POWER EXCHANGE CENTRAL EUROPE

Annual report 2015

POWER EXCHANGE CENTRAL EUROPE, a. s.

cee stock exchange group

POWER EXCHANGE CENTRAL EUROPE

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Company profile

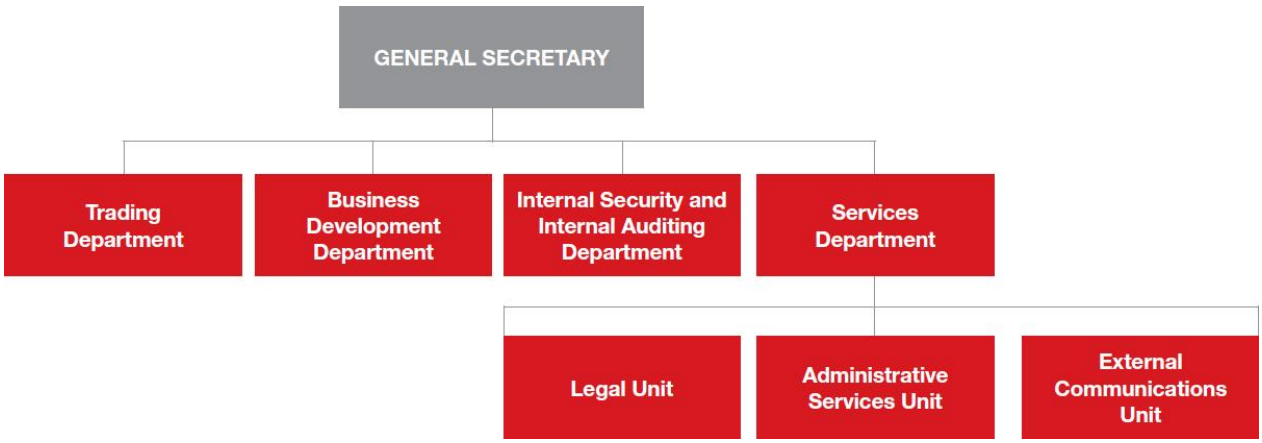
During the very first year of its existence, POWER EXCHANGE CENTRAL EUROPE, a.s. (PXE), established on 8 January 2007, became the most important power exchange in Central and Eastern Europe. PXE offers unique services on the electricity market, namely anonymous trading in, and settlement of, standardised products where a single account provides access to the electricity market with the place of delivery in the Czech Republic, Slovakia, Hungary, and, as of 1 September 2014, also Poland and Romania. In cooperation with Austrian Central European Gas Hub AG (CEGH), PXE operates the CEGH Czech Gas Futures market for trading in gas in the form of derivative products delivered to a virtual trading point on the Czech market (CZ gas).

PXE also enables end customers – in particular firms, municipalities, government organisations and any large consumers in general – to find the most suitable electricity and natural gas supplier via electronic auctions at the best price possible and under fully transparent conditions.

PXE, its parent company and the parent company's other subsidiaries form the PX group. Apart from PXE, the most important members of the group are the Prague Stock Exchange (PSE) and the Central Securities Depository Prague (CSD Prague). PSE is the largest and oldest securities market organiser in the Czech Republic. CSD Prague, which has a dominant position in the field of settling securities trades on the Czech capital market, maintains a central register of dematerialised securities issued in the Czech Republic, and allocates legal entity identifiers (LEIs or, initially, pre-LEIs) to legal entities and international securities identification numbers (ISINs) to investment instruments.

PXE is a member of the CEE Stock Exchange Group (CEESEG), which includes the Vienna Stock Exchange (Wiener Börse) as well as PSE and CSD Prague. PXE has no branches abroad.

Organisational structure



Report of the exchange chamber on business activities and the state of assets

Introduction

POWER EXCHANGE CENTRAL EUROPE, a.s. (PXE) has completed the ninth year of its successful existence. In 2015 the total trading volume exceeded 27 TWh, representing an increase of 22% year-on-year and the exchange's second best year in the past five years.

2015 was another year of declining energy prices, with price volatility being roughly similar to the situation in the previous three years. Nevertheless, the volume of traded electricity increased by 15%, to almost 25 TWh, in 2015.

In terms of products, we introduced new contracts for natural gas with a duration of one day, increasing liquidity on the gas market, which showed promising growth; 3.2 TWh of natural gas was traded in 2015, compared with 0.75 TWh in the previous year. The natural gas market is operated in cooperation with Austrian Central European Gas Hub AG (CEGH). Hopefully, we will bring additional trading participants to the Czech market, further increasing the liquidity of contracts.

At the end of 2014 PXE expanded its product portfolio to include products intended for end consumers of electricity and gas. 2015 saw the trial operation of the new market segment, which showed very promising results. Several dozens of auctions were organised, helping many municipalities find a new electricity or gas supplier, with the total volume of supplies amounting to almost 0.5 TWh.

The most significant project of 2015 involved negotiations regarding a strategic investor's entry into PXE. In January 2016 the process culminated in the signing of agreements under which the Leipzig-based European Energy Exchange (EEX), the largest European energy exchange, will acquire two thirds of PXE. The transaction presents PXE with new options of cooperating both on the technological level and in launching new products, thus achieving higher trading volumes. Based on the agreements with EEX, PXE will concentrate on developing the Eastern European markets.

In 2016 PXE will focus on expanding its portfolio of trading participants, improving user comfort with respect to services provided to end customers, and finalising PXE's entry into the EEX group. We are convinced that having EEX as our partner will further improve the quality of PXE's services and increase liquidity on PXE-operated markets.

David Kučera, General Secretary

Key data

	2015	2014
Number of exchange days	**250**	**251**
Futures		
Trading volume (MWh)	**27 275 396**	**22 326 984**
base load	26 664 644	21 939 864
peak load	610 752	387 120
Trading volume (MEUR)	875	789
base load	851	772
peak load	24	17
Number of contracts (MW)	**71 139**	**8 760**
base load	70 496	8 100
peak load	643	660
Number of trades	**2 774**	**1 305**
base load	2 674	1 222
peak load	100	83

Financial performance

In 2015 POWER EXCHANGE CENTRAL EUROPE, a.s. (PXE) generated revenue from own services of TCZK 41 616 (2014: TCZK 41 224), which can be analysed as follows:

(in TCZK)	2015	2014
Energy trading fees	32 878	35 275
Gas trading fees	2 744	175
ECC transaction settlement	4 979	5 121
Auction fee charged to end participants	383	0
Exchange information	632	636
Other services	0	17
Revenue from own services	**41 616**	**41 224**

Despite the positive development in revenue from own services (which was helped mainly by electricity and gas auctions for municipalities and the natural gas market in cooperation with Austrian Central European Gas Hub AG (CEGH)), PXE posted a net profit of TCZK 849 for 2015 (2014: TCZK 4 772). This was due to foreign exchange differences, which were the main reason for the loss from financial operations of TCZK 1 452, as contrasted with the prior period (2014: profit from financial operations of TCZK 990).

Since 1 January 2015 PXE, a member of the PX Group, has had in place transfer pricing documentation for related party transactions, which contains the calculation of arm's length prices for so-called support services. In accordance with this documentation, an agreement on the provision of support services between related parties was concluded. The purpose of receiving/providing support services is to bring cost synergies to PXE, which may result in insignificant investment expenditure.

PXE's total assets as at 31 December 2015 amounted to TCZK 69 921 (2014: TCZK 71 307). Their structure was as follows:

(in TCZK)	2015	2014
Fixed assets (net)	56	8
Receivables and other current assets (net)	38 796	50 120
Short-term financial assets (net)	31 069	21 179
Total assets	**69 921**	**71 307**

On 5 June 2015 PXE's general meeting decided to pay dividends of TCZK 4 740 to shareholders.

PXE achieved the above results with the help of an average of five (2014: six) employees. PXE complies with all applicable labour laws and regulations. PXE does not conduct any research and development activity. All necessary services in this area are provided under the abovementioned agreement on the provision of support services between related parties.

As PXE's activity is inherently environmentally friendly, no special activities are conducted in this area.

Activities in 2015

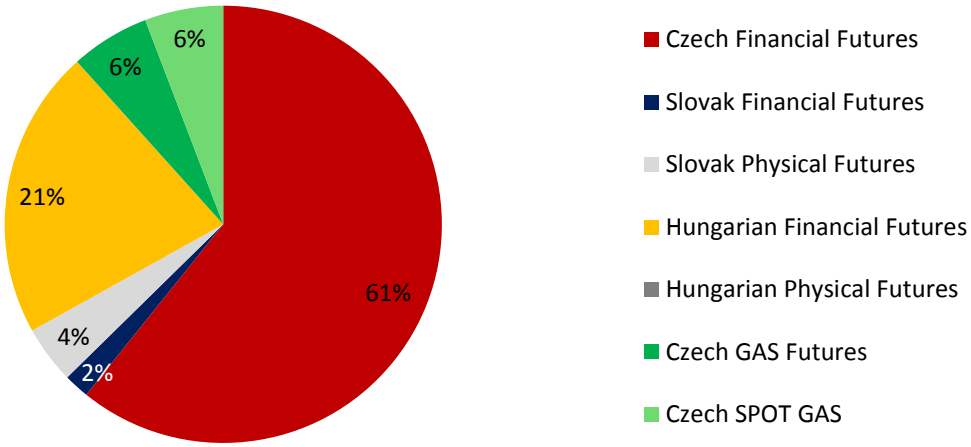
Trading

In 2015 a total of 2 774 trades, with a total value of 27.28 TWh, were concluded in the PXE system.

PXE enables its participants to trade in: Czech (CZ), Romanian (RO) and Polish (PL) commodity futures settled financially (electricity); Czech commodity futures settled physically (CZ gas); and Slovak (SK) and Hungarian (HU) commodity futures settled financially or physically (i.e. they can choose either actual physical delivery during the corresponding delivery period or the financial settlement of price differences). What is more, May 2015 saw the start of trading in Czech gas spot products.

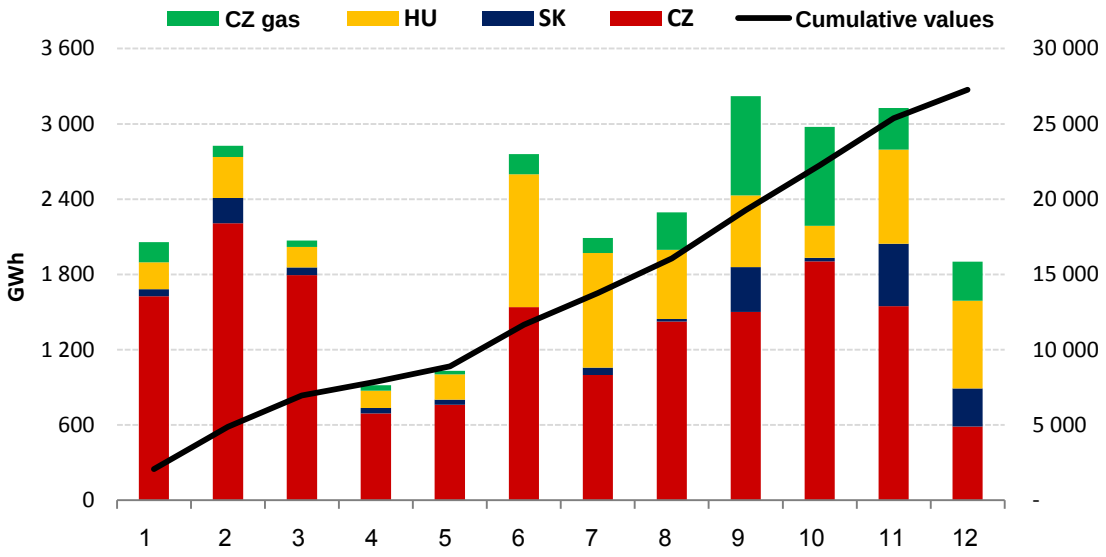
In terms of the place of delivery, the share of trades in Hungarian and Slovak futures increased compared with the previous year, particularly at the expense of Czech products. Trades in financially settled contracts clearly dominated on the Hungarian market. On the Slovak market, the volume of trades in physically settled contracts was double that of financially settled trades.

Share of trading volume by type and place of delivery in 2015:



Trading volumes in the individual months of 2015 ranged from 0.92 TWh (April) to 3.22 TWh (September). The largest trading volume in terms of MWh was achieved on 10 November 2015 – 721 872 MWh. The largest number of concluded trades and traded contracts (MW) was recorded on 20 October 2015 – 45 trades and 1 827 MW.

Development of trading volumes on individual markets in 2015 (in GWh):

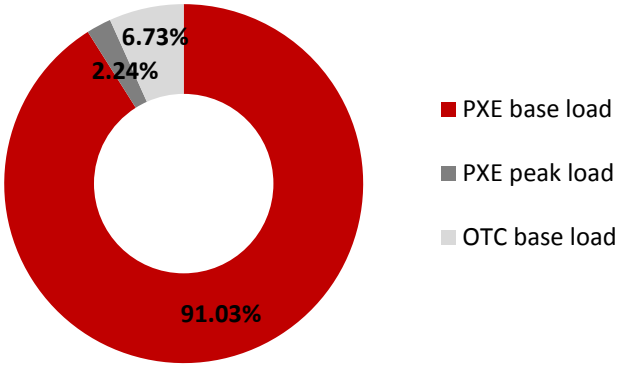


In 2015, as in previous years, trades in base load delivery products outstripped those in peak load delivery products.

The most traded product delivered in CZ was base load with the 2016 annual supply (financially settled); on the gas market (CZ), it was Day Ahead base load (physically settled). For contracts delivered in Hungary and Slovakia, the most traded products were M08 base load (financially settled) and base load with the 2016 annual supply (physically settled), respectively. As regards CZ, SK and HU electricity, there were 1 161, 78 and 504 contracts, respectively. With respect to CZ gas futures, 61 contracts were traded, while 970 contracts were traded on the spot market.

Each trading participant may anonymously conclude trades in the PXE system while observing the stipulated rules and regulatory mechanisms; however, traders may also use the PXE system to register and subsequently settle trades concluded outside PXE (OTC clearing).

OTC clearing as a percentage of total trades in 2015:

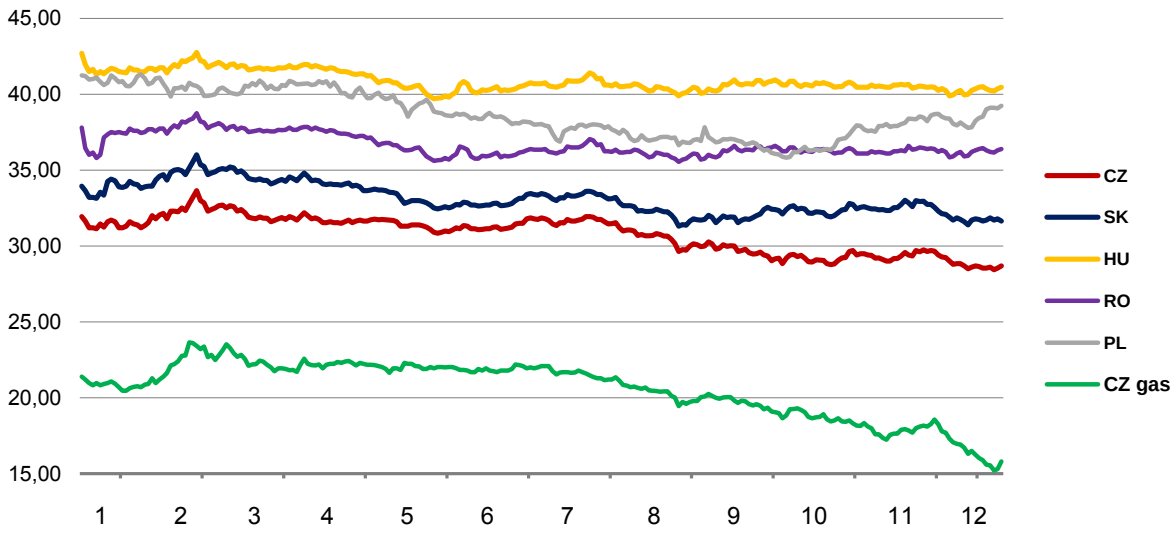


The significant decline in energy prices, which has been evident since 2011, continued in 2015. On the electricity market, the prices of base load products with the 2016 annual supply decreased on average by EUR 2.25 per MWh. The decrease in the price of 2016 annual contracts was even more dramatic on the gas market, with prices dropping by EUR 5.6 per MWh.

The fall in energy prices is closely linked to the decrease in oil prices, which is primarily caused by OPEC countries' refusal to cut production as well as by obligations arising from multilateral agreements. Additional factors contributing to the decline in energy prices included the reduction in the prices of emission allowances and coal and, last but not least, the weakening of the Chinese economy.

The price of Czech base load annual contracts with delivery in 2016 peaked at EUR 33.65 per MWh on 16 February 2015 and bottomed out at EUR 28.45 per MWh on 23 December 2015.

Prices of base load annual delivery in 2015 (in EUR/MWh):



Electricity and natural gas auctions for end consumers (PXE auctions)

In 2015 a total of 17 electricity auctions and 14 natural gas auctions for end customers were successfully organised on the PXE. A total of 184 848 MWh of electricity and 264 758 MWh of natural gas was traded. Customers purchased the two commodities primarily for 2016, but some chose three-year delivery running until 2018. Most auction organisers were customers from the government sector, i.e. regions, cities and municipalities. By using PXE auctions, these entities comply with the tender conditions and requirements stipulated by the Public Procurement Act. In addition to these organisers, a number of commercial entities also utilised PXE's services.

In 2015 the most significant customer in terms of total volume in four consecutive auctions was the City of Prague, seeking procurement of annual supplies of electricity totalling 55 638 MWh and of natural gas totalling 91 894 MWh. The most successful auction in terms of the ratio between the winning price and the limit price was the auction for the City of Karlovy Vary, resulting in CZK 508 per MWh, as compared with the limit price of 680 CZK/MWh.

Thanks to a competitive environment, falling commodity prices in 2015, transparent conditions on the PXE and reliable and renowned electricity and natural gas suppliers participating in PXE auctions, all auctions resulted in a match between supply and demand and each customer will realise substantial energy cost savings in the coming periods.

In view of the current trend, we expect a significant increase in the volume of electricity and natural gas traded via PXE auctions in 2016, which we will support with the launch of a new web-based application. The application will help optimise the entry of input data for auctions, and enable customers to monitor the auction process online. We expect an increase in the share of gradual-purchase auctions, with customers seeking the most favourable coefficient or spread. By fixing the price of a commodity for future delivery during the year, customers can profit from a favourable price movement on the electricity and natural gas markets.

List of trading participants

Participants as at 31 December 2015:

- ALPIQ ENERGY SE
- Amper Market a.s.
- Axpo Trading AG
- BOHEMIA ENERGY entity s.r.o.
- CARBOUNION BOHEMIA,spol. s r.o.
- Citigroup Global Markets Limited
- Česká spořitelna, a.s.
- ČEZ, a.s.
- Danske Commodities A/S
- E.ON Global Commodities SE
- EDF Trading Limited
- Edison Trading S.p.A.
- ENEL TRADE S.P.A.
- Energetic Source S.p.A.
- EP Commodities, a.s.
- EP ENERGY TRADING, a.s.
- Europe Easy Energy a.s.
- Ezpada, s.r.o.
- Gazprom Marketing & Trading Limited
- GDF Suez Trading
- GEN-I, trgovanje in prodaja električne energije, d.o.o.
- Goldman Sachs International
- Greenex s.r.o.
- Gunvor International B.V., Amsterdam,Geneva Branch
- Lumius, spol. s r.o.
- Mercuria Energy Trading SA
- MND a.s.
- Morgan Stanley and Co. International plc.
- Morgan Stanley Capital Group Czech Republic, s.r.o.
- Nano Energies Trade s.r.o.
- NEAS ENERGY A/S
- NET4GAS, s.r.o.
- Pražská energetika, a.s.
- RWE Supply & Trading
- Sev.en EC, a.s.
- Slovakia Energy s.r.o.
- Slovenské elektrárne, a.s.
- SSE CZ, s.r.o.
- TEI Deutschland GmbH
- Trailstone Commodity Trading UK Ltd.
- TrailStone GmbH
- Vattenfall Energy Trading GmbH
- VEMEX Energie a.s.
- VEMEX s.r.o.
- Veolia Komodity ČR, s.r.o.

Private and trading officers, exchange court of arbitration

PXE trading officers:
Lukáš Melichar, Jana Horová and Tomáš Krejčí

Private officers do not operate on the PXE, and there is no PXE exchange court of arbitration.

POWER EXCHANGE CENTRAL EUROPE

Report on relations

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Report on relations between the controlling entity and the controlled entity and between the controlled entity and other entities controlled by the same controlling entity for the 2015 accounting period

In accordance with Section 82 of Act No. 90/2012 Coll., Act on Corporations and Cooperatives (Act on Business Corporations), as amended ("BCA"), the Stock Exchange Chamber of **POWER EXCHANGE CENTRAL EUROPE, a.s.** has prepared this report on relations between

the controlling entity **Burza cenných papírů Praha, a.s.**, with its registered office in Praha 1, Rybná 14/682, identification No. 471 15 629, recorded in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 1773 (the "Controlling Entity" or "BCPP")
and
the controlled entity **POWER EXCHANGE CENTRAL EUROPE, a.s.**, with its registered office in Praha 1, Rybná 682/14, identification No. 278 65 444, recorded in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 15362 (the "Controlled Entity" or "PXE");

for the 2015 accounting period.

The parent company of the Controlling Entity is **CEESEG Aktiengesellschaft**, with its registered office in 1010 Wien, Wallnerstraße 8, recorded in the Commercial Register maintained by the Commercial Court in Vienna (Handelsgericht Wien) under file No. FN 161826f. The Stock Exchange Chamber is not aware of any contractual relationships between PXE and the parent company of the Controlling Entity or any performance rendered on any other grounds for 2015.

The report also contains information on relations with the other controlling entities that, at the same time, are entities controlled by the same Controlling Entity. For the past accounting period these entities include:

- **Centrální depozitář cenných papírů, a.s.**, with its registered office in Praha 1, Rybná 14, identification No. 250 81 489, recorded in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 4308 ("CDCP")

- **Energy Clearing Counterparty, a.s.**, with its registered office in Praha 1, Rybná 682/14, identification No. 284 416 81, recorded in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 14531 ("EnCC");

The structure of relations between the above entities is characterised by the amount of the participation interest which the Controlling Entity holds in CDCP and EnCC, amounting to 100%. The participation interest of the Controlling Entity in PXE amounts to 33.33%, and indirectly to an additional 66.67% (33.33% through CDCP and 33.33% through EnCC). CDCP is also the sole founder of the CDCP Endowment Fund.

Pursuant to Section 82 (2) (b) and (c) of BCA, **control is exercised** through disposition with a share in the voting rights representing no less than 40% of all votes in a business corporation (Section 75 (3) of BCA); BCPP, CDCP and EnCC must be considered parties acting in concert (Section 78 (2) (b) of BCA). No holding agreement, joint venture agreement, agreement to exercise voting rights or another similar agreement have been concluded. The Controlled Entity can be considered an independent and highly autonomous company which is a controlled entity by definition and whose principal activity is stipulated by law.

Overview of acts and agreements

The report also includes:

a) information indicating the acts performed in the 2015 accounting period at the instigation or in the interest of the Controlling Entity or entities controlled by the Controlling Entity where such acts concern assets with a value exceeding 10% of the Controlled Entity's equity identified from the last financial statements (Section 82 (2) (d) of BCA; and

b) an overview of agreements concluded between the Controlled Entity and the Controlling Entity or between controlled entities (Section 82 (2) (e) of BCA).

Concerning a), the 26th general meeting held on 5 June 2015 decided, inter alia, to approve the 2014 statutory financial statements and the proposal for distribution of profit for 2014 and to pay a dividend of CZK 79 000 per share, totalling CZK 4 740 000. No other acts pursuant to Section 82 (2) (d) of BCA were performed in the 2015 accounting period.

Concerning b), contracts and agreements were concluded under Section 82 (2) (e) of BCA.

The following agreements defined the relations between the Controlling Entity and the Controlled Entity in the 2015 accounting period:

Date of agreement	Name of agreement	Description of performance
19 December 2008	Agreement on cooperation within the group VAT registration, as amended by Amendment No. 1 dated 31 December 2010	Adjustment of mutual rights within the group pursuant to the VAT Act, together with CDCP and EnCC
1 January 2009	Agreement on sub-lease of non-residential premises, as amended by Amendment No. 5 dated 4 December 2015	Sub-lease of non-residential premises that BCPP leases from Burzovní Palác Investment s.r.o.
31 December 2015	Settlement Agreement	Financial settlement of provided support services in 2015

No acts in accordance with Section 82 (2) (d) of BCA were performed in 2015 and no valid agreements **between CDCP and PXE** regulated the rights and obligations of these related parties in the 2015 accounting period, with the exception of multilateral agreements referred to herein and the following agreement:

Date of agreement	Name of agreement	Description of performance
18 December 2015	Agreement on administration of records on dematerialised securities issue in central records of securities, as amended by Amendment No. 1 dated 28 December 2015	Administration of records on dematerialised shares issue of PXE

No acts pursuant to Section 82 (2) (d) of BCA between EnCC and PXE were performed in 2015. The following agreements defined the relations between EnCC and the Controlled Entity in the 2015 accounting period:

Date of agreement	Name of agreement	Description of performance
30 August 2013	Agreement to secure services of a central counterparty in connection with trading at the PXE market	Securing services of a central counterparty
30 March 2009	Loan agreement, as amended by Amendment No. 1 dated 30 December 2014	Provision of a short-term revolving loan to EnCC to pay VAT to suppliers of electricity in PXE of up to CZK 150 million from creditors of CDCP, PXE and BCPP.

Assessment of possible harm to the Controlled Entity

The Board of Directors of CDCP represents that the Controlled Entity did not incur any harm resulting from the above agreements or from acts performed in accordance with Section 82 (2) (d) of BCA.

Assessment of advantages and disadvantages arising from relations within the group of companies

No significant advantages or disadvantages or any potential risks arise from participation in the group. The possibility of sharing the expertise of the group and the group synergies in reducing costs can be considered an advantage.

The report is to be attached to the annual report pursuant to a special legal regulation (Section 84 (2) of BCA). No review of the report by an inspection body is required pursuant to Section 83 (3) of BCA.

Prague, on 11 March 2016

.....
Petr Koblic
Chairman of the Exchange Chamber

.....
Helena Čacká
Vice-chairman of the Exchange Chamber

POWER EXCHANGE CENTRAL EUROPE

Financial section

Financial statements

cee stock exchange group

FINANCIAL STATEMENTS

31 DECEMBER 2015

Name of the Business Corporation: **POWER EXCHANGE CENTRAL EUROPE, a.s.**

Registered office: **Praha 1, Rybná 682/14**

Legal Status: **Joint Stock Company**

Identification Number: **278 65 444**

Date: **11 March 2015**

Translation note

This version of the accompanying documents is a translation from the original, which was prepared in Czech. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

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BALANCE SHEET — **POWER EXCHANGE CENTRAL EUROPE, a.s**

Identification number: 278 65 444

as at 31. 12. 2015
(in TCZK)

Rybná 682/14
110 05 Praha 1

		31. 12. 2015			31. 12. 2014
		Brutto	Correction	Netto	Netto
	TOTAL ASSETS	**73 272**	**-3 351**	**69 921**	**71 307**
B.	**Fixed assets**	**3 407**	**-3 351**	**56**	**8**
I.	***Intangible fixed assets***	**3 106**	**-3 105**	**1**	**3**
1.	Incorporation expenses	1 120	-1 120	0	0
3.	Software	1 986	-1 985	1	3
II.	***Tangible fixed assets***	**301**	**-246**	**55**	**5**
3.	Property, plant and equipment	301	-246	55	5
C.	**Current assets**	**69 625**	**0**	**69 625**	**71 098**
II.	***Long-term receivables***	**503**	**0**	**503**	**110**
5.	Long-term advances paid	15	0	15	15
8.	Deferred tax asset	488	0	488	95
III.	***Short-term receivables***	**38 053**	**0**	**38 053**	**49 809**
1.	Trade receivables	6 445	0	6 445	4 224
3.	Receivables – associated companies	29 728	0	29 728	44 360
6.	Tax receivables	1 555	0	1 555	991
7.	Short-term advances paid	71	0	71	0
8.	Estimated receivables	253	0	253	234
9.	Other receivables	1	0	1	0
IV.	***Current financial assets***	**31 069**	**0**	**31 069**	**21 179**
1.	Cash	43	0	43	64
2.	Bank accounts	31 026	0	31 026	21 115
D. I.	**Deferrals**	**240**	**0**	**240**	**201**
1.	Prepaid expenses	240	0	240	201

		31. 12. 2015	31. 12. 2014
	TOTAL LIABILITIES AND EQUITY	**69 921**	**71 307**
A.	**Equity**	**63 267**	**67 158**
I.	***Registered capital***	**60 000**	**60 000**
1.	Registered capital	60 000	60 000
III.	***Reserve funds, undistributable funds and other funds from profit***	**2 386**	**2 386**
1.	Reserve fund, non-distributable fund	2 386	2 386
IV.	***Retained earnings***	**32**	**0**
1.	Retained profits	32	0
V.	***Profit (loss) for the current period (+/-)***	**849**	**4 772**
B.	**Liabilities**	**6 621**	**3 675**
I.	***Provisions***	**1 973**	**0**
4.	Income tax provision	1 973	0
III.	***Short-term liabilities***	**4 648**	**3 675**
1.	Trade payables	1 849	1 481
4.	Payables – group undertakings	20	150
7.	Payables to employees	57	57
10.	Payables to social security and health insurance	2 722	1 987
C. I.	Tax liabilities and subsidies	**33**	**474**
1.	Estimated payables	15	456
2.	Other payables	18	18

INCOME STATEMENT

as at 31. 12. 2015
(in TCZK)

POWER EXCHANGE CENTRAL EUROPE, a.s.

Identification number: 278 65 444

Rybná 682/14
110 05 Praha 1

		As at 31. 12. 2015	As at 31. 12. 2014
II.	Revenue from production	41 616	41 224
1.	Revenue from own products and services	41 616	41 224
B.	Cost of sales	21 652	21 738
1.	Materials and consumables	208	148
2.	Services	21 444	21 590
+	**Added value**	**19 964**	**19 486**
C.	Personnel expenses	13 176	12 473
1.	Wages and salaries	9 689	9 004
2.	Remuneration for board members	660	660
3.	Social security and health insurance expenses	2 521	2 502
4.	Social expenses	306	307
D.	Taxes and charges	2	2
E.	Depreciation of intangible and tangible fixed assets	22	295
III.	Proceeds from disposals of fixed assets and raw material	8	0
1.	Proceeds from disposal of raw material	8	0
G.	Change in provisions and adjustments relating to operating activity and change in complex prepaid expenses	1 973	0
IV.	Other operating revenues	0	7
H.	Other operating expenses	1 741	1 454
*****	**Operating profit**	**3 058**	**5 269**
X.	Interest revenue	378	548
XI.	Other financial revenues	1 425	2 040
O.	Other financial expenses	3 255	1 598
*****	**Profit (loss) from financial operations**	**-1 452**	**990**
Q.	Income tax on ordinary profit (loss)	757	1 487
1.	- current	1 150	1 509
2.	- deferred	-393	-22
******	**Profit (loss on ordinary activities after tax**	**849**	**4 772**
*******	**Profit (loss) for the accounting period**	**849**	**4 772**
********	**Profit (loss) before tax**	**1 606**	**6 259**

STATEMENT OF CHANGE IN EQUITY **POWER EXCHANGE CENTRAL EUROPE, a.s.**

Identification number: 278 65 444

as at 31. 12. 2015
(in TCZK)

Rybná 682/14
110 05 Praha 1

	Registered capital	Reserve fund and other funds based on profit	Retained profit	Profit (loss) for the current period	Equity Total
Balance at 31/12/2013	**60 000**	**1 621**	**57**	**15 288**	**76 966**
Distribution of profit	0	765	0	-765	0
Dividends paid	0	0	-57	-14 523	-14 580
Profit/loss for the current period	0	0	0	4 772	4 772
Balance at 31/12/2014	**60 000**	**2 386**	**0**	**4 772**	**67 158**
Distribution of profit	0	0	32	-32	0
Dividends paid	0	0	0	-4 740	-4 740
Profit/loss for the current period	0	0	0	849	849
Balance at 31/12/2015	**60 000**	**2 386**	**32**	**849**	**63 267**

1. GENERAL INFORMATION

1.1. Incorporation and description of the business corporation

POWER EXCHANGE CENTRAL EUROPE, a.s. (hereinafter the "Company" or "PXE"), 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) gas;
c) 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 amounts to TCZK 60 000.

Shareholders of the Company:

Burza cenných papírů Praha, a.s. (hereinafter "BCPP")	investment of TCZK 20 000
Centrální depozitář cenných papírů, a.s. (hereinafter ("CDCP")	investment of TCZK 20 000
Energy Clearing Counterparty, a.s. (hereinafter „EnCC")	investment of TCZK 20 000

On 8 December 2008, Wiener Börse AG became a majority shareholder of the company Burza cenných papírů Praha, a.s.

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 purpose the project for changing the legal status according to Act No. 125/2008 Coll. on transformations of business companies and cooperatives, 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 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.

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 March 2012, the Company stopped trading with the Austrian power exchange EXAA.

As at 29 June 2012, the Hungarian subsidiary was closed and the Hungarian licence expired. The futures market based on Hungarian electricity prices is from then on organized in the Czech Republic under the Czech regulated market license.

In September 2013 the PXE started to cooperate with the European Commodity Clearing AG (hereinafter "ECC") which performs the function of the central counterparty of PXE and ensures the clearing and settlement of all business realized in PXE.

In December 2013 PXE in cooperation with the Central European Gas Hub AG, registered in Austria, the PXE opened an exchange market with gas in the Czech Republic. The commodity portfolio of the Company was thus extended by derivate products with gas delivered on the Czech market.

On 1 September 2014, PXE extended its offer of electricity futures by Polish and Romanian products. PXE also began to newly offer a possibility of finding the most suitable electricity supplier to end customers via electricity auctions.

Gas and electricity auctions were held in 2015.

On 17 December 2015, PXE's General Meeting agreed to change the Company's Articles of Association and to transform its share certificates to dematerialised shares.

1.2. Year-on-year changes in the Commercial Register

The Company has complied with Act No. 90/2012 Coll., the Act on Corporations, as a whole following the procedure under Section 777 (5) of the Act.

1.3. Corporate structure

The Company is managed by the Secretary General.

The following departments are directly subordinated to the Secretary General:

- Trading Department,
- Business Development Department,
- Internal Security and Internal Audit Department,
- Services Department.

1.4. Exchange Chamber and the Supervisory Board at 31 December 2015

	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

In 2015, no changes and no new entries were made in the Commercial Register.

2. ACCOUNTING POLICIES

2.1. Basis of preparation of the financial statements

The financial statements have been prepared based on the accounting records kept in compliance with the Act on Accounting and relevant regulations and decrees effective in the Czech Republic.

These financial statements have been prepared in compliance with Decree of the Czech Ministry of Finance No. 500/2002 Coll., implementing certain provision of Act No. 563/1991 Coll. on Accounting, as amended, for business entities using double-entry bookkeeping.

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

2.2. Tangible fixed assets

Tangible fixed assets with useful life of more than one year and a unit cost of more than TCZK 30 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.

Tangible assets with useful life of more than one year and a unit cost below TCZK 30 per unit are not recognized in the balance sheet, but are charged in the profit and loss account upon acquisition and recorded in the operating evidence.

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

Assets category	**Accounting depreciation**
Computer equipment	3 years
Non-capitalized tangible assets	2 - 3 years

Establishment of adjustments

If the net book value of the asset exceeds its estimated amount that can be acquired retrospectively, its net book value will be reduced to such amount by an adjustment.

Repair and maintenance costs concerning tangible fixed assets are charged directly to the profit and loss account. Technical improvements of tangible fixed assets are capitalized.

2.3. Intangible fixed assets

All intangible assets with a useful life longer than one year and a unit cost of more than TCZK 40 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 assets with useful life over 1 year and a unit cost not exceeding TCZK 40 are not reported in the balance sheet, but they are charged to the profit and loss account in the year of acquisition and reported in operating records.

Intangible fixed assets are amortized on a straight-line basis over their estimated useful lives as follows:

Assets category	**Accounting depreciation**
Software	3 years
Incorporation costs	3 years

Establishment of adjustments
If the net book value of the asset exceeds its estimated amount that can be acquired retrospectively, its net book value will be reduced to such amount by an adjustment.

2.4. Cash and cash equivalents

Cash includes cash in hand including tokens of value and financial means in accounts including the overdrawing of a current or overdraft account.

Cash equivalent means short-term liquid investments that can be easily and promptly exchanged for a predictable amount of cash and where no significant changes in the value over time are expected. Cash equivalents also include less than three-month term deposits and liquid securities to be traded on a public market.

2.5. Foreign currency translation

Transactions denominated in a foreign currency are translated and recorded at the rate of exchange of the Czech National Bank 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. 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.

2.7. 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.

2.8. Income tax

Income tax for the period comprises current tax and the change in deferred tax.
Current tax comprises an estimate of tax payable calculated based on the taxable income, having the tax rate valid as at first day of the accounting period, and any adjustments to taxes for previous periods.

2.9. 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.

2.10. 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 3.17.

2.11. Revenue recognition

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

2.12. Leasing

The Company used assets purchased through operative leasing. The purchase price of the assets acquired by operative leasing in not capitalized in fixed assets. Leasing instalments are booked into expenses equally for the duration of the leasing.

2.13. Group VAT registration

Effective from 1 January 2009, Burza cenných papírů Praha, a.s., POWER EXCHANGE CENTRAL EUROPE, a.s. (hereinafter "PXE") and Centrální depozitář cenných papírů, a.s. (hereinafter "CDCP") created a Value Added Tax group according to Act no. 235/2004. As at 1 January 2011, Energy Clearing Counterparty, a.s. has become a member of the Group. The companies that are part of the Group have the only and joint tax identification number.

As at 1 January 2015, the Group used an advance coefficient of 94% (at 1 January 2014: 93%). The Group applied this coefficient for calculating a proportional VAT deduction on acquired supplies in 2015. In the VAT return for December 2015 a settlement coefficient of 100% was calculated and represents the advance coefficient for 2016.The difference between the applied deduction based on the advance coefficient during the entire calendar year and the VAT deduction calculated based on the settlement coefficient was settled in December 2015.

The VAT return for the Group is filed by its representative member BCPP. Other members of the Group charge their own part of the tax liability or excess deduction of taxes, where appropriate, and they have receivables or payables from BCPP in their accounting books.

2.14. Use of estimates

The preparation of financial statements requires the use of estimates and forecasts that influence reported values of assets and liabilities at the date of financial statements and the reported amount of revenues and expenses for the accounting period. The Company's management is convinced that the applied estimates and forecasts will not be significantly different from real values in the next accounting periods.

2.15. 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.

2.16. Changes to accounting methods and procedures

The Company has not changed any of its accounting methods and procedures during 2015 and 2014.

3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND INCOME STATEMENT

3.1. Fixed assets

3.1.1. Intangible fixed assets

(in TCZK)

Acquisition cost	Incorporation expenses	Software	Total
Balance as at 1/1/2014	**1 120**	**1 983**	**3 103**
Additions	0	3	3
Disposals	0	0	0
Balance as at 31/12/2014	**1 120**	**1 986**	**3 106**
Additions	0	0	0
Disposals	0	0	0
Balance as at 31/12/2015	**1 120**	**1 986**	**3 106**

(in TCZK)

Accumulated amortization	Incorporation expenses	Software	Total
Balance as at 1/1/2014	**1 120**	**1 719**	**2 839**
Additions	0	264	264
Disposals	0	0	0
Balance as at 31/12/2014	**1 120**	**1 983**	**3 103**
Additions	0	2	2
Disposals	0	0	0
Balance as at 31/12/2015	**1 120**	**1 985**	**3 105**

(in TCZK)

Net book value	Incorporation expenses	Software	Total
Balance as at 1/1/2014	0	264	264
Balance as at 31/12/2014	0	3	3
Balance as at 31/12/2015	0	1	1

Depreciation of intangible fixed assets charged to the profit and loss account amounted to:

(in TCZK)

	Depreciation
2015	2
2014	264

3.1.2. Tangible fixed assets

(in TCZK)

Acquisition cost	Computer equipment	Non-capitalised tangible assets	Total
Balance as at 1/1/2014	**196**	**199**	**395**
Additions	0	0	0
Disposals	-65	-25	-90
Balance as at 31/12/2014	**131**	**174**	**305**
Additions	70	0	70
Disposals	0	-74	-74
Balance as at 31/12/2015	**201**	**100**	**301**

(in TCZK)

Accumulated depreciation	Computer equipment	Non-capitalised tangible assets	Total
Balance as at 1/1/2014	**175**	**183**	**358**
Additions	21	10	31
Disposals	-65	-24	-89
Balance as at 31/12/2014	**131**	**169**	**300**
Additions	16	4	20
Disposals	0	-74	-74
Balance as at 31/12/2015	**147**	**99**	**246**

(in TCZK)

Net book value	Computer equipment	Non-capitalised tangible assets	Total
Balance as at 1/1/2014	21	16	37
Balance as at 31/12/2014	0	5	5
Balance as at 31/12/2015	54	1	55

Depreciation of tangible fixed assets charged to the profit and loss account amounted to:

(in TCZK)

	Depreciation
2015	20
2014	31

3.2. Leased assets

The Company has an operating lease for one car and payments for the rent of premises as at 31 December 2015. The annual cost without VAT of this lease for 2015 was TCZK 904 (2014: TCZK 855).

The Company is committed to contractual payables under operating leases as follows:

(in TCZK)

	As at 31/12/2015	As at 31/12/2014
Due within 1 year	1 075	955
Due in 1 to 5 year	1 993	2 817
Total	**3 068**	**3 772**

3.3. Short-term financial assets

(in TCZK)

Short-term financial assets	As at 31/12/2015	As at 31/12/2014
Cash, of it:	**43**	**64**
- cash	42	51
- valuables	1	13
Bank accounts	**31 026**	**21 115**
Short-term financial assets total	**31 069**	**21 179**

3.4. Short-term receivables

3.4.1. Trade receivables

(in TCZK)

	As at 31/12/2015	As at 31/12/2014
Short-term		
- trade receivables	6 441	4 224
- other trade receivables	4	0
Trade Receivables total	**6 445**	**4 224**

Trade receivables have not been secured.

3.4.2. Ageing analysis of short-term trade receivables

(in TZCK)

Year	Category	Due	Day to due date					Receivables Total
			1 - 90	91 - 180	181 - 365	1 - 2 Years	2 Years <	
2015	Short term	6 445	0	0	0	0	0	**6 445**
	Total	**6 445**	**0**	**0**	**0**	**0**	**0**	**6 445**
2014	Short term	4 224	0	0	0	0	0	**4 224**
	Total	**4 224**	**0**	**0**	**0**	**0**	**0**	**4 224**

3.4.3. Tax receivables

(in TCZK)

	As at 31/12/2015	As at 31/12/2014
Tax receivables	1 482	989
VAT	61	2
Withholding tax	12	0
Tax receivables	**1 555**	**991**

In 2015, the Company paid advances for corporate income tax of TCZK 2 647 (2014: TCZK 2 498). Furthermore, the Company recognised withholding tax of TCZK 12 (2014: TCZK 0). The tax liability for 2015 amounted to TCZK 1 165 (2014: TCZK 1 509). The final receivable is TCZK 1 482 (2014: TCZK 989).

3.4.4. Receivables from related parties

(in TCZK)

Company name	As at 31/12/2015	As at 31/12/2014
Trade receivables		
Burza cenných papírů Praha, a.s.	2 714	0
Total	**2 714**	**0**

Receivables from related parties represent settlement of the advances paid by the Company to Burza cenných papírů Praha, a.s. for the services provided by Burza cenných papírů Praha, a.s.

(in TCZK)

Company name	As at 31/12/2015	As at 31/12/2014
Receivables from shareholders		
Energy Clearing Counterparty, a.s.	29 728	44 360
Total	**29 728**	**44 360**

Receivables from associated companies represent loans provided to companies from the group. As at 31 December 2015, the Company reported a receivable due from Energy Clearing Counterparty following from a loan of TCZK 29 728 (2014: TCZK 44 360).

(in TCZK)

Company name	As at 31/12/2015	As at 31/12/2014
Estimated receivables		
Burza cenných papírů Praha, a.s.	3	0
Total	**3**	**0**

3.5. Accruals and deferrals

(in TCZK)

	As at 31/12/2015	As at 31/12/2014
Prepaid expenses	**240**	**201**
Extraordinary rent	68	91
IT	33	26
Insurance	37	46
Other	102	38
Total	**240**	**201**

3.6. Equity

3.6.1. Registered capital

Share capital recorded in the Commercial Register amounts to TCZK 60 000 (2014: TCZK 60 000). Share capital comprises 60 registered shares with a nominal value of TCZK 1 000 each.

In 2016, based on a decision of the general meeting of the Company dated 17 December 2015 the existing amount of the registered capital of TCZK 60 000 (as at 31 December 2015) will be reduced by TCZK 30 000. The amount of TCZK 30 000, corresponding to the reduction of the registered capital of the Company, will be distributed among the Company´s shareholders according to their shares. The reason for the reduction of the Company's registered capital is the fact that its amount significantly exceeds the statutory requirement for the amount of registered capital or equity and the shareholders can use the funds available after the reduction of the registered capital for other purposes. Centrální depozitář cenných papírů, a.s., a shareholder of the Company, can use its share of the available funds to increase its registered capital in order to be in compliance with the new EU.

The reduction of the Company's registered capital will be carried out as a reduction of the nominal value of all shares of the Company, specifically reducing the nominal value of 60 registered shares with a nominal value of TCZK 1 000 per share to a new nominal value of TCZK 500 per share. As a result of the decision of Company's general meeting on transformation of all ordinary registered shares issued as share certificates to registered book-entered shares, the reduction of the nominal value will be carried out by the Company giving an order to the entity authorised to keep the records of book-entered shares to change the nominal value of each share to the new nominal value of TCZK 500.

3.6.2. Distribution of the 2014 profit and planned distribution of profit 2015

The proposal for the distribution and transfer of the 2014 profit was approved by the General meeting on 5 June 2015. The payment of dividends was agreed in the total amount of TCZK 79 per share, i.e. the payment in the total amount of TCZK 4 740.

The Company plans to disburse the 2015 profit in the amount of TCZK 849 as a profit share.

3.7. Provisions

(in TCZK)

	Provision – income tax	Other provision
As at 1/1/2015	0	0
Additions	0	1 973
As at 31/12/2015	**0**	**1 973**

(in TCZK)

	2015	2014
Other provisions	1 973	0
As at 31/12/2015	**1 973**	**0**

In 2015, the Company created a provision of TCZK 1 973 (2014: TCZK 0) to provide for possible future expenses associated with a contract concluded in 2015. These expenses depend on the volume of trading in Polish and Romanian electricity futures. Rules for creation of such provision are described in Note 2.7.

3.8. Payables

3.8.1. Short-term payables

(in TCZK)

Short-term payables and advances received	Balance at 31/12/2015	Balance at 31/12/2014
Short-term payables	1 849	1 481
Total short-term payables	**1 849**	**1 481**

Company liabilities are due.

3.8.2. Social security and health insurance liabilities

At 31 December 2015, the Company reports no social security and health insurance liabilities (2014: TCZK 0) as all of them were paid before the end of 2015.

3.8.3. Tax liabilities and subsidies

Tax liabilities amount to TCZK 57 (2014: TCZK 57). This amount represents withholding tax for provided software licenses.

These liabilities are not overdue.

3.8.4. Estimated payables

Estimated payables amount to TCZK 2 722 (2014: TCZK 1 987) and primarily include estimates for annual employee bonuses totalling TCZK 2 495 (2014: TCZK 1 970), including social security and health insurance estimates.

3.8.5. Liabilities – related parties

(in TCZK)

Company name	Balance at 31/12/2015	Balance at 31/12/2014
Short-term liabilities		
Burza cenných papírů Praha, a.s.	750	722
Centrální depozitář cenných papírů, a.s.	12	0
Energy Clearing Counterparty, a.s.	57	61
Total	**819**	**783**

(in TCZK)

Company name	Balance at 31/12/2015	Balance at 31/12/2014
Liabilities to shareholders/owners and alliance partners		
Burza cenných papírů Praha, a.s.	20	150
Total	**20**	**150**

Liabilities – related parties consist of VAT liabilities.

(in TCZK)

Company name	Balance at 31/12/2015	Balance at 31/12/2014
Estimated payables		
Burza cenných papírů Praha, a.s.	3	3
Total	**3**	**3**

(in TCZK)

	Balance at 31/12/2015	Balance at 31/12/2014
Accrued expenses		
Burza cenných papírů Praha, a.s.	12	35
Accrued liabilities	**12**	**35**

3.9. Accruals and deferrals

(in TCZK)

Company name	Balance at 31/12/2015	Balance at 31/12/2014
Accrued expenses	**15**	**456**
Rent	12	35
Others	3	421
Accrued revenues	**18**	**18**
Others	18	18
Total accruals	**33**	**474**

3.10. Deferred tax

(in TCZK)

Deferred tax title	Balance at 31/12/2015	Balance at 31/12/2014
Difference between the tax and net book value of fixed assets	0	0
Provisions	375	0
Social and health insurance	113	95
Deferred tax asset (+) / liability (-)	488	95
Revenue (+) / Expense (-) from deferred asset change	**393**	**22**

As at 31 December 2015, deferred tax was calculated using a tax rate of 19% (for 2016 onwards), depending on the period, in which the compensation of temporary differences is expected.

As at 31 December 2014, deferred tax was calculated using a tax rate of 19%.

3.11. Income tax on ordinary activities

(in TCZK)

	Balance at 31/12/2015	Balance at 31/12/2014
Profit before tax	1 606	6 259
Theoretical income tax using the domestic tax rate of 19% (2014: 19%)	305	1 189
Tax impact of tax non-deductible expenses	862	321
Tax impact of tax non-deductible revenues	-2	-1
Prior years' tax refund	-15	0
Current tax	**1 150**	**1 509**
Deferred tax change	-393	-22
Total income tax on ordinary activities	**757**	**1 487**
Income tax advance paid	2 659	2 498
Income tax receivable	1 494	989
Income tax provision	0	0

3.12. Revenue analysis

(in TCZK)

	2015		
	Domestic	**Foreign**	**Total**
Commodity exchange fee	**17 866**	**17 756**	**35 622**
Trading fees - electricity	**16 278**	**16 600**	**32 878**
participation fee	7 149	6 315	13 464
settlement fees – financial futures	4 798	2 793	7 591
trading fees - SPOT	143	416	559
communication connection fee	4 188	7 076	11 264
Trading fees - gas	**1 588**	**1 156**	**2 744**
participation fee	368	0	368
trading fees - SPOT	413	302	715
communication connection fee	807	854	1 661
ECC transaction settlement	**0**	**4 979**	**4 979**
Total revenue from the sale of services	**383**	**0**	**383**
Commodity exchange information	**0**	**632**	**632**
Commodity exchange fees	**18 249**	**23 367**	**41 616**

(in TCZK)

	2014		
	Domestic	**Foreign**	**Total**
Commodity exchange fees	**17 405**	**18 045**	**35 450**
participation fee	7 156	6 682	13 838
settlement fees – financial futures	5 111	3 137	8 248
trading fees - electricity	143	232	375
trading fees - gas	151	24	175
communication connection fees	4 844	7 970	12 814
of which communication connection fees - gas	*269*	*215*	*484*
Commodity exchange information	**0**	**636**	**636**
ECC transaction settlement	**0**	**5 121**	**5 121**
Other services	**0**	**17**	**17**
Commodity exchange fees	**17 405**	**23 819**	**41 224**

The total amount of fees for trading in gas that the Company is obliged to monitor based on a contract with Central European Gas Hub AG amounted to TCZK 2 744 in 2015 (2014: TCZK 659).

3.13. Services

(in TCZK)

	2015	2014
Repair and maintenance	2	1
Travel expenses	483	587
Representation cost	689	405
Rent and services	942	930
Operating leasing - cars	249	206
Advisory and legal services	1 202	280
Audit	215	215
Promotion	1 976	2 366
Servicing	7 494	6 500
Training, workshops, conferences	6	123
IT services from settlement fees	162	166
IT services from transaction fees and supporting services	4 635	7 269
Other services	3 389	2 542
Total	**21 444**	**21 590**

KPMG Česká republika Audit, s.r.o. has not provided the Company with other significant services than auditing the financial statements for 2015 and 2014.

3.14. Other operating expenses

(in TCZK)

	2015	2014
Insurance	129	167
VAT coefficient effect	0	127
Membership fees to associations	546	313
Spent expenses settlement EnCC – loan interests	394	539
Fee for the operation of the OTE clearing system upon the registration of gas supplies	180	241
Other operating expenses	492	67
Total other operating expenses	**1 741**	**1 454**

3.15. Financial revenues

(in TCZK)

	2015	2014
Interest revenues:	**378**	**548**
- bank accounts	0	1
- loans to related parties	378	547
Foreign exchange revenues	**1 425**	**2 040**
Total financial revenues	**1 803**	**2 588**

3.16. Financial expenses

(in TCZK)

	2015	2014
Banking charges:	**73**	**74**
- other banking charges	73	74
Foreign exchange expenses	**3 182**	**1 524**
Total financial expenses	**3 255**	**1 598**

3.17. Related party transactions

All significant transactions are carried out at arm's length.

Effective from 1 January 2015, the Company has been applying a Transfer price documentation to related party transactions. The Transfer price documentation comprises the manner of determining financially justifiable valuation of the so-called support services. In accordance with this documentation, a Contract for providing support services between related parties was signed.

3.17.1. Revenues from related parties

2015 (in TCZK)

Entity	Relation to the Company	Revenue from own services	Financial revenues	Total
Burza cenných papírů Praha, a.s.	shareholder – member of BCPP Group	0	24	24
Energy Clearing Counterparty, a.s.	member of BCPP Group	0	406	406
Wiener Börse AG	member of CEESEG Group	490	1	491
Total		**490**	**431**	**921**

2014 (in TCZK)

Entity	Relation to the Company	Revenue from own services	Financial revenues	Total
Burza cenných papírů Praha, a.s.	shareholder – member of BCPP Group	0	11	11
Energy Clearing Counterparty, a.s.	member of BCPP Group	0	1 231	1 231
Wiener Börse AG	member of CEESEG Group	483	5	488
Total		**483**	**1 247**	**1 730**

Revenues from Burza cenných papírů Praha, a.s. comprise as follows:
- foreign exchange gain of TCZK 24 (2014: TCZK 11)

Revenues from Energy Clearing Counterparty, a.s. comprise as follows:
- interest revenue from provided financial aid of TCZK 378 (2014: TCZK 547)
- foreign exchange gain of TCZK 28 (2014: TCZK 684)

Revenues from Wiener Börse AG comprise as follows:
- revenues from stock exchange information sold of TCZK 490 (2014: TCZK 483)
- foreign exchange gain of TCZK 1 (2014: TCZK 5)

3.17.2. Purchases from related parties

2015 (in TCZK)

Entity	Relation to the Company	Services	Other expenses	Financial expenses	Total
Burza cenných papírů Praha, a.s.	shareholder – member of BCPP Group	5 565	11	6	5 582
Centrální depozitář cenných papírů, a.s.	shareholder – member of BCPP Group	3	0	0	3
Energy Clearing Counterparty, a.s.	member of BCPP Group	687	394	1 036	2 117
Wiener Börse AG	member of CEESEG Group	0	0	1	1
Total		**6 255**	**405**	**1 043**	**7 703**

2014 (in TCZK)

Entity	Relation to the Company	Services	Other expenses	Financial expenses	Total
Burza cenných papírů Praha, a.s.	shareholder – member of BCPP Group	8 209	7	14	8 230
Centrální depozitář cenných papírů, a.s.	shareholder – member of BCPP Group	11	0	0	11
Energy Clearing Counterparty, a.s.	member of BCPP Group	678	539	1	1 218
Total		**8 898**	**546**	**15**	**9 459**

Expenses incurred in relation to transactions with Burza cenných papírů Praha, a.s. comprise as follows:

- support services of TCZK 4 635 (2014: TCZK 7 269)
- lease of non-residential premises including lease-related services and lease of phone lines of TCZK 941 (2014: TCZK 947)
- foreign exchange loss of TCZK 6 (2014: TCZK 14)

Expenses incurred in relation to transactions with Centrální depozitář cenných papírů, a.s. comprise as follows:

- ISIN allocation and LEI management of TCZK 3 (2014: TCZK 11)

Expenses incurred in relation to transactions with Energy Clearing Counterparty, a.s. comprise as follows:

- central counterparty services of TCZK 687 (2014: TCZK 678)
- payment of justified expenses of TCZK 394 (2014: TCZK 539)
- foreign exchange loss of TCZK 1 036 (2014: TCZK 1)

Expenses incurred in relation to transactions with Wiener Börse AG comprise as follows:

- foreign exchange loss of TCZK 1 (2014: TCZK 0)

4. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

4.1. Staff costs and number of employees

2015	Average recalculated headcount	Total staff cost
Employees	5	11 993
Total	**5**	**11 993**

2014	Average recalculated headcount	Total staff cost
Employees	6	11 289
Total	**6**	**11 289**

In accordance with the provision for employee benefits, the Company provides contributions for pension plan and life insurance.

4.2. Loans, credits and other benefits provided

In 2015 and 2014, total personnel expenses and other benefits provided to members of statutory bodies amounted to:

2015	Exchange chamber	Total
Remuneration of the statutory bodies members	877	877
Total	**877**	**877**

2014	Exchange chamber	Total
Remuneration of the statutory bodies members	877	877
Total	**877**	**877**

Values correspond to internal background materials and rules of the Company.

5. CONTINGENT LIABILITIES

The management of the Company is not aware of any significant unrecorded contingent liabilities as at 31 December 2015 and 31 December 2014.

6. SUBSEQUENT EVENTS

On 20 January 2016, the European Energy Exchange (EEX) and the shareholders of the Company signed an agreement including a plan for starting closer cooperation. As part of this cooperation, EEX will acquire 66.67% shares of the Company in 2016 from its existing shareholders Centrální depozitář cenných papírů, a.s. and Energy Clearing Counterparty, a.s. EEX will thus become its new majority owner and the Company will become an associate included in the consolidated financial statements of the BCPP Group as at 31 December 2016.

Prague, 11 March 2016

Petr Koblic
Chairman of the Exchange Chamber

POWER EXCHANGE CENTRAL EUROPE

Auditor's report on the financial statements and the annual report

cee stock exchange group

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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., prepared in accordance with Czech accounting legislation, which comprise the balance sheet as of 31 December 2015, and the income statement and the statement of changes in equity 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 POWER EXCHANGE CENTRAL EUROPE, a.s. 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, International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

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

IČ 49619187
DIČ CZ699001996

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of POWER EXCHANGE CENTRAL EUROPE, a.s. as of 31 December 2015, and of its financial performance for the year then ended in accordance with Czech accounting legislation.

Other Information

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

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

We have nothing to report in this regard.

Prague
11 March 2016

KPMG Česká republika Audit

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

Vladimír Dvořáček
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