and the Internal Audit Committee focused especially on monitoring the compliance of the PX group's ISMS policy with the requirements of ISO/IEC 27000 standards as well as on the aforementioned individual priority areas of information security. This resulted in the adoption and implementation of a number of corrective measures.

The established information security system significantly reduced the possibility for information leakages and breaches of integrity. Access to confidential information as well as the possibility of handling information were restricted, and rigorous information protection rules were reinforced.

Private and Exchange Trading Officers, Exchange Court of Arbitration

Exchange trading officers at PXE:
Lukáš Melichar
Jana Horová
Tomáš Krečí

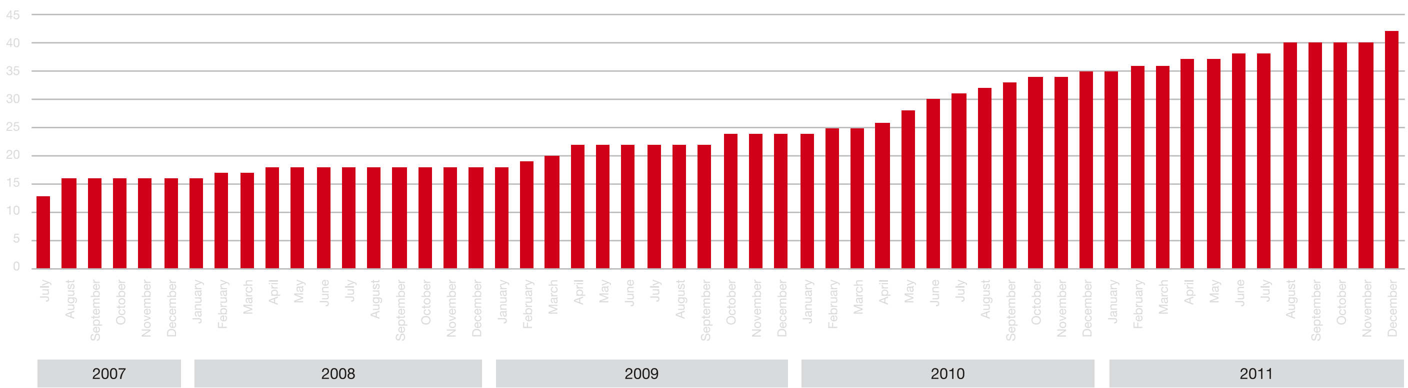
No private trading officers operate at PXE, and no exchange court of arbitration is established at PXE.

List of Trading Participants

Members as at 31 December 2011:

ALPIQ ENERGY SE
Amper Market, a.s.
B.E.K. Group CZ s.r.o.
BOHEMIA ENERGY entity s.r.o.
CARBOUNION BOHEMIA,spol. s r.o.
Citigroup Global Markets Limited
Czech Coal a.s.
ČEZ, a. s.
Dalkia Commodities CZ, s.r.o.
Dalkia Česká republika, a.s.
DB Energy Commodities Limited
E.ON Energy Trading SE
EDF Trading Limited
Edison Trading S.p.A.
EGL AG
ENEL Trade S.p.A.
Ezpada s.r.o.
Gazprom Marketing & Trading Limited
GDF Suez Trading
GEN-I, trgovanje in prodaja električne energije, d.o.o.
HOLDING SLOVENSKE ELEKTRARNE d.o.o.
J.P. Morgan Energy Europe s.r.o.
KI Energy Ceska, s.r.o.
Korlea Invest, a.s.
Lumius, spol. s r.o.
MAGNA E.A.
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
PB Power Trade, a.s.
Pražská energetika, a.s.
První energetická a.s.
Repower Trading Česká republika s.r.o.
RWE Supply & Trading GmbH
Slovenské elektrárne, a.s.
Statkraft Markets GmbH
Stredoslovenská Energetika, a.s.
TEI Deutschland GmbH
TINMAR-IND S.A.
Vattenfall Energy Trading GmbH
V-Elektra, s.r.o.
VEMEX Energie a.s.

NUMBER OF TRADING PARTICIPANTS AT PXE



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 2011

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

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")

for the 2011 fiscal year.

CEESEG Aktiengesellschaft, with its 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 2011.

The report also provides information on 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 the 2011 fiscal year, other legal steps 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 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 the 2011 fiscal year; on the basis of the agreements the following payments were made to the Controlling Undertaking:

Agreement entered into on	Agreement title	Description	Payments (including VAT)
1 January 2009	Agreement on the Sublease of Non-Residential Premises, in the wording of Amendment 2 dated 1 July 2011	Sublease	CZK 1,023,000
30 September 2011	IT Service Agreement	Technical support for the operation of the trading and settlement system	CZK 9,151,000

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 and the use of a time stamp, provided by the Prague Stock Exchange. The re-invoiced expenses amounted to CZK 55,000, including VAT. In addition, as of 31 December 2011, PSE claims a debt amounting to CZK 883,000 payable by BCPP, relating to the clearing of VAT for 2011.

The business relationships between the Central Securities Depository and the Controlled Undertakings were regulated by the following agreements during the 2011 fiscal year; on the basis of the agreements the following payments were made:

Agreement entered into on	Agreement title	Description	Payments (including VAT)
4 July 2007	Agreement on the Provision of Services related to the Clearing of Trades Concluded at PXE	Provision of clearing for PXE	CZK 4,631,000
10 January 2011	Loan Agreement	Provision of a short-term loan in the amount of CZK 50 million, i.e., a new loan in the amount of CZK 30 million and CZK 20 million of an additional loan	Annual PRIBOR + 0.85% p.a. of the new loan Applicable PRIBOR + 0.85% p.a. of the additional loan
30 December 2011	Amendment 1 to the Loan Agreement	Amendment of the terms and conditions of the Loan Agreement, in particular extension of maturity until 31 January 2012 and change in	Annual PRIBOR + 0.75% p.a.

		the interest rate for January 2012	

The business relationships between CCP and the Controlled Undertaking were regulated by the following agreements during the 2011 fiscal year; on the basis of the agreements the following payments were made:

Agreement entered into on	Agreement title	Description	Payments (including VAT)
1 September 2007	Agreement on the Provision of Services of the Central Counterparty in Connection with Trades Concluded at PXE, as amended by Amendment 1 of 1 October 2008	Provision of Central Counterparty services	CZK 1,235,000
10 February 2009	Loan Agreement	Provision of a short-term revolving loan for the purpose of 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 1,000.

The business relationships between CCC and the Controlled Undertaking were regulated by the following agreements during the 2011 fiscal year; on the basis of the agreements the following payments were made:

Agreement entered into on	Agreement title	Description	Payments (including VAT)
1 October 2008	Agreement on the Provision of Services of the Central Counterparty in Connection with Trades Concluded at PXE	Provision of Central Counterparty services	CZK 160,000
24 June 2009	Loan Agreement	Provision of a short-term revolving loan for the purpose of 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 65,000.

The business relationships between EnCC and the Controlled Undertaking were regulated by the following agreements during the 2011 fiscal year; on the basis of the agreements the following payments were made:

Agreement entered into on	Agreement title	Description	Payments (including VAT)
27 February 2009	Agreement on the Provision of Services of the Central Counterparty in Connection with Trades Concluded at PXE	Provision of Central Counterparty services	CZK 408,000 Settlement of expenses incurred in connection with the implementation of trades on the Day-Ahead Market of OTE and PXE, i.e., CZK 624,000
30 March 2009	Loan Agreement	Provision of a short-term revolving loan for the purpose of 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 376,000.

Legal Acts and other Measures

In 2011, the Controlled Undertaking held three General Meetings.
The 17th General Meeting discussed and approved the loan of CSD and amended the Trading Rules.
The 18th General Meeting decided on

- Approval of the Exchange's 2010 regular financial statements,
- Approval of the proposed distribution of profit posted in 2010,
- Approval of the 2010 Report of the Supervisory Board,

The 19th General Meeting decided on

- Changes to Trading Rules.

The 20th General Meeting decided on

- Amendments to the company Statutes,
- Appointment of the auditor.

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

Prague, on 30 March 2012

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Petr Koblic
Exchange Chamber Chairperson

Helena Čacká
Exchange Chamber Vice-Chairperson

Minutes No. 12

of the meeting of the Supervisory Board of POWER EXCHANGE CENTRAL EUROPE, a.s.
held on 4 April 2012

The meeting opened at 9:03 a.m. and was attended by Mr Opletal (chairperson of the Supervisory Board) and members Mr Horáček and Mr Marek.

Agenda:

1. 2011 Report of the Supervisory Board
2. Discussion of the Report of the Board of Directors on Relationships between Affiliated Undertakings
3. Discussion of the Report on the Financial Results, including the Auditor's Report and the Proposal for the Distribution of Profits
4. Discussion regarding the tax shield for PSE Group
5. Discussion regarding exchange rate risks
6. Discussion regarding the status of central counterparties

1. The Supervisory Board compiled this Report on the Activities of the Supervisory Board for 2011 and will submit it to Burza cenných papírů Praha, a.s. (the Prague Stock Exchange). The Supervisory Board met four times in 2011.
2. During its meeting held on 14 April 2012, the Supervisory Board of POWER EXCHANGE CENTRAL EUROPE, a.s. reviewed the Report of the Board of Directors on Relationships between Affiliated Undertakings in Fiscal Year 2011, in which Burza cenných papírů Praha, a.s. is stated as the controlling undertaking and POWER EXCHANGE CENTRAL EUROPE, a.s. as the controlled undertaking. The affiliated undertakings include CENTRAL COUNTERPARTY, a.s., Centrální depozitář cenných papírů, a.s., Energy Clearing Counterparty, a.s. and Central Clearing Counterparty, a.s. 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 Supervisory Board did not identify any circumstances that would suggest that during fiscal year 2011 POWER EXCHANGE CENTRAL EUROPE, a.s. acted in relation to the controlling undertaking or other affiliated undertakings in conflict with the generally binding legal regulations, the Articles of Association or the decisions of the sole shareholder, and the Supervisory Board

therefore recommends that Burza cenných papírů Praha, a.s., acting as the sole shareholder of POWER EXCHANGE CENTRAL EUROPE, a.s., approve the report.

3. The Supervisory Board discussed the Report on the Financial Results for 2011. The Supervisory Board also studied the auditor's methods and the Auditor's Report for the Shareholders of POWER EXCHANGE CENTRAL EUROPE, a.s. compiled by KPMG Česká republika Audit, s.r.o. The Supervisory Board recommends that the report be approved by Burza cenných papírů Praha, a.s. as the sole shareholder. The Board also recommends the approval of the regular Financial Statements and the Board of Directors' proposal for the distribution of profit in the form of a dividend amounting to CZK 255.000 per share with a nominal value of CZK 1 million.
4. The Supervisory Board discussed the principle of obtaining a tax coefficient for the members of PSE Group. It was stated that the coefficient is calculated based on the implementation of three types of contracts. The most important is the conclusion of transactions involving futures with a physical delivery, which will end by the end of 2012. Another contract is the conversion of futures with financial settlement to physical settlement, which should increase after the termination of the supplies of the listed futures with a physical delivery. The third significant type of contract is trading on the spot market. The Supervisory Board recommends that a detailed analysis be produced, reflecting the volumes of these three types of contracts, together with future prospects.
5. The Supervisory Board dealt with the principle of exchange rate differences. These arise mainly in the payment of VAT in CZK and the posting of such transactions in EUR, but there are also other reasons. Mr. Kučera issued a detailed presentation which he will make available to all members of the Supervisory Board.
6. Mr. Kučera informed the Supervisory Board on the status of the negotiations with ECC Leipzig. According to the agreement, our CCP should be retained as an entity securing physical deliveries if PXE and ECC members convert to physical delivery. ECC is not connected to OTE, and these services will be secured by a CCP with a energy trading licence, in its own name and at its own risk.

The date of the next meeting of the Supervisory Board will be determined by the Supervisory Board's chairperson as required.

Prague, 4 April 2012

The meeting was closed at 10:07 a.m.

Prague, 4 April 2012

Jiří Opletal, Chairperson of Supervisory ....

KPMG Česká republika Audit, s.r.o.
Pobřežní 648/1a
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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

We have audited the accompanying financial statements of POWER EXCHANGE CENTRAL EUROPE, a.s. ("the Company") for the year ended 31 December 2011 disclosed on pages 28 - 45 ("the financial statements") and issued the opinion dated 13 March 2012 and disclosed on pages 26 - 27.

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 POER EXCHANGE CENTRAL EUROPE, a.s. for the year ended 31 December 2011. 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 2011 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
19 April 2012

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 2011, 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 2011, and of its expenses, revenues and net result and its cash flows for the year then ended in accordance with Czech accounting legislation.

Prague
13 March 2012

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 2011

(in CZK thousand)

ASSETS			31 December 2011 Gross amount	31 December 2011 Adjustment	31 December 2011 Net amount	31 December 2010 Net amount
B.		**Fixed assets**	**3,472**	**1,889**	**1,583**	**481**
	I.	**Intangible fixed assets**	**3,111**	**1,701**	**1,410**	**421**
	1.	Incorporation expenses	1,120	1,026	94	318
	3.	Software	1,991	675	1,316	53
	7.	Intangible fixed assets under construction	–	–	–	50
	II.	**Tangible fixed assets**	**361**	**188**	**173**	**60**
	3.	Property, plant and equipment	361	188	173	60
C.		**Current assets**	**82,634**	**–**	**82,634**	**72,224**
	II.	**Long-term receivables**	**2,887**	**–**	**2,887**	**3,143**
	5.	Long-term advances paid	2,382	–	2,382	2,478
	8.	Deferred tax asset	505	–	505	665
	III.	**Short-term receivables**	**71,014**	**–**	**71,014**	**35,256**
	1.	Trade receivables	76	–	76	4,988
	3.	Receivables – associated companies	32,404	–	32,404	30,238
	4.	Receivables from shareholders/owners/alliances	883	–	883	–
	6.	Tax receivables and state subsidies receivables	3	–	3	–
	7.	Short-term advances paid	7	–	7	5
	8.	Estimated receivables	–	–	–	25
	9.	Other receivables	37,641	–	37,641	–
	IV.	**Short-term financial assets**	**8,733**	**–**	**8,733**	**33,825**
	1.	Cash	66	–	66	96
	2.	Bank accounts	8,667	–	8,667	14,228
	3.	Short-term securities and ownership interests	–	–	–	19,501
D.	**I.**	**Accruals and deferrals**	**519**	**–**	**519**	**515**
	1.	Prepaid expenses	467	–	467	179
	3.	Accrued revenues	52	–	52	336
TOTAL ASSETS			**86,625**	**1,889**	**84,736**	**73,220**

(in CZK thousand)

EQUITY AND LIABILITIES			31 December 2011	31 December 2010
A.		**Equity**	**76,686**	**65,120**
	I.	**Registered capital**	**60,000**	**60,000**
	1.	Registered capital	60,000	60,000
	III.	**Reserve funds**	**748**	**705**
	1.	Statutory reserve fund/Undistributable reserves	748	705
	IV.	**Retained earnings**	**4,372**	**3,570**
	1.	Retained profits	4,372	3,570
	V.	**Profit (loss) for the current period**	**11,566**	**845**
B.		**Liabilities**	**7,907**	**8,080**
	I.	**Provisions**	**4,237**	**4,171**
	3.	Income tax provision	1,576	671
	4.	Other provisions	2,661	3,500
	III.	**Short-term liabilities**	**3,670**	**3,909**
	1.	Trade payables	1,925	2,217
	4.	Liabilities to shareholders/owers/alliances	–	322
	5.	Payables to employees	574	669
	6.	Payables to social security and health insurance	245	343
	7.	Tax liabilities	188	173
	8.	Short-term advances received	–	6
	10.	Estimated payables	99	115
	11.	Other payables	639	64
C.	I.	**Accruals and deferrals**	**143**	**20**
	1.	Accrued expenses	15	20
	2.	Deferred revenues	128	–
TOTAL LIABILITIES AND EQUITY			84,736	73,220

Income Statement for the year ended 31 December 2011

(in CZK thousand)

		Year ended 31 December 2011	Year ended 31 December 2010
II.	Revenue from production	49,763	49,629
1.	Revenue from own products and services	49,763	49,629
B.	Cost of sales	25,739	30,039
1.	Materials and consumables	294	628
2.	Services	25,445	29,411
+	**Added value**	**24,024**	**19,590**
C.	Personnel expenses	11,129	9,558
1.	Wages and salaries	8,458	6,720
2.	Remuneration of board members	660	660
3.	Social security and health insurance expenses	1,807	1,928
4.	Social expenses	204	250
D.	Taxes and charges	–	1
E.	Depreciation of intangible and tangible fixed assets	593	388
G.	Change in provisions and adjustments relating to operating activity and change in complex prepaid expenses	(839)	3,500
H.	Other operating expenses	1,097	1,958
*	**Operating profit**	**12,044**	**4,185**
VII.	Revenues from long-term financial investments	–	–
VIII.	Revenues from short-term financial investments	2	29
X.	Interest revenue	1,434	432
XI.	Other financial revenue	3,704	5,826
O.	Other financial expenses	2,461	8,426
*	**Profit or loss from financial operations**	**2,679**	**(2,139)**
Q.	Income tax on ordinary profit (loss)	3,157	1,201
1.	– current	2,997	1,821
2.	– deferred	160	(620)
**	**Profit from ordinary activities**	**11,566**	**845**
***	**Profit for the current period**	**11,566**	**845**
****	**Profit before tax**	**14,723**	**2,046**

Statement of Changes in Equity for the year ended 31 December 2011

(in CZK thousand)

	Registered capital	Statutory reserve fund	Retained earnings	Accumulated losses	Profit (loss) for the current period	Total equity
Balance as at 31 December 2009	**60,000**	**230**	**4,455**	**(2,785)**	**2,375**	**64,275**
Additions to reserve fund	–	475	–	–	(475)	–
Settlement of PY losses	–	–	(2,785)	2785	–	–
Transfer of profit (loss) of 2009	–	–	1,900	–	(1,900)	–
Profit for accounting period	–	–	–	–	845	845
Balance as at 31 December 2010	**60,000**	**705**	**3,570**	**–**	**845**	**65,120**
Additions to reserve fund	–	43	–	–	(43)	–
Transfer of profit (loss) of 2010	–	–	802	–	(802)	–
Profit for accounting period	–	–	–	–	11,566	11,566
Balance as at 31 December 2011	**60,000**	**748**	**4,372**	**–**	**11,566**	**76,686**

Cash Flow Statement for the year ended 31 December 2011

(in CZK thousand)

			Year ended 31 December 2011	Year ended 31 December 2010
P.		**Cash and cash equivalents as at the beginning of the year**	**33,825**	**45,108**
Z.		Net loss from ordinary activities before tax	14,723	2,046
	A.1.	Non-cash transactions	(1,680)	3,831
	A.1.1.	Depreciation of fixed assets	593	388
	A.1.2.	Change in balance of adjustments, reserves	(839)	3,875
	A.1.5.	Net interest income (-) / expenses	(1,434)	(432)
A.*		**Net cash flow from operating activities before tax and changes in working capital**	**13,043**	**5,877**
	A.2.	Working capital changes	(35,179)	(16,518)
	A.2.1.	Change in short-term receivables and prepayments	(35,063)	(11,579)
	A.2.2.	Change in short-term payables and accruals	(116)	(4,939)
A.**		**Net cash flow from operating activities before tax**	**(22,136)**	**(10,641)**
	A.4.	Interest received	831	432
	A.5.	Income tax for operating activities	(2,092)	(941)
A.***		**Net cash flow from operating activities**	**(23,397)**	**(11,150)**
	B.1.	Acquisition of fixed assets	(1,695)	(133)
B.***		**Net cash flow from investing activities**	**(1,695)**	**(133)**
C.***		**Net cash flow from financing activities**	**–**	**–**
F.		**Net increase or decrease in cash balance**	**(25,092)**	**(11,283)**
R.		**Cash and cash equivalents as at the end of the year**	**8,733**	**33,825**

Notes to the Czech Statutory Financial Statements for the year ended 31 December 2011

1. GENERAL INFORMATION

1.1. Incorporation and description of the business

POWER EXCHANGE CENTRAL EUROPE, a.s. (formerly 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.

Principal activities

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, except for the commodities which are not allowed for trading by law for reasons of security and state protection or for the purposes of regulation of the commodities market and protection of material reserves.

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

Shareholders of the Company:

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 group Burza cenných papírů Praha (hereinafter "BCPP").

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

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

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

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.

In order to organize 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 organized by the Company together with the Austrian power exchange EXAA.

At the beginning of October 2011 the Company started trading with a new trading system, Trayport GlobalVision, which is used for trading futures contracts of physical and financial settlement for the Czech market, together with contracts of physical settlement for the Slovak and Hungarian markets.

In 2011 no changes were made in the Commercial Register.

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 of the Company as at 31 December 2011

	Position	Name
Exchange Chamber	Chairman	Ing. Petr Koblic
	Vice Chairman	Ing. Helena Čacká
	Member	JUDr. Bohumil Havel, PhD.
Supervisory Board	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 (TCZK), 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 40 are treated as tangible fixed assets.

Acquired tangible fixed assets are recorded at cost, which includes 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 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 amortized on a 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 ageing 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 the date of rendering the services and are shown net of 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 if these events provide further evidence of conditions that existed as at the balance sheet date.

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

2.13. Changes to accounting methods and procedures

The Company has not changed any of its accounting methods and procedures during 2011 and 2010.

3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND INCOME STATEMENT

3.1. Fixed assets

3.1.1. Intangible fixed assets

(in CZK thousand)

Cost	Balance as at 31 December 2010	Additions	Disposals	Balance as at 31 December 2011
Incorporation costs	1,120	–	–	1,120
Software	423	1,568	–	1,991
Intangible fixed assets under construction	50	–	50	–
Total	**1,593**	**1,568**	**50**	**3,111**

Accumulated amortization	Balance as at 31 December 2010	Additions	Disposals	Balance as at 31 December 2011
Incorporation costs	802	224	–	1,026
Software	370	305	–	675
Total	**1,172**	**529**	**–**	**1,701**

Net book value	Balance as at 31 December 2010	Balance as at 31 December 2011
Incorporation costs	318	94
Software	53	1,316
Intangible fixed assets under construction	50	–
Total	**421**	**1,410**

In 2010 technical valuation was performed for the PXE web (TCZK 306), SW Trayport (TCZK 350), fee for Trayport (TCZK 909) and data boxes (TCZK 3).

3.1.2. Tangible fixed assets

(in CZK thousand)

Cost	Balance as at 31 December 2010	Additions	Disposals	Balance as at 31 December 2011
Machinery and equipment	138	176	10	304
Low value tangible assets	–	–	–	–
Furniture and fixtures	57	–	–	57
Total	**195**	**176**	**10**	**361**

Accumulated depreciation and allowances	Balance as at 31 December 2010	Additions	Disposals	Balance as at 31 December 2011
Machinery and equipment	85	57	9	131
Low value tangible assets	–	–	–	–
Furniture and fixtures	50	7	–	57
Total	**135**	**64**	**9**	**188**

(in CZK thousand)

Net book value	Balance as at 31 December 2010	Balance as at 31 December 2011
Machinery and equipment	53	173
Low value tangible assets	–	–
Furniture and fixtures	7	–
Total	**60**	**173**

In 2011 the Company acquired a notebook with accessories at an acquisition cost of TCZK 28, a server for Trayport at an acquisition cost of TCZK 131, and a mobile phone at an acquisition cost of TCZK 17.

3.2. Financial assets

(in CZK thousand)

	Balance as at 31 December 2011	Balance as at 31 December 2010
Cash in hand	66	96
Cash at bank	8,667	14,228
Short-term securities	–	19,501
Total	**8,733**	**33,825**

3.3. Short-term receivables

3.3.1. Trade receivables

(in CZK thousand)

Year	Category	Before due date	Past due date	Total
As at 31 December 2010	Short-term	4,988	–	4,988
As at 31 December 2011	Short-term	76	–	76

Trade receivables have not been secured.

3.3.2. Other receivables

(in CZK thousand)

	As at 31 December 2011	As at 31 December 2010
Receivables from Central Clearing Counterparty, a.s.	3,419	–
Receivables from Energy Clearing Counterparty, a.s.	34,222	–
Total	**37,641**	**–**

3.4. Accruals and deferrals

(in CZK thousand)

	As at 31 December 2011	As at 31 December 2010
Prepaid expenses	467	179
Insurance	137	76
Other	330	103
Accrued income	52	336
Total	**519**	**515**

3.5. Equity

Share capital recorded in the Commercial Register as at 31 December 2011 amounts to TCZK 60,000. Share capital comprises 60 registered shares with a nominal value of TCZK 1,000 each.

The statutory reserve fund is funded by 5% of the profit of the Company, according to the Articles of Association.

The proposal for the distribution and transfer of the 2010 profit to the reserve fund was approved by the General meeting on 20 June 2011.

3.6. Provisions

As at 31 December 2011 the Company created a provision for income tax of TCZK 1,576 (31 December 2010: TCZK 671).

(in CZK thousand)

	Provision – income tax	Other provision
As at 1 January 2011	671	3,500
Use of 2010 reserve	(671)	(3,000)
Release of 2010 reserve	–	(500)
Creation of 2011 reserve	3,065	2,661
Use of 2011 tax advance	(1,489)	–
As at 31 December 2011	**1,576**	**2,661**

3.7. Payables

3.7.1. Short-term payables

Short-term payables can be analysed as follows:

(in CZK thousand)

Category	Balance as at 31 December 2011	Balance as at 31 December 2010
Trade payables	1,925	2,217
Payables to shareholders/owners and alliance partners	–	322
Payables to staff	574	669
Social security and health insurance payables	245	343
Tax liabilities	188	173
Short-term advances received	–	6
Estimated payables	99	115
Other payables	639	64
Total short-term payables	**3,670**	**3,909**

No trade payables were overdue as at 31 December 2011.

3.8. Accruals and deferrals

(in CZK thousand)

	Balance as at 31 December 2011	Balance as at 31 December 2010
Accrued expenses	15	20
Advisory services	–	3
Payroll services	15	15
Other	–	2
Deferred revenue – PSE connection – advance payment	128	–
Total accruals and deferrals	**143**	**20**

3.9. Income tax on ordinary activities

The income tax expense consists of the following:

(in CZK thousand)

	2011	2010
Current tax expense – current period	3,065	1,612
Current tax expense – previous year	(68)	209
Deferred tax expense /(credit)	160	(620)
Total income tax expense	**3,157**	**1,201**

The 2011 deferred tax asset /(liability) was calculated using a tax rate of 19% and can be analysed as follows:

(in CZK thousand)

	Balance as at 31 December 2011	Balance as at 31 December 2010
Deferred tax liability:		
Accelerated tax depreciation of fixed assets	(1)	–
Deferred tax asset:		
Provisions	506	665
Net deferred tax asset	**505**	**665**

3.10. Revenue analysis

(in CZK thousand)

2011	Domestic	Foreign	Total
Commodity exchange fees	21,405	28,012	49,417
– one-off entrance fee	364	1,090	1,454
– participation fee	6,384	8,001	14,385
– transaction fees	4,361	5,062	9,423
– transaction settlement fees	4,039	5,275	9,314
– registration fees OTE	1,859	623	2,482
– registration fees OKTE	189	133	322
– registration fees MAVIR	136	304	440
– communication connection fees	4,073	7,524	11,597
Commodity exchange information	–	342	342
Other services	2	2	4
Total revenue from the sale of services	**21,407**	**28,356**	**49,763**

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 OKTE	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**

3.11. Related party transactions

3.11.1. Purchases from related parties

2011 (in CZK thousand)

Entity	Relation to the Company	Services
Centrální depozitář cenných papírů, a.s.	shareholder – member of BCPP Group	4,631
CENTRAL COUNTERPARTY, a.s.	shareholder – member of BCPP Group	1,235
Burza cenných papírů Praha, a.s.	shareholder – member of BCPP Group	9,151
Energy Clearing Counterparty, a.s.	member of BCPP Group	408
Central Clearing Counterparty, a.s.	member of BCPP Group	160
Total		**15,585**

2010 (in CZK thousand)

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**

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").

3.11.2. Interest income from related parties

(in CZK thousand)

	2011	2010
Centrální depozitář cenných papírů, a.s.	986	335
CENTRAL COUNTERPARTY, a.s.	1	32
Energy Clearing Counterparty, a.s.	376	7
Central Clearing Counterparty, a.s.	65	40
Total	**1,428**	**414**

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

3.11.3. Receivables from related parties

(in CZK thousand)

Receivables from shareholders	As at 31 December 2011	As at 31 December 2010
Centrální depozitář cenných papírů, a.s.	32,404	30,238
Burza cenných papírů Praha, a.s.	883	–
Total	**33,287**	**30,238**

Long-term advances paid	As at 31 December 2011	As at 31 December 2010
Central Clearing Counterparty, a.s.	2,367	2,463
Total	**2,367**	**2,463**

3.11.4. Payables to related parties

(in CZK thousand)

Short-term liabilities	As at 31 December 2011	As at 31 December 2010
Centrální depozitář cenných papírů, a.s. – trade payables	631	553
CENTRAL COUNTERPARTY, a.s. – trade payables	113	140
Burza cenných papírů Praha, a.s. – trade payables	670	954
Energy Clearing Counterparty, a.s. – trade payables	39	30
Total	**1,453**	**1,677**

3.12. Purchased services

(in CZK thousand)

	2011	2010
Repairs and maintenance	1	–
Travel expenses	501	1,392
Representation costs	423	465
Telephone, fax, postal fees	216	305
Rent	343	474
Services relating to rental from BCPP	356	313
Rental services from BCPP	660	636
Services from BCPP	9,151	10,481
Services from CCP	1,235	1,276
Services from CDCP	4,641	4,343
Services from ECC	408	318
Services from CCC	160	127
Services related to connection to trading system	1,278	–
Advisory services	1,756	3,830
Audit	215	215
Promotion	2,601	3,342
Other services	1,510	1,894
Total	**25,445**	**29,411**

3.13. Other operating expenses

(in CZK thousand)

	2011	2010
Insurance premiums	314	325
Other	783	1,633
Total other operating expenses	**1,097**	**1,958**

3.14. Income from financial assets

(in CZK thousand)

	2011	2010
Interest from depository notes (CZK)	2	29
Interest from depository notes (EUR)	–	–
Total income from current financial assets	**2**	**29**

3.15. Interest income

(in CZK thousand)

	2011	2010
Interest on current bank accounts	6	18
Interest income within group	1,428	414
Total interest income	**1,434**	**432**

For more details about intergroup interest, see Note 3.11.

3.16. Other financial income

(in CZK thousand)

	2011	2010
Foreign exchange gains	3,705	5,826
Total	**3,705**	**5,826**

3.17. Other financial expenses

(in CZK thousand)

	2011	2010
Foreign exchange losses	2,409	8,363
Banking charges	52	63
Total	**2,461**	**8,426**

4. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

4.1. Staff costs and number of employees

(in CZK thousand)

2011	Average recalculated headcount for 2011	Total staff cost for 2011
Employees	6	10,469
Total	**6**	**10,469**

2010	Average recalculated headcount for 2010	Total staff cost for 2010
Employees	7	8,898
Total	**7**	**8,898**

4.2. Loans, credits and other benefits provided to members of statutory bodies

During 2011 and 2010, the members of the Exchange Chamber and the management received the following benefits:

(in CZK thousand)

2011	Exchange chamber	Total
Remuneration of the statutory body members	660	660
Total	**660**	**660**

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

5. AUDITOR'S FEE

The information on the remuneration of the audit firm KPMG Czech Republic Audit, s.r.o. is disclosed in the notes to the consolidated financial statements of the parent company, Burza cennných papírů Praha, a.s.

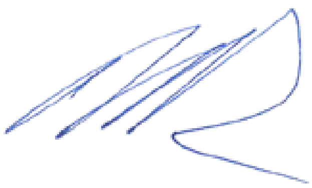
6. CONTINGENT LIABILITIES

The management of the Company is not aware of any significant unrecorded contingent liabilities as at 31 December 2011 and 31 December 2010.

7. 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 2011.

Prague, 13 March 2012



Ing. Petr Koblic
Chairman of the Exchange Chamber

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Translation, editing and DTP provided by English Editorial Services, s.r.o.

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