cee stock exchange group

2013: Annual Report

POWER EXCHANGE
CENTRAL EUROPE

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Foreword by the General Secretary

Dear ladies and gentlemen,

POWER EXCHANGE CENTRAL EUROPE, a.s. (PXE) had a successful year in 2013. Trading volumes reached almost 30 TWh – the best result since 2009, which is excellent news as the previous trading year of 2012 was somewhat less successful. Year-on-year, trading volumes increased by 50%.

Unfortunately, the situation on the energy market is still complicated, especially for producers. Energy prices were fairly low in late 2012, and the downward trend continued in 2013, which was favourable for consumers who, unlike in previous years, did not face another increase in the regulated portion of the price in connection with the massive installation of renewable sources.

Trading in the 2014 contract commenced on 2 January at EUR 44.70 per MWh, which was the annual maximum, and concluded at EUR 36.50 per MWh on 27 December. The lowest price was reached on 5 August, specifically EUR 35.45 per MWh. In September, there was a correction to EUR 38.50 per MWh. From this level, it declined continuously until year end.

As regards trading participants, mainly sector players were active (as in 2012), meaning companies engaged in the production and delivery of energy to end customers, and traders based in Central Europe. With some exceptions, the downward trend of activities of large financial institutions based mainly in the UK continued in 2013.

For PXE, 2013 was decisive mainly due to two crucial projects – the change in the settlement system and the transition of trade settlement to the German company European Energy Clearing AG (ECC), and the launch of trading in Czech natural gas in cooperation with the Austrian company Central European Gas Hub, AG (CEGH).

The project of settlement transition to ECC had been proposed by various trading participants for many years. PXE started working on it in 2012, but most of the activities were carried out last year. The successful implementation was conditioned on the amendment of contractual documentation with all trading participants as well as with our clearing banks. A successful conclusion of the transaction required that all trading participants and clearing banks willing to offer their services under the new structure terminate their activities in the old system on one day and continue settling open positions in the new system on the following day.

Everything was executed smoothly on 2 September, and the results were stunning – margin requirements for most active traders fell by up to 50%. This made it possible to perform many more transactions with the same capital and to achieve significant savings.

In December, PXE launched natural gas trading with place of delivery in the Czech Republic. This new trading platform is a joint project with the Austrian gas exchange CEGH. Gas is traded under the CEGH brand, while PXE ensures operation of the trade platform. Trades are performed under the PXE licence. We hope to build on the success achieved when creating a platform for energy trades and to succeed in developing a transparent and meaningful natural gas exchange.

Next year, we at PXE would like to improve our services implemented last year in order to achieve greater user convenience. We would also like to consider adding new products based on the demand of our customers.

Thank you for your interest in PXE. I wish you a successful year in 2014.

David Kučera
General Secretary

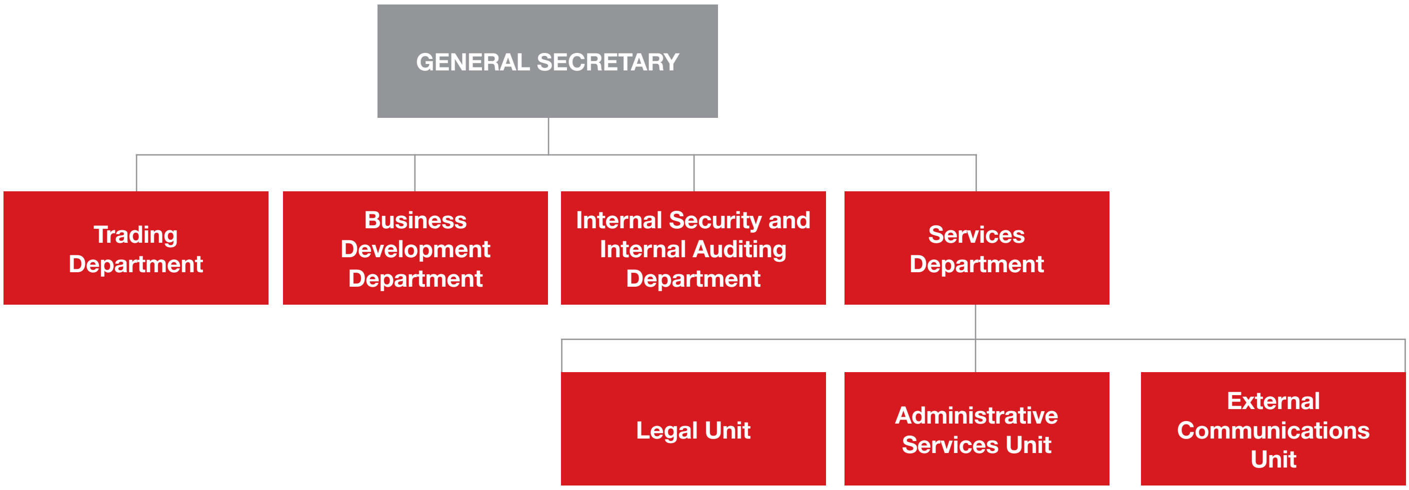
Company Profile

POWER EXCHANGE CENTRAL EUROPE, a.s. was established on 8 January 2007 (as Prague Energy Exchange), and during the very first year of its existence it became the most important power exchange in the CEE region. PXE offers unique services on the electricity market, i.e. anonymous trading of standardized products with guaranteed settlement. A single account provides access to the electricity market with the place of delivery in the Czech Republic, Slovakia and Hungary. In cooperation with Austrian Central European Gas Hub AG (CEGH), PXE opened the CEGH Czech Gas Futures market for gas trades on 9 December 2013. The CEGH Czech Gas Futures market will cover derivative products with delivery to the Czech virtual trading point.

Along with the parent company and its other subsidiaries, PXE is a member of the PX group. Besides PXE, the most important companies of the group are the Prague Stock Exchange (PSE) and the Central Securities Depository Prague (CSD Prague). PSE is the largest and oldest organizer of the securities market in the Czech Republic. CSD, which has a dominant position in the area of settlement of securities trades on the Czech capital market, keeps the central register of dematerialised securities issued in the Czech Republic and allocates an international identifier (Legal Entity Identifier – LEI, initially pre-LEI) to legal entities and international security identifying numbers (ISIN) to investment instruments.

PXE is a member of the CEE Stock Exchange Group (CEESEG), which also includes three more Central European stock exchanges: the Vienna Stock Exchange (Wiener Börse), the Budapest Stock Exchange (Budapesti Értéktőzsde) and the Ljubljana Stock Exchange (Ljubljanska borza).

Organisational structure



2013 Highlights

Agreement with CEGH signed

4 February
Austria's Central European Gas Hub (CEGH) and POWER EXCHANGE CENTRAL EUROPE (PXE) signed a cooperation agreement to launch a gas trade exchange in the Czech Republic. The new market uses the Trayport GlobalVision Exchange Trading System (ETS) operated by PXE, and settlement is performed in the European Commodity Clearing (ECC) system.

ECC provides settlement services to PXE

2 September
As of that day, the European Commodity Clearing (ECC) launched clearing and settlement services for all transactions concluded on the POWER EXCHANGE CENTRAL EUROPE (PXE). European Commodity Clearing is the central clearing house for energy and related products in Europe. In its capacity as the central counterparty, ECC assumes clearing as well as physical and financial settlement of transactions concluded on CEGH Gas Exchange of the Vienna Stock Exchange, EEX, EPEX SPOT, HUPX, ICE ENDEX, Powernext and PXE or trades registered on these exchanges.

Launch of the CEGH Czech Gas Futures market

9 December
Gas futures market launched in cooperation with Central European Gas Hub AG (CEGH). The CEGH Czech Gas Futures offers physically settled natural gas futures with place of delivery at a virtual trading point in the Czech Republic. The offer includes monthly, quarterly, seasonal and yearly futures with start of delivery in February 2014.

Key Data

	2013	2012	2011	2010
Number of Exchange Days	252	252	253	253
FUTURES				
Trading volume (MWh)	29,670,193	19,826,705	24,343,699	24,306,334
Of which: BASE LOAD	29,116,369	19,198,301	23,972,119	23,589,934
PEAK LOAD	553,824	628,404	371,580	716,400
Trading volume (EUR)	1,161.202	943.613	1,327.433	1,171.374
Of which: BASE LOAD	1,133.542	906.719	1,301.863	1,126.812
PEAK LOAD	27.660	36.894	25.570	44.562
Number of contracts (MW)	10,769	7,775	8,693	7,572
Of which: BASE LOAD	9,830	6,709	7,878	6,533
PEAK LOAD	939	1,066	815	1,039
Number of trades	1,705	1,204	1,242	2,238
Of which: BASE LOAD	1,566	1,031	1,137	1,965
PEAK LOAD	139	173	105	273
Average daily volume (MWh)	117,738.86	78,677.40	96,220.15	96,072.47
Of which: BASE LOAD	115,541.15	76,183.73	94,751.46	93,240.85
PEAK LOAD	2,197.71	2,493.67	1,468.70	2,831.62

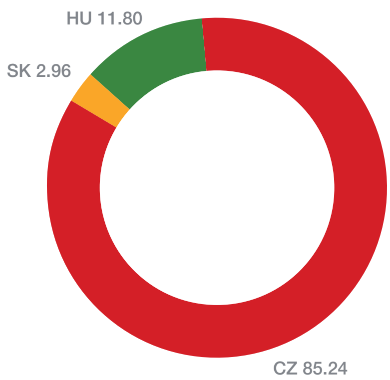
Trading

The results and development of trading in 2013

In 2013 a total of 1,705 trades with a total value of 29.67 TWh were concluded in the PXE system.

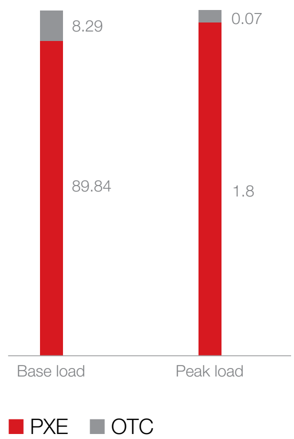
From the perspective of the place of delivery, the share of trades with HU products increased in particular at the expense of the trading volumes of CZ and SK products. The percentages of various locations are shown in the following diagram.

Share of trading volume by place of delivery (in %)



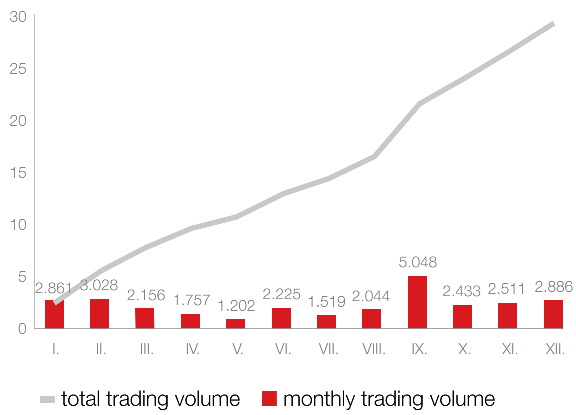
Each trading participant can anonymously conclude trades in the PXE system while observing the stipulated rules and regulation mechanisms; at the same time, the trader may also use the PXE system to register and subsequently settle trades concluded outside PXE (OTC clearing). The following diagram depicts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

Share of OTC clearing in total trades (in %)



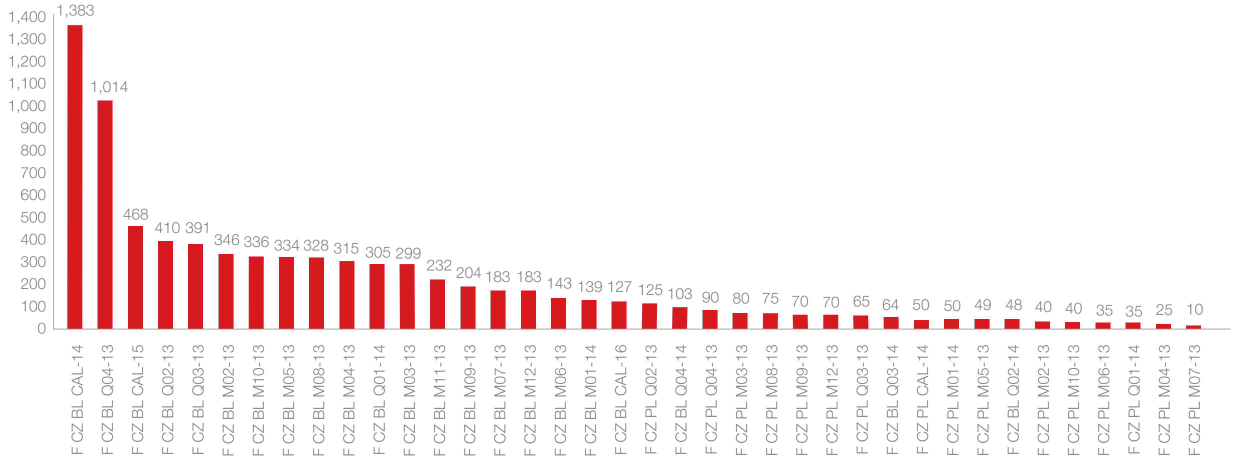
Trading volumes in the months of 2013 ranged from 1.2 TWh (May) to approximately 5.05 TWh (September). The largest trading volume in terms of MWh was achieved on 25 November 2013 – 476,931 MWh. The greatest number of trades was recorded on 18 September 2013 – 24 trades. The highest number of traded contracts (MW) was recorded on 21 November 2013 – 193 MW. The development of trading volumes in 2013 is shown in the diagram below.

Overall and monthly trading volumes (in TWh)

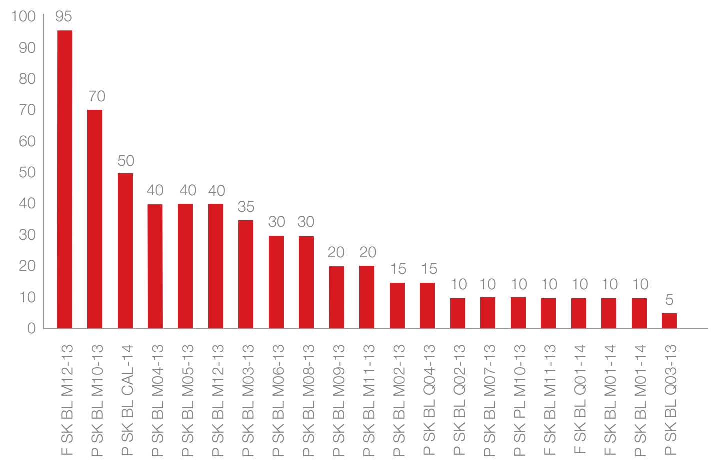


As in preceding years, 2013 also saw a prevalence of trades with base load delivery products over peak load delivery products. The most frequently traded product with place of delivery in CZ was base load of the 2014 annual supply (financial settlement CZ). For contracts with place of delivery in Hungary, the most frequently traded product was M10 base load with financial settlement, and for contracts with place of delivery in Slovakia, M12 base load with financial delivery was the most popular. As regards CZ, SK and HU electricity, there were 1,383, 95 and 345 contracts, respectively. Specific data on trades in various products are shown in the following two diagrams.

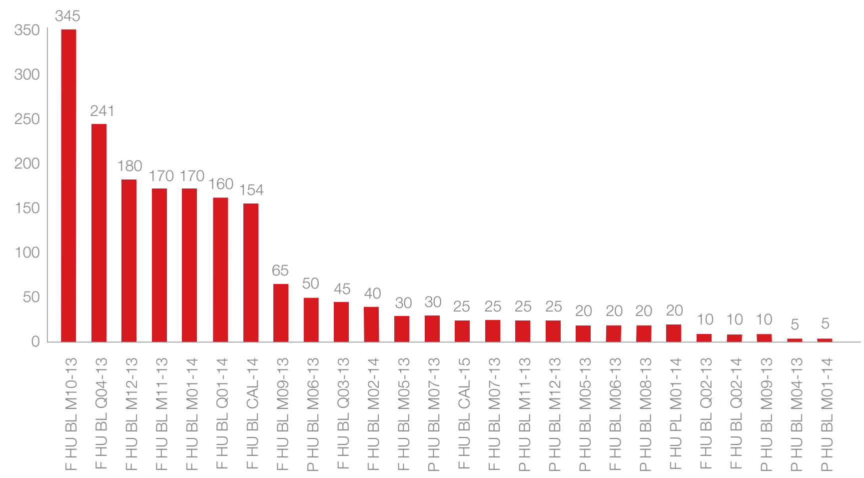
The most traded CZ products (in MW)



The most traded SK products (in MW)



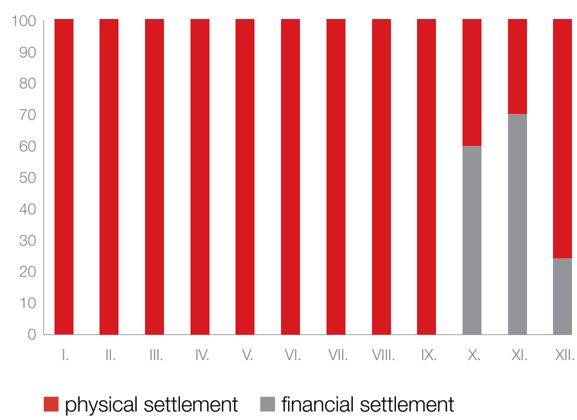
The most traded HU products (in MW)



PXE offers its participants the possibility to trade in CZ commodity futures with financial settlement and the possibility to trade SK and HU commodity futures with financial as well as physical settlement (i.e. they can choose between physical delivery during the corresponding delivery period and between financial settlement of price differences). In 2013, trades in contracts with financial settlement had a clear predominance on the Hungarian market, while contracts with physical settlement had a clear predominance on the Slovak market.

Breakdown of trades in CZ products by settlement type (in %)

Breakdown of trades in SK products by settlement type (in %)



Note: No trades occurred in products with physical settlement.

Breakdown of trades in HU products by settlement type (in %)

Note: HU products were not traded in January.

Price development of base load annual delivery (in EUR/MWh)

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

Compared to 2012, electricity prices experienced a continuing downward trend in 2013. Electricity recorded the biggest drop in more than five years. At the end of the period, prices rose slightly due to the recovery in Western Europe. Energy prices in the EU were mainly influenced by emission allowances, the prices of thermal coal, and a higher output of renewable energy sources. The Czech contract with next year delivery (CAL-14) reached its maximum (EUR 44.60 per MW) on 2 January 2013 and its minimum (EUR 35.45 per MW) on 5 and 6 August 2013.

Product (base load)	**Annual max.** (EUR/MWh)	**Annual min.** (EUR/MWh)	**Average price** (EUR/MWh)
2014 CZ	44.6 (2 January 2013)	35.45 (5 to 6 August 2013)	38.31
2014 SK	45.55 (2 January 2013)	35.7 (5 and 6 August 2013)	38.64
2014 HU	51.2 (7 January 2013)	41.15 (13, 19 and 20 August 2013)	44.16

Social Responsibility

This year, the PX group decided to expand its social responsibility activities beyond education. The lectures by PX representatives continued, though, particularly at universities.

We continued our cooperation with the Dejte dětem šanci (Let's Give Children a Chance) civic association that offers comprehensive assistance to children and young people who live in orphanages, in particular in their last years there and after they leave and commence an independent life. People can choose a specific child living in a Czech orphanage who appeals to them in some way and support him or her in a way that is acceptable to them.

A new activity was the support for the oncology ward in Olomouc. Since our country was hit by floods this year, the PX group decided to donate to the SOS Povodně 2013 (SOS Floods 2013) initiative operated by the Člověk v tísni (People in Need) charity. Furthermore, we expanded our activities in culture. We supported the promotion of Šumavské hudební tridium (Bohemian Forest Musical Triduum), a three-day festival of classical chamber music, as well as an event called Struny podzimu (Autumn Strings).

Information and Trading System

In 2013, the IT division of the PX group focused mainly on further development of the systems used by the Central Securities Depository (CSD) and POWER EXCHANGE CENTRAL EUROPE (PXE) and on the technological modernisation of IT systems of the PX group with an emphasis on increasing the flexibility, availability and security of information systems and data.

After terminating its own trading system in connection with switching to the Xetra® platform, the IT division mainly worked on the development of records on dematerialised securities and the CSD settlement system. The task included the rearrangement of the CSD matching system to comply with new EU standards in order to streamline the communication of participants during trade registration and to lower the number of suspended transactions. These modifications were related to changes brought about by the new Commercial Code, which affects securities registration, particularly with regard to liens.

In 2013, we continued to develop the register of government savings bonds, maintained by the CSD for the Czech Ministry of Finance. A direct electronic access to the records stored in CSD systems was created for owners of savings bonds. This is similar to electronic banking.

Before the end of 2013, the CSD was granted permission by the Czech National Bank to act as a local operator for assigning international Legal Entity Identifiers (LEI, initially pre-LEI) to legal entities. In a related measure, an application administering this agenda was created at the very end of the year. Interested parties can request an identifier at the CSD website. Once they pay the applicable fee to the CSD account, the identifier is issued automatically.

Two significant changes occurred in energy trading in 2013. The first of them was the transfer of futures trade settlement to German European Commodity Clearing (ECC). The IT division was in charge of a smooth transition and will support functions that are not offered by either ECC or the GlobalVision platform (operated by Trayport), where futures trading takes place. This includes the support of spot OTE trades, converting financial futures to deliveries, calculation of trading fees, monitoring whether market makers fulfil their obligations, reporting to the regulator (Czech National Bank) on all events related to trading, and supplying trading data for the PXE website.

The second change was the support for gas futures trading launched at the end of 2013 and operated by PXE in cooperation with Austrian Central European Gas Hub AG (CEGH). The IT division was responsible for expanding the functionalities of the aforementioned areas for the purpose of gas trades.

In January, the outdated interactive information system in the passageway of the Burzovní palác was replaced with a ticker displaying online prices of the traded instruments and the closing price list.

Work continued in 2013 on the development of a new system for the automated collection and assessment of operating and security events from various systems and equipment (the log concentrator). In addition to the savings achieved, the system is now more stable, performs better and enables more efficient processing of operational and security issues affecting the system because of the connected resources.

In May, the certification authority running on the Entrust platform was upgraded. The upgrade involved the transition to a higher version of the certification and registration authority software as well as to newer operating systems and mainly to new cryptographic HSM modules (again certified for level 3 according to the FIPS 140-2 norm.

In the middle of the year, an extensive infrastructure upgrade was performed to secure Internet connectivity and security. When designing the new security infrastructure, we used the conclusions from the March analysis of cyber attacks (DDoS/DoS) against financial and public institutions. In October, we upgraded the back-up radio relay connection that secures connectivity between the main and the back-up sites.

In the course of the year, we purchased and tested network cryptographic HSM modules for secure storing of cryptographic material (in particular certificates and the corresponding private keys) for the server virtualization infrastructure. These modules greatly reduce the risks of cryptographic operations on servers and enhance their credibility. We expect to use them in production next year.

In December, the solution securing remote access (VPN) was upgraded, and conditions were created for the location of redundant systems to the back-up site in early 2014.

Financial Results

Income Statement

(in CZK thousand)	2013	2012	2011
Revenues from business activities	48,406	45,454	49,763
Operating expenses	35,871	37,730	37,719
Operating profit	12,583	7,724	12,044
Net financial income/expenses (-)	6,543	(278)	2,679
Profit before income tax	19,126	7,446	14,723
Income tax expense	3,838	1,574	3,157
Net profit	15,288	5,872	11,566

Statement of Changes in Equity and Financial Position

(in CZK thousand)	2013	2012	2011
Share capital	60,000	60,000	60,000
Shareholder's equity	76,966	67,258	76,686
Statutory reserve fund	1,621	1,327	748
Rentained earnings	15,345	5,931	15,938
Earnings per Share (in CZK)	254,800	97,867	192,767

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. the Prague Stock Exchange (represented by Petr Koblic, Chief Executive Officer), Central Securities Depository Prague (represented by Petr Koblic, Board of Directors Chairperson), and CENTRAL COUNTERPARTY (represented by Helena Čacká, sole Board of Directors member). The Exchange Chamber is the second most important body of the Exchange. Specialists from a number of companies and government institutions work in committees and participate in the activities of PXE. David Kučera, General Secretary, is in charge of the activities of PXE.

Exchange Chamber

Number of meetings in 2013: 1
11 April 2013

Chairperson of the Exchange Chamber and Chief Executive Officer of the Prague Stock Exchange:
Petr Koblic
Date of birth: 22 February 1971
Holding this position since: 1 July 2009
Membership 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
Holding this position since: 1 July 2009
Membership since: 1 July 2009

Exchange Chamber member:
Bohumil Havel
Date of birth: 10 September 1975
Membership 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 modifications of the PXE trading system and trading rules.

Clearing and Risk Management Committee

The activity of the Clearing and Risk Management Committee was terminated in 2013 because clearing was transferred to European Commodity Clearing (ECC).

Strategic Committee

The Strategic Committee was suspended in 2012.

Security Committee and Internal Audit Committee

The security policy of the PX group in 2013 focused on analysing risks and adopting suitable security measures for newly deployed systems and technologies, data access control, deployment of internal controls, awareness of security issues among holding employees, enforcement of responsibility for the administration and operation of assets and, not least, ensuring operating continuity of information systems and information and communication technologies. The objective was to define and provide a security framework for everyday activities in areas within the scope of ISMS.

The key tasks included the identification, analysis and assessment of risks related to the Office 365 implementation and the choice of suitable scenarios for security policies and their approvals. The Security Committee discussed DoS (Denial of Service) attacks on PX systems and adopted a number of preventive measures to minimize their impact on the PX holding infrastructure. The Committee continued analysing and monitoring employee access to data and information to reconcile availability and confidentiality.

In communication and operation management, the Committee gradually adopted measures to ensure secure operation for information processing devices, minimization of system failure risk, protection of integrity, availability and confidentiality of programs, data and services of the information system and ensuring the protection of computer networks and supporting infrastructure. The objective was to prevent unauthorized disclosure, modification, processing, loss or damage to assets and information and interruptions of operation and to detect these issues. Examples include the definition and documentation of selected processes and systems, implementation of requirements for the transparency of the change request life cycle and its computerization, monitoring of change requests up to the level of data changes, continuous verification of authorizations for interventions in the production environment, new definition of rules for safe disposal of media, etc.

To increase the efficiency of ISMS, we continued to develop the internal control system and to include important holding assets in it. The assets subject to internal control and a priority ranking were determined based on their importance as assessed in the asset register.

In 2013, no security incident (violation of confidentiality or integrity of information) was reported.

The PX holding pays thorough attention to compliance with legal regulations, requirements of the Czech National Bank, contractual relationships, information security norms and internal norms. For this purpose, the Internal Audit Committee approves internal audit plans, discusses audit results and adopts measures to eliminate identified deficiencies. In 2013, the Committee discussed the results of 10 audits aimed in particular at the management of change processes, business process and risk management in the area of security trade settlement and registration, implementation of measures to minimize risks defined by the PX holding, and management of information access.

Private and trading officers, exchange court of arbitration

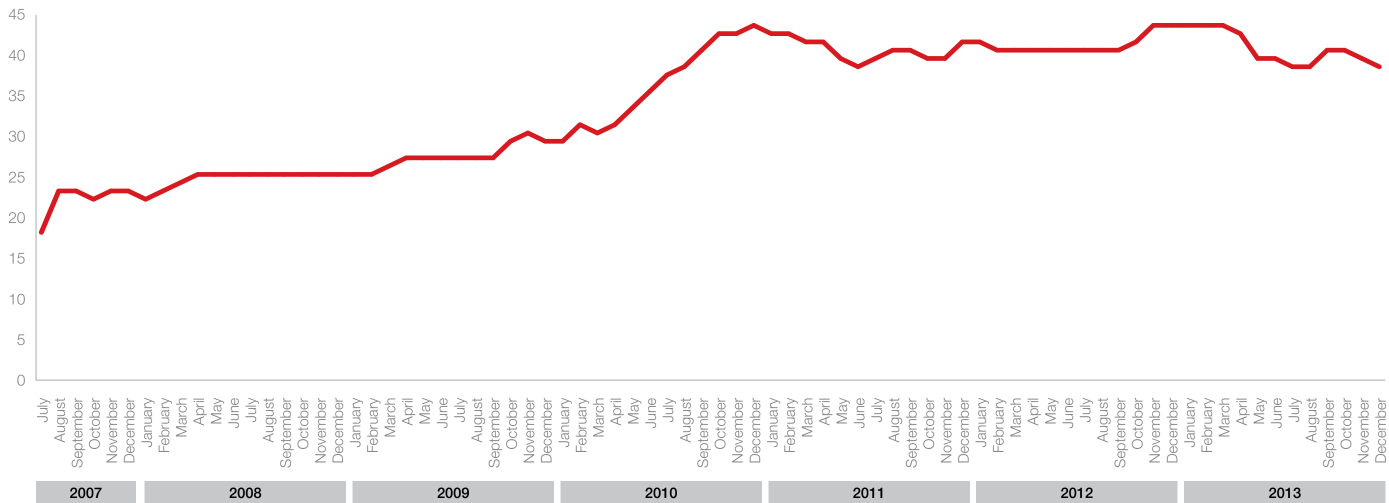
PXE trading officers:
Lukáš Melichar
Jana Horová
Tomáš Krejčí

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

List of Trading Participants

Members as of 31 December 2013:
ALPIQ ENERGY SE
Amper Market, a.s.
Axpo Trading AG, organizační složka
BOHEMIA ENERGY entity s.r.o.
CARBOUNION BOHEMIA, spol. s r.o.
CITIGROUP GLOBAL MARKETS LIMITED, organizační složka
Česká spořitelna, a.s.
ČEZ, a. s.
Dalkia Commodities CZ, s.r.o.
DB Energy Commodities Limited, organizační složka
E.ON Global Commodities SE, organizační složka
EDF Trading Limited – organizační složka
Edison Trading S.p.A. – organizační složka
ENEL Trade S.p.A. organizační složka
EP ENERGY TRADING, a.s.
Europe Easy Energy a.s.
Ezpada s.r.o.
Gazprom Marketing & Trading Limited, organizační složka
GDF SUEZ TRADING, organizační složka
GEN-I, trgovanje in prodaja električne energije, d.o.o.
GOLDMAN SACHS INTERNATIONAL, organizační složka
J.P. Morgan Energy Europe s.r.o.
Lumius, spol. s r.o.
Mercuria Energy Trading SA, organizační složka
Merrill Lynch Commodities (Europe) Limited – organizační složka
Morgan Stanley & Co. International plc
Morgan Stanley Capital Group Czech Republic, s.r.o.
PB Power Trade, a.s. organizační složka
Pražská energetika, a.s.
Repower Trading Česká republika s.r.o.
RWE Supply & Trading GmbH
SLOVAKIA ENERGY s.r.o.
Slovenské elektrárne, a.s. – organizační složka
Statkraft Markets GmbH, organizační složka
Stredoslovenská energetika, a.s.
TEI Deutschland GmbH, organizační složka
TINMAR-IND S.A., organizační složka
Vattenfall Energy Trading GmbH, organizační složka
V-Elektra, s.r.o.
V-Elektra Slovakia, s.r.o.
VEMEX Energie a.s.

Development in the number of traders on the PXE



Minutes No. 20

of the meeting of the Supervisory Board of POWER EXCHANGE CENTRAL EUROPE, a.s. held on 8 April 2014

The meeting opened at 2:22 p.m. and was attended by Mr Opletal, Chairperson of the Supervisory Board, and Mr Horáček and Mr Marek, members of the Supervisory Board.

Agenda:
1. Report of the Supervisory Board for 2013
2. Discussion of the Report of the Board of Directors on Relationships between Affiliated Undertakings
3. Discussion of the Report on Financial Results, including the Auditor's Report and the Proposal for the Distribution of Profits
4. Miscellaneous

1. The Supervisory Board prepared this Report on the Activities of the Supervisory Board for 2013 and will submit it to the General Meeting of Shareholders. The Supervisory Board met four times in 2013. At meetings No. 15 to 18, the following issues were discussed in 2013:
    - Trading results for 2012
    - Financial results for 2012, including the Auditor's Report and the Proposal for the Distribution of Profits
    - Decision on strategy, in particular, the divestiture of the clearing
    - Information on the development of VAT payments
    - Information on the cash flow of PXE
    - Information on exchange rate differences
    - Report on Relationships between Affiliated Undertakings
    - Tax shield for PSE Group
    - Exchange rate risks
    - Position of Central Counterparties, project of merger of CCP and CCC into EnCC
    - Trading results for each of the quarters
    - Financial results for each of the quarters
    - Project of transformation of Trading into ECC
    - Financial results and budget information for 2014
    - Discussion of diversification into gas product trading

2. 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 2013, in which Burza cenných papírů Praha, a.s. (Prague Stock Exchange) is stated as the controlling undertaking and POWER EXCHANGE CENTRAL EUROPE, a.s. as the controlled undertaking. Centrální depozitář cenných papírů, a.s. (Central Securities Depository Prague) and Energy Clearing Counterparty, a.s. were affiliated undertakings in 2013 and remain to be so. CENTRAL

COUNTERPARTY, a.s. and Central Clearing Counterparty, a.s. were affiliated undertakings in 2013 and up until 20 January 2014, when they ceased to exist due to a merger. The controlling undertaking holds a 100% stake in Central Securities Depository and EnCC. As of today, 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 EnCC). The Supervisory Board did not identify any circumstances that would suggest that during fiscal year 2013 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 Financial Results for 2013. 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 shareholders approve this Report. The Board also recommends the approval of the regular Financial Statements and the Board of Directors' proposal for the distribution of profits in the form of a dividend amounting to CZK 243,000 per share with a par value of CZK 1 million. The Supervisory Board recommends that any profits eligible for distribution after the statutory allocation to the reserve fund be distributed.

Proposal by the General Secretary:

In 2013, profits (after tax and after deferred tax calculation) to be approved and distributed amount to CZK 15,288,000.

It is proposed that the 2013 profits of CZK 15,288,000 and the undistributed profits from previous years of CZK 57,000 be used as follows:

- *CZK 765,000 for the statutory allocation to the reserve fund;*
- *CZK 243,000 per share are paid as dividends, i.e. a total of CZK 14,580,000 are paid as dividends for 2013;*

Therefore, the undistributed profits after dividend payment for 2013 and allocation to the reserve fund will have been used in full.

4. No further issues were discussed by the Supervisory Board.

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

Prague, on 8 April 2014
The meeting was closed at 2:48 p.m.

Jiří Opletal, Chairperson of Supervisory Board ....

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 2013

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 14/682, Prague 1, ID No.: 27865444, entered in the Commercial Register kept on file at the Municipal Court in Prague, Section B, Insert 15362 (hereinafter the "Controlled Undertaking" or "PXE")

for the 2013 fiscal year.

CEESEG Aktiengesellschaft, with its registered office at Wallnerstraße 8, Vienna 1010, entered in the Commercial Register maintained by Handelsgericht Wien, FN 161826 f, 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 2013.

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 14/682, 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 33.33% stake in PXE; indirectly, the Controlling Undertaking controls the remaining 66.67% (33.33% through the Central Securities Depository and 33.33% through CCP).

The report provides a list of agreements entered into between these undertakings during the 2013 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 2013 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 4 dated 27 December 2013	Sublease of premises leased to Prague Stock Exchange by Burzovní palace Investment s.r.o.	TCZK 895
30 September 2011	IT Service Agreement	Technical support for the operation of the trading and settlement system	TCZK 6,957

Furthermore, expenses were re-invoiced between these two entities for insurance of statutory bodies and liability arising from activities, registration and maintenance of domains, telephone fees, the staff training and the use of a time stamp, provided by the Prague Stock Exchange. The re-invoiced expenses amounted to TCZK 54, incl. VAT.

As of 31 December 2013, PXE has a debt amounting to TCZK 137 payable to the Prague Stock Exchange, relating to the clearing of VAT for December 2013. Expenses amounted to TCZK 148 were re-invoiced by PXE to Prague Stock Exchange.

The business relationships between Central Securities Depository and the Controlled Undertaking were regulated by the following agreements during the 2013 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, terminated as of 31st August 2013	Organization of clearing for PXE. Share on the fees from the clearing of transactions within the PXE trading system.	TCZK 3,061

Furthermore, CSD re-invoiced to PXE expenses connected with ISIN assignment in the amount of TCZK 23 and other expenses amounting to TCZK 3. PXE re-invoiced to CSD expenses in the amount of TCZK 139.

The business relationships between the CCP and the Controlled Undertakings were regulated by the following agreements during the 2013 fiscal year:

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 the PXE, as amended by Amendment No. 1 of 1 October 2008, terminated as of 31st August 2013	Provision of Central Counterparty services CCP claims a share of selected fees collected by PXE for the registration of daily diagrams with TSO	TCZK 8
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 MCZK 300, with the solidarity of the creditors Central Securities Depository, PXE and Prague Stock Exchange. Share of PXE – credit line of MCZK 30	Annual PRIBOR (EURIBOR) + 0.75% p.a. Interest paid of TCZK 120

The business relationships between CCC and the Controlled Undertaking were regulated by the following agreements during the 2013 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, terminated as of 31st August 2013	Provision of Central Counterparty services. CCC claims a share of selected fees collected by PXE for the registration of daily diagrams with TSO	TCZK 103
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 MCZK 100, with the solidarity of the creditors Central Securities Depository, PXE, and Prague Stock Exchange. Share of PXE - credit line of MCZK 10	Annual PRIBOR (EURIBOR) + 0.75% p.a. Interest paid of TCZK 35

The business relationships between EnCC and the Controlled Undertaking were regulated by the following agreements during the 2013 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, terminated as of 31st August 2013	Provision of Central Counterparty services. EnCC claims a share of selected fees collected by PXE for the registration of daily diagrams with TSO, and EUR 100 for each participant in spot trading on the Czech market, and a reimbursement of expenses incurred in connection with the implementation of trades on the Day-ahead Market of OTE a PXE	TCZK 625 settlement of expenses incurred in connection with the implementation of trades on the Day-ahead Market of OTE and PXE, i.e. TCZK 368
30 August 2013	Agreement on the Provision of Services of the Central Counterparty in Connection with Trades Concluded at PXE, effective as of 1st September 2013	Provision of Central Counterparty services. EnCC claims a share of selected fees collected by PXE for the registration of daily diagrams with TSO, and EUR 100 for each participant in spot trading on the Czech market, and a reimbursement of expenses incurred in connection with the implementation of trades on the Day-ahead Market of OTE a PXE	TCZK 237 settlement of expenses incurred in connection with the implementation of trades on the Day-ahead Market of OTE and PXE, i.e. TCZK 168
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 MCZK 150, with the solidarity of the creditors Central Securities Depository, PXE, and Prague Stock Exchange. Share of PXE - credit line of MCZK 15	Annual PRIBOR (EURIBOR) + 0.75% p.a. Interest paid of TCZK 520

Legal Acts and other Measures

In 2013 the Controlled undertaking held two General Meetings.
The 24th General Meeting taking place on April 11, 2013 decided on

- Approval of the Exchange's 2012 regular financial statements,
- Approval of the proposed distribution of profit posted in 2012 and dividends payment in the amount of TCZK 93 per a share,
- Approval of the 2012 Report of the Supervisory Board,
- approval of the remuneration of members the Exchange Chamber and Supervisory board
- Appointment of the auditor.

The 25th General Meeting taking place on August 14, 2013 decided on approval of amendments to Trading Rules

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

The PXE Exchange Chamber declares that the Controlled Undertaking did not suffer any detriment from the agreements specified above, other measures and steps, or from any other fulfillments accepted or provided.

Prague, on 28 March 2014

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

Financial Section

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.

Balance Sheet as at 31 December 2013

(in CZK thousand)

		31 December 2013			31 December 2012
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	**87,392**	**3,197**	**84,195**	**73,691**
A.	**Receivables for subscribed registered capital**	**–**	**–**	**–**	**–**
B.	**Fixed assets**	**3,498**	**3,197**	**301**	**806**
I.	**Intangible fixed assets**	**3,103**	**2,839**	**264**	**693**
1.	Incorporation expenses	1,120	1,120	–	–
3.	Software	1,983	1,719	264	693
II.	**Tangible fixed assets**	**395**	**358**	**37**	**113**
3.	Property, plant and equipment	395	358	37	113
C.	**Current assets**	**83,115**	**–**	**83,115**	**72,247**
II.	**Long-term receivables**	**88**	**–**	**88**	**2,153**
5.	Long-term advances paid	15	–	15	2,042
8.	Deferred tax asset	73	–	73	111
III.	**Short-term receivables**	**70,824**	**–**	**70,824**	**55,838**
1.	Trade receivables	4,162	–	4,162	18
3.	Receivables – associated companies	9,215	–	9,215	2,913
6.	Tax receivables	12	–	12	1,119
7.	Short-term advances paid	451	–	451	783
8.	Estimated receivables	22	–	22	49
9.	Other receivables	56,962	–	56,962	50,956
IV.	**Current financial assets**	**12,203**	**–**	**12,203**	**14,256**
1.	Cash	31	–	31	68
2.	Bank accounts	12,172	–	12,172	14,188
D. I.	**Deferrals**	**779**	**–**	**779**	**638**
1.	Prepaid expenses	261	–	261	328
3.	Accrued revenues	518	–	518	310

(in CZK thousand)

			31 December 2013	31 December 2012
		TOTAL LIABILITIES AND EQUITY	84,195	73,691
A.		**Equity**	**76,966**	**67,258**
I.		**Registered capital**	**60,000**	**60,000**
	1.	Registered capital	60,000	60,000
III.		**Reserve funds, undistributable fund and other funds from profit**	**1,621**	**1,327**
	1.	Statutory reserve fund/Undistributable fund	1,621	1,327
IV.		**Retained earnings**	**57**	**59**
	1.	Retained profits	57	59
V.		**Profit (loss) for the current period (+/-)**	**15,288**	**5,872**
B.		**Liabilities**	**7,099**	**6,305**
I.		**Provisions**	**1,676**	**600**
	3.	Income tax provision	1,676	–
	4.	Other provisions	–	600
III.		**Short-term liabilities**	**5,423**	**5,705**
	1.	Trade payables	1,449	2,234
	4.	Liabilities to shareholders/owners/alliances	137	219
	5.	Payables to employees	1,263	1,992
	6.	Payables to social security and health insurance	468	387
	7.	Tax liabilities and subsidies	443	454
	10.	Estimated payables	1,606	281
	11.	Other payables	57	138
C. I.		**Accruals**	**130**	**128**
	1.	Accrued expenses	130	128
	2.	Deferred revenues	–	–

Income Statement for the year ended 31 December 2013

(in CZK thousand)

		Year ended 2013	Year ended 2012
II.	Revenue from production	48,406	45,454
1.	Revenue from own products and services	48,406	45,454
B.	Cost of sales	22,293	24,734
1.	Materials and consumables	182	52
2.	Services	22,111	24,682
+	**Added value**	**26,113**	**20,720**
C.	Personnel expenses	12,491	12,732
1.	Wages and salaries	8,926	9,871
2.	Remuneration of board members	660	660
3.	Social security and health insurance expenses	2,635	1,976
4.	Social expenses	270	225
D.	Taxes and charges	3	4
E.	Depreciation of intangible and tangible fixed assets	505	826
G.	Change in provisions and adjustments relating to operating activity and change in complex prepaid expenses	(600)	(2,061)
IV.	Other operating revenues	48	–
H.	Other operating expenses	1,179	1,495
*	**Operating profit**	**12,583**	**7,724**
X.	Interest revenue	617	995
XI.	Other financial revenues	8,293	3,608
O.	Other financial expenses	2,367	4,881
*	**Profit (loss) from financial operations**	**6,543**	**(278)**
Q.	Income tax on ordinary profit (loss)	3,838	1,574
1.	– current	3,800	1,181
2.	– deferred	38	393
**	**Profit (loss) on ordinary activities after tax**	**15,288**	**5,872**
***	**Profit (loss) for the accounting period**	**15,288**	**5,872**
****	**Profit (loss) before tax**	**19,126**	**7,446**

Statement of Changes in Equity for the year ended 31 December 2013

(in CZK thousand)

	Registered capital	Statutory reserve fund	Retained earnings	Accumulated losses	Profit (loss) for the current period	Equity Total
Balance at 31 December 2011	**60,000**	**748**	**4,372**	**–**	**11,566**	**76,686**
Additions to reserve fund	–	579	–	–	(579)	–
Transfer of profit (loss) of 2011	–	–	–	–	–	–
Dividends	–	–	(4,313)	–	(10,987)	(15,300)
Profit for accounting period	–	–	–	–	5,872	5,872
Balance at 31 December 2012	**60,000**	**1,327**	**59**	**–**	**5,872**	**67,258**
Additions to reserve fund	–	294	–	–	(294)	–
Transfer of profit (loss) of 2012	–	–	–	–	–	–
Dividends	–	–	(2)	–	(5,578)	(5,580)
Profit for accounting period	–	–	–	–	15,288	15,288
Balance at 31 December 2013	**60,000**	**1,621**	**57**	**–**	**15,288**	**76,966**

Notes to the Financial Statements for the year ended 31 December 2013

1. GENERAL INFORMATION

1.1. Incorporation and description of the business
POWER EXCHANGE CENTRAL EUROPE, a.s. (formerly Energetická burza Praha) (hereinafter 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) 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 as at 31 December 2013 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 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, 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.

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 Company started to cooperate with the European Commodity Clearing AG which performs the function of the central counterparty of the Company and ensures the clearing and settlement of all business realized in the Company.

In December 2013 and in cooperation with the Central European Gas Hub AG, registered in Austria, the Company 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.

1.2. 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.

1.3. Statutory body of the Company as at 31 December 2013

	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 2013, 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

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:

Assets category	Accounting depreciation
Computer equipment	3 Years
Non-capitalized tangible assets	3 Years

Provisions

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

2.3. 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:

Assets category	Accounting depreciation
Software	3 Years
Incorporation costs	3 Years

Provisions

A provision for impairment is established when the carrying value of an asset is greater than its 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 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. 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 3.17.

2.9. Group VAT registration

The companies Burza cenných papírů Praha, a.s., POWER EXCHANGE CENTRAL EUROPE, a.s. (hereinafter "PXE") and Centrální depozitář cenných papírů, a.s., (together hereinafter the "Group") established a group with effect from 1 January 2009 for the purposes of registration for value added tax under Act No. 235/2004 Coll., as amended. Further, as of 1 January 2011 all of the following companies have a joint tax identification number: Central Counterparty Clearing, a.s. (hereinafter the "Company"), Energy Clearing Counterparty, a.s. (hereinafter "EnCC") and CENTRAL COUNTERPARTY, a.s. (hereinafter "CCP").

As of 1 January 2013, the Group used the advance ratio of 93%, by which the whole group reduced the deduction entitlement for inputs in 2013. In the tax return for December 2013 the settlement ratio for 2013 was calculated in the amount of 93%. The difference between the deduction relying on the advance rate throughout the year and the tax deduction calculated on the basis of the settlement ratio was settled in December 2013.

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.

Based on the group registration, the Group used 93% of the amount of VAT as a tax deductible item in the VAT return.

2.10. Revenue recognition

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

2.11. 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.

2.12. 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 2013 and 2012.

3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND INCOME STATEMENT

3.1. Fixed assets

3.1.1. Intangible fixed assets

(in CZK thousand)

Aquisition cost	Incorporation costs	Software	Total
Balance as at 1 January 2012	**1,120**	**1,991**	**3,111**
Additions	–	15	15
Disposals	–	–	–
Balance as at 31 December 2012	**1,120**	**2,006**	**3,126**
Additions	–	–	–
Disposals	–	(23)	(23)
Balance as at 31 December 2013	**1,120**	**1,983**	**3,103**

(in CZK thousand)

Accumulated amortization	Incorporation costs	Software	Total
Balance as at 1 January 2012	**1,026**	**675**	**1,701**
Additions	94	638	732
Disposals	–	–	–
Balance as at 31 December 2012	**1,120**	**1,313**	**2,433**
Additions	–	429	429
Disposals	–	(23)	(23)
Balance as at 31 December 2013	**1,120**	**1,719**	**2,839**

(in CZK thousand)

Net book value	Incorporation costs	Software	Total
Balance as at 1 January 2012	94	1,316	1,410
Balance as at 31 December 2012	–	693	693
Balance as at 31 December 2013	**–**	**264**	**264**

3.1.2. Tangible fixed assets

(in CZK thousand)

Aquisition cost	Computer equipment	Non-capitalised tangible assets	Total
Balance as at 1 January 2012	**196**	**165**	**361**
Additions	–	34	34
Disposals	–	–	–
Balance as at 31 December 2012	**196**	**199**	**395**
Additions	–	–	–
Disposals	–	–	–
Balance as at 31 December 2013	**196**	**199**	**395**

(in CZK thousand)

Accumulated depreciation	Computer equipment	Non-capitalised tangible assets	Total
Balance as at 1 January 2012	**87**	**101**	**188**
Additions	44	50	94
Disposals	–	–	–
Balance as at 31 December 2012	**131**	**151**	**282**
Additions	44	32	76
Disposals	–	–	–
Balance as at 31 December 2013	**175**	**183**	**358**

(in CZK thousand)

Net book value	Computer equipment	Non-capitalised tangible assets	Total
Balance as at 1 January 2012	109	64	173
Balance as at 31 December 2012	65	48	113
Balance as at 31 December 2013	**21**	**16**	**37**

3.2. Leased assets

The Company is committed to payments under operating leases as follows:

(in CZK thousand)

	As at 31 December 2013	As at 31 December 2012
Due within 1 year	612	805
Due in 1 to 5 year	3,753	2,638
Due in more than 5 years	–	788
Total	**4,365**	**4,231**

The Company has an operating lease for one car and payments for the rent of premises as at 31 December 2013. The annual cost without VAT of this lease for 2013 was TCZK 1,167 (2012: TCZK 955).

3.3. Short-term financial assets

(in CZK thousand)

	As at 31 December 2013	As at 31 December 2012
Cash, of it:	**31**	**68**
– cash	21	26
– valuables	10	42
Bank accounts	**12,172**	**14,188**
Short-term financial assets total	**12,203**	**14,256**

3.4. Short-term receivables

3.4.1. Trade receivables

(in CZK thousand)

	As at 31 December 2013	As at 31 December 2012
Short-term		
– trade receivables	4,162	18
Trade Receivables total	**4,162**	**18**

The annual increase in trade receivables is due to the cooperation with ECC and the resulting change in method of settlement of trades with electricity.

Trade receivables have not been secured.

3.4.2. Ageing analysis of short-term trade receivables

(in CZK thousand)

Year	Category	Due	Day to due date					Receivables
			1–90	91–180	181–365	1–2 Years	2 Years >	Total
2013	Short-term	4,152	10	–	–	–	–	4,162
	Adjustment	–	–	–	–	–	–	–
	Total	**4,152**	**10**	**–**	**–**	**–**	**–**	**4,162**
2012	Short-term	18	–	–	–	–	–	18
	Adjustment	–	–	–	–	–	–	–
	Total	**18**	**–**	**–**	**–**	**–**	**–**	**18**

3.4.3. Tax receivables

(in CZK thousand)

	As at 31 December 2013	As at 31 December 2012
Tax receivables	–	1,101
VAT	12	18
Tax receivables	**12**	**1,119**

3.4.4. Other receivables

As at 31 December 2013 the Company had other receivables in the amount of TCZK 56,962 (2012: TCZK 50,956). The amount of TZCK 45,992 (2012: TCZK 41,808) consist of receivables from Energy Clearing Counterparty, a.s., the amount of TCZK 10,970 (2012: TCZK 0) is a share on an financial guarantee provided by European Commodity Clearing AG to OKTE, a.s. This amount was fully repaid in January 2014. The remaining amount of TZCK 0 (2012: TCZK 9,148) consists of receivables to Central Clearing Counterparty, a.s.

3.4.5. Receivables from related parties

(in CZK thousand)

	As at 31 December 2013	As at 31 December 2012
Long-term advances paid		
– Central Clearing Counterparty, a.s.	–	2,027
Total	**–**	**2,027**

(in CZK thousand)

	As at 31 December 2013	As at 31 December 2012
Receivables from shareholders		
– CENTRAL COUNTERPARTY, a.s.	9,215	2,913
Total	**9,215**	**2,913**

Receivables – associated companies represent loans provided to related parties.

(in CZK thousand)

	As at 31 December 2013	As at 31 December 2012
Other Receivables		
– Central Clearing Counterparty, a.s.	–	9,148
– Energy Clearing Counterparty, a.s.	45,992	41,808
Total	**45,992**	**50,956**

Other receivables represent loans provided to related parties.

3.5. Accruals and deferrals

(in CZK thousand)

	As at 31 December 2013	As at 31 December 2012
Prepaid expenses	**261**	**328**
IT	18	3
Insurance	74	67
Services to tenancy BCPP	72	255
Propagation	39	–
Other	58	3
Accrued income	**518**	**310**
Exchange information – WBAG	518	310
Total	**779**	**638**

3.6. Equity

3.6.1. Registered capital

Share capital recorded in the Commercial Register as at 31 December 2013 amounts to TCZK 60,000. Share capital comprises 60 registered shares with a nominal value of TCZK 1,000 each.

3.6.2. Distribution of the 2012 profit

The proposal for the distribution and transfer of the 2012 profit was approved by the General meeting on 11 April 2013. The payment of dividends was agreed in the total amount of TCZK 93 per share, i.e. the payment in the total amount of TCZK 5,580.

3.6.3. Statutory reserve fund

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

On 11 April 2013, the general meeting approved the allocation to the statutory reserve fund amounting to TCZK 294.

3.7. Provisions

(in CZK thousand)

	Provision – income tax	Other provision
As at 1 January 2013	–	600
Use of provisions	–	(500)
Release of provisions	–	(100)
Creation of provisions	1,676	–
As at 31 December 2013	**1,676**	**–**

(in CZK thousand)

	2013	2012
Provision – income tax	1,676	–
Other provision	–	600
As at 31 December	**1,676**	**600**

3.8. Payables

3.8.1. Short-term payables

(in CZK thousand)

Short-term payables and advances received	Balance at 31 December 2013	Balance at 31 December 2012
Short-term		
– payables	1,449	2,234
Total short-term payables	**1,449**	**2,234**

All Company liabilities are due.

3.8.2. Social security and health insurance liabilities

Social security and health insurance liabilities total TZCK 468 (2012: TZCK 387). None of these liabilities are overdue.

3.8.3. Tax liabilities and subsidies

Tax liabilities amount to TCZK 443 (2012: TCZK 454). These liabilities are not overdue.

3.8.4. Estimated payables

Estimated payables amount to TCZK 1,606 (2012: TCZK 281) and represent estimates on payments of yearly employee premiums including social security and health insurance estimates.

3.8.5. Liabilities – related parties

(in CZK thousand)

	Balance at 31 December 2013	Balance at 31 December 2012
Short-term liabilities		
– Burza cenných papírů Praha, a.s.	585	626
– Centrální depozitář cenných papírů, a.s.	–	567
– CENTRAL COUNTERPARTY, a.s.	–	41
– Energy Clearing Counterparty, a.s.	60	20
Total	**645**	**1,254**

(in CZK thousand)

	Balance at 31 December 2013	Balance at 31 December 2012
Liabilities to shareholders/owners and alliance partners		
– Burza cenných papírů Praha, a.s.	137	219
Total	**137**	**219**

3.9. Accruals and deferrals

(in CZK thousand)

	Balance at 31 December 2013	Balance at 31 December 2012
Accrued expenses	**130**	**128**
Advisory services	–	103
Payroll services	19	17
Extraordinary employee premiums	107	–
Other	4	8
Total accruals and deferrals	**130**	**128**

3.10. Deferred tax

(in CZK thousand)

Deferred tax title	Balance at 31 December 2013	Balance at 31 December 2012
Adjustment to fixed assets	(4)	(3)
Provisions	–	114
Social and health insurance	77	–
Adjustments	–	–
Deferred tax asset (+)/liability (-)	73	111
Revenue (+)/Expense (-) from deferred asset change	**(38)**	**(393)**

The 2013 and 2012 deferred tax was calculated using a tax rate of 19% and can be analysed.

3.11. Income tax on ordinary activities

(in CZK thousand)

	Balance at 31 December 2013	Balance at 31 December 2012
Profit before tax	19,126	7,446
Theoretical income tax using the domestic tax rate of 19% (2012: 19%)	3,634	1,415
Tax impact of tax non-deductible expenses	281	289
Tax impact of tax non-deductible revenues	(116)	(508)
Claim on income tax refund	–	–
Prior years’ tax refund	1	(15)
Current tax	**3,800**	**1,181**
Deferred tax change	38	393
Total income tax on ordinary activities	**3,838**	**1,574**

3.12. Revenue analysis

(in CZK thousand)

2013	Domestic	Foreign	Total
Commodity exchange fees	**21,356**	**23,579**	**44,935**
– one-off entrance fee	–	–	–
– participation fee	7,080	7,304	14,384
– transaction fees	208	255	463
– transaction settlement fees	89	77	166
– market operator registration fees	238	208	446
– transaction fees – financial futures	6,524	5,581	12,105
– settlement fees – financial futures	3,379	2,576	5,955
– communication connection fees	3,838	7,578	11,416
Commodity exchange information	**–**	**627**	**627**
ECC transaction settlement	**–**	**2,831**	**2,831**
Other services	**–**	**13**	**13**
Total revenue from the sale of services	**21,356**	**27,050**	**48,406**

(in CZK thousand)

2012	Domestic	Foreign	Total
Commodity exchange fees	**24,055**	**20,894**	**44,949**
– one-off entrance fee	1,137	756	1,893
– participation fee	6,588	7,728	14,316
– transaction fees	660	239	899
– transaction settlement fees	613	264	877
– market operator registration fees	1,017	683	1,700
– transaction fees – financial futures	5,108	1,927	7,035
– settlement fees – financial futures	4,402	1,445	5,847
– communication connection fees	4,530	7,852	12,382
Commodity exchange information	**3**	**452**	**455**
Other services	**41**	**9**	**50**
Total revenue from the sale of services	**24,099**	**21,355**	**45,454**

3.13. Services

(in CZK thousand)

	2013	2012
Repair and maintenance	12	3
Travel expenses	429	794
Representation cost	526	369
Rent and services	1,192	1,009
Operating leasing – auto	238	259
Advisory and legal services	443	1,086
Audit	215	215
Promotion	1,300	2,472
Servicing	5,225	5,299
Training, workshops, conferences	217	239
IT services from settlement fees	3,171	3,357
IT services from transaction fees	6,957	6,987
Other services	2,186	2,593
Total	**22,111**	**24,682**

3.14. Other operating expenses

(in CZK thousand)

	2013	2012
Insurance	188	246
VAT coefficient effect	143	149
Spent expenses settlement EnCC – loan interests	486	902
Other operating expenses	362	198
Total other operating expenses	**1,179**	**1,495**

3.15. Financial revenues

(in CZK thousand)

	2013	2012
Interest revenues:	**617**	**995**
– bank accounts	2	5
– loans to related parties	615	990
Foreign exchange revenues	**8,293**	**3,608**
Total financial revenues	**8,910**	**4,603**

3.16. Financial expenses

(in CZK thousand)

	2013	2012
Banking charges:	**92**	**63**
– bank guarantees	–	–
– other banking charges	92	63
Foreign exchange expenses	**2,275**	**4,818**
Total financial expenses	**2,367**	**4,881**

3.17. Related party transactions

3.17.1. Revenues from related parties

(in CZK thousand)

2013 Entity	Relation to the Company	Revenue from own services	Financial revenues	Total
Burza cenných papírů Praha, a.s.	shareholder – member of BCPP Group	–	9	9
Centrální depozitář cenných papírů, a.s.	shareholder – member of BCPP Group	–	6	6
CENTRAL COUNTERPARTY, a.s.	shareholder – member of BCPP Group	–	744	744
Central Clearing Counterparty, a.s.	member of BCPP Group	–	507	507
Energy Clearing Counterparty, a.s.	member of BCPP Group	–	4,222	4,222
Wiener Börse AG	member of CEESEG Group	518	–	518
Total		**518**	**5,488**	**6,006**

(in CZK thousand)

2012 Entity	Relation to the Company	Revenue from own services	Financial revenues	Total
Burza cenných papírů Praha, a.s.	shareholder – member of BCPP Group	–	43	43
Centrální depozitář cenných papírů, a.s.	shareholder – member of BCPP Group	–	394	394
CENTRAL COUNTERPARTY, a.s.	shareholder – member of BCPP Group	–	165	165
Central Clearing Counterparty, a.s.	member of BCPP Group	–	101	101
Energy Clearing Counterparty, a.s.	member of BCPP Group	–	1,337	1,337
Wiener Börse AG	member of CEESEG Group	310	–	310
Total		**310**	**2,040**	**2,350**

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

3.17.2. Purchases from related parties

(in CZK thousand)

2013 Entity	Relation to the Company	Services	Financial expenses	Other expenses	Total
Burza cenných papírů Praha, a.s.	shareholder – member of BCPP Group	7,960	56	8	8,024
Centrální depozitář cenných papírů, a.s.	shareholder – member of BCPP Group	3,084	12	–	3,096
CENTRAL COUNTERPARTY, a.s.	shareholder – member of BCPP Group	–	1	–	1
Central Clearing Counterparty, a.s.	member of BCPP Group	103	6	–	109
Energy Clearing Counterparty, a.s.	member of BCPP Group	862	321	486	1,669
Total		**12,009**	**396**	**494**	**12,899**

(in CZK thousand)

2012 Entity	Relation to the Company	Services	Financial expenses	Other expenses	Total
Burza cenných papírů Praha, a.s.	shareholder – member of BCPP Group	8,005	28	9	8,042
Centrální depozitář cenných papírů, a.s.	shareholder – member of BCPP Group	3,357	11	–	3,368
CENTRAL COUNTERPARTY, a.s.	shareholder – member of BCPP Group	533	2	–	535
Central Clearing Counterparty, a.s.	member of BCPP Group	280	164	–	444
Energy Clearing Counterparty, a.s.	member of BCPP Group	207	1,580	902	2,689
Total		**12,382**	**1,785**	**911**	**15,078**

The Company purchases services related to trading at the commodity exchange. It also purchases IT services from Burza cenných papírů Praha, a.s. ("BCPP"), settlement services from Centrální depozitář cenných papírů, a.s. ("CDCP") and services related to the physical settlement of energy transactions from CENTRAL COUNTERPARTY, a.s. ("CCP"), Central Clearing Counterparty, a.s. ("CCC") and Energy Clearing Counterparty, a.s. ("EnCC"). The Company purchases services related to the sub-tenancy of non-residential premises including the sub-tenancy of non-residential premises and the lease of phone lines.

4. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

4.1. Staff costs and number of employees

2013	Average recalculated headcount	Total staff cost (in CZK thousand)
Employees	6	11,831
Total	**6**	**11,831**

2012	Average recalculated headcount	Total staff costs (in CZK thousand)
Employees	6	12,072
Total	**6**	**12,072**

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 to members of statutory bodies

During 2013 and 2012, the members of the Exchange Chamber and the management received the following benefits:

(in CZK thousand)

2013	Exchange chamber	Total
Remuneration of the statutory bodies members	660	660
Total	**660**	**660**

(in CZK thousand)

2012	Exchange chamber	Total
Remuneration of the statutory bodies members	660	660
Total	**660**	**660**

5. AUDITOR'S FEE

The information on the remuneration of the audit firm KPMG Česká republika Audit, s.r.o. is disclosed in the notes to the consolidated financial statements of the parent company, Burza cenných 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 2013 and 31 December 2012.

7. POST BALANCE SHEET EVENTS

No events that would have any material impact on the financial statements as at 31 December 2013 have occurred since the balance sheet date.

Prague, 14 March 2014

Petr Koblic
Chairman of the Exchange Chamber

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

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

Financial statements

On the basis of our audit, on 14 March 2014 we issued an auditor's report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of POWER EXCHANGE CENTRAL EUROPE, a.s., which comprise the balance sheet as of 31 December 2013, 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 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 financial position of POWER EXCHANGE CENTRAL EUROPE, a.s. as of 31 December 2013 and of its financial performance for the year then ended in accordance with Czech accounting legislation."

Report on relations between related parties

We have reviewed the factual accuracy of the information disclosed in the report on relations between related parties of POWER EXCHANGE CENTRAL EUROPE, a.s. for the year ended 31 December 2013 prepared in accordance with the applicable provisions of Act No. 513/1991 Coll., the Commercial Code. 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 2013 contains material factual misstatements.

Annual report

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

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

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

Prague
18 April 2014

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

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