



cee stock exchange group



2012: Annual Report



ENERGY CLEARING COUNTERPARTY

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Company Profile

Energy Clearing Counterparty (hereinafter “EnCC”), a 100% subsidiary of Prague Stock Exchange, is an important element in the system of trading at the POWER EXCHANGE CENTRAL EUROPE (hereinafter “PXE”).

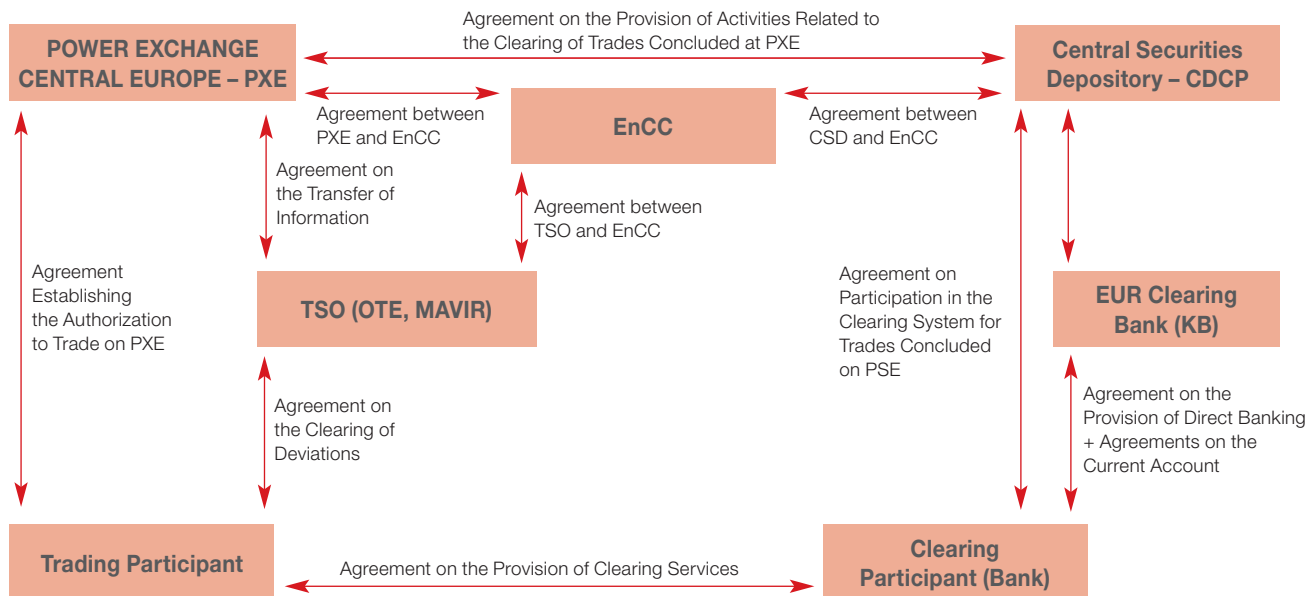
On 2 September 2008, EnCC was granted a licence for electricity trading by the Czech Energy Regulatory Office. Since 29 October 2008, it has held a licence for unlimited electricity trading issued by the Hungarian Energy Office.

Consequently, since 2008 the main activity of EnCC has consisted in acting as the central counterparty for all trading participants at PXE for the clearing of physical deliveries of electricity with the place of delivery in Hungary as well as for spot trades concluded by PXE participants on the OTE Day-Ahead Market.

The main advantages of the central counterparty:

- the elimination of risks for trading participants;
- ensuring anonymity in trading and clearing activities;
- a standardized and transparent European model;
- direct supervision of the entire process by PXE.

Contractual Relationships of EnCC acting as the Central Counterparty with PXE Trading Participants



Company Activities

EnCC continued its main activity as a central counterparty as commenced in 2008.

Anticipated Future Development

EnCC expects that it will continue in the role of central counterparty for the physical deliveries of electricity. However, in the future EnCC should act as a central counterparty only for trades concluded by PXE participants on the OTE Day-Ahead Market, not for trades with physical delivery in Hungary.

Financial Results

Income Statement

(in CZK thousand)	2012	2011	2010
Revenues from business activities	1,109	1,032	325
Operating expenses	715	857	841
Operating profit (+)/loss (-)	394	175	(516)
Net financial expense (-)	(40)	(3,814)	(196)
Profit (+)/loss (-) before income tax	354	(3,639)	(712)
Income tax deferred	0	0	399
Net profit (+)/loss (-)	354	(3,639)	(1,111)

Statement of Changes in Equity and Financial Position

(in CZK thousand)	2012	2011	2010
Share capital	2,000	2,000	2,000
Shareholder's equity	820	(1,534)	(895)
Other capital funds	5,000	3,000	0
Accumulated losses	(6,180)	(6,534)	(2,895)

Minutes of the Meeting of the Supervisory Board of Energy Clearing Counterparty, a.s. on 16 April 2013

- Agenda:
1. Report of the Supervisory Board for 2012
 2. Discussion of the Report of the Board of Directors on Relationships between Affiliated Undertakings
 3. Discussion of the Report on the Financial Results, including the Auditor's Report and the Proposal for the Settlement of Losses
 4. Discussion of the increase in equity

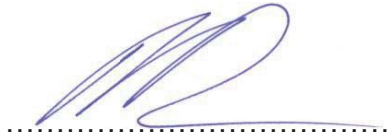
The meeting of the Supervisory Board of Energy Clearing Counterparty, a.s. was opened and directed by its member Ing. Petr Koblic with all the other Supervisory Board members present. The meeting was also attended by Mgr. Radan Marek, LLM and Ing. Petr Horáček.

1. The Supervisory Board prepared this Report on the Activities of the Supervisory Board for 2012 and will submit it to Burza cenných papírů Praha, a.s. The Supervisory Board met once in 2012: see the Minutes of the Supervisory Board Meeting of 5 April 2012.
2. The Supervisory Board of Energy Clearing Counterparty, a.s. reviewed the Report of the Board of Directors on Relationships between Affiliated Undertakings in Fiscal Year 2012, in which Burza cenných papírů Praha, a.s. is stated as the controlling undertaking and Energy Clearing Counterparty, a.s. as the controlled undertaking. The affiliated undertakings include POWER EXCHANGE CENTRAL EUROPE, a.s., Centrální depozitář cenných papírů, a.s., CENTRAL COUNTERPARTY, a.s. and Central Clearing Counterparty, a.s. The Supervisory Board did not identify any circumstances that would suggest that during fiscal year 2012 Energy Clearing Counterparty, 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 Energy Clearing Counterparty, a.s., approve the report.
3. The Supervisory Board discussed the Report on the Financial Results for 2012. The Supervisory Board also studied the auditor's methods and the Auditor's Report for the Shareholders of Energy Clearing Counterparty, a.s. prepared by KPMG Česká republika Audit, s.r.o. The Supervisory Board recommends that the report be approved by Burza cenných papírů Praha, a.s. as the sole shareholder. Furthermore, it recommends that the regular Financial Statements and the proposal of the Board of Directors for the distribution of the 2012 profit of CZK 354,000 be approved as follows: CZK 71,000, i.e. 20% of the profit in the first year of EnCC's existence, for the statutory allocation in the reserve fund, and CZK 283,000 to cover the retained loss. After distributing the 2012 profit, the retained loss will amount to CZK 6,251,000.
4. The Supervisory Board also stated that the total cumulative loss was CZK 6,251,000 as of 31 December 2012 and that shareholder's equity was less than half of the equity capital as of the same date. Moreover, the Supervisory Board

recommends that the sole shareholder increase the shareholder's equity so that it reaches the value of equity capital as of 31 December 2012, i.e. CZK 1,180,000.

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

Prague, 16 April 2012



Ing. Petr Kobic

Chairperson of the Supervisory Board

File number: **B. 14531** kept by the register court in Prague

Company name: **Energy Clearing Counterparty, a.s.**

*Company ID
No.:* **28441681**

*Registered
office:* **Rybná 682/14, 11005 Praha 1**

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 2012

In accordance with the provisions of Art. 66a (9) of Act 513/1991 Coll., the Commercial Code, as amended (hereinafter the "ComCo"), the Board of Directors of **Energy Clearing Counterparty, a.s.** hereby issues this Report on the Relationships between the

Controlling Undertaking **Burza cenných papírů Praha, a.s.**, with its registered office at Rybná 14/682, Prague 1, ID 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 **Energy Clearing Counterparty, a.s.**, with its registered office at Rybná 14/682, Prague 1, ID 28441681, entered in the Commercial Register kept on file at the Municipal Court in Prague, Section B, Insert 14531 (hereinafter the „Controlled Undertaking“ or „EnCC“)

for the 2012 fiscal year.

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

- **CENTRAL COUNTERPARTY, a.s.**, with its registered office at Rybná 14/682, Prague 1, ID 27122689, entered in the Commercial Register kept on file at the Municipal Court in Prague, Section B, Insert 9145 (hereinafter „CCP“);

- **POWER EXCHANGE CENTRAL EUROPE, a.s.**, with its registered office at Rybná 14/682, Prague 1, ID 27865444, entered in the Commercial Register kept on file at the Municipal Court in Prague, Section B, Insert 15362 (hereinafter „PXE“);

- **Central Clearing Counterparty, a.s.**, with its registered office at Rybná 14/682, Prague 1, ID 28381696, entered in the Commercial Register kept on file at the Municipal Court in Prague, Section B, Insert 14224 (hereinafter „CCC“);

- **Centrální depozitář cenných papírů, a.s.**, with its registered office at Rybná 14/682, Prague 1, ID 25081489, entered in the Commercial Register kept on file at the Municipal Court in Prague, Section B, Insert 4308 (hereinafter „Central Securities Depository“).

The Controlling Undertaking holds a 100% stake in the Controlled Undertaking and in CCP, CCC and the Central Securities Depository. The Controlling Undertaking, Central Securities Depository and CCP each hold a 33.33% stake in PXE.

The report provides a list of agreements entered into between these undertakings during the 2012 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.

This 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 2012 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)
31 December 2008	Agreement on the Sublease of Non-Residential Premises, in the wording of Amendment No. 1 and 2	The sublease of non-residential premises which the Prague Stock Exchange leases from Burzovní Palác Investment s.r.o.	Total payment of TCZK 158
10 April 2008	Agreement on Cooperation in Connection with the Agreement on Services entered into with T- SOFT, spol. s r.o., as amended by Amendment No. 1 of 30 June 2009	Share of the costs incurred by the Prague Stock Exchange in connection with the development of the ISMS information safety management system according to ČSN ISO/IEC 27001, and a 10% share in the joint ownership of the EMOFF software.	The actual expenses reached amounted to TCZK 0 Depreciation of intangible assets - EMOFF software, TCZK 8
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. Shares of PXE – credit line of MCZK 120	Annual PRIBOR (EURIBOR) + 0.75 % p.a. – interest paid of TCZK 431
6 April 2012	Agreement for the provision of contribution outside the registered capital	Provision and acceptance of contribution outside the registered capital	MCZK 2

In addition, expenses were re-invoiced between these two entities for consultancy services, insurance of the statutory bodies and liability arising from activities, consultations, and modifications of accounting software, joint ownership of the EMOFF software and the use of a time stamp provided by the Prague Stock Exchange. The re-invoiced expenses amounted to TCZK 12.

The business relationships between PXE and the Controlled Undertaking were regulated by the following agreements during the 2012 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 the Prague Energy Exchange	Provision of Central Counterparty services. EnCC claims a share of selected fees collected by PXE for the registration of daily diagrams with TSO, in the amount of 50% 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	In the total amount of TCZK 207 Reimbursement of expenses incurred in connection with the implementation of trades on the Day-ahead Market of OTE and PXE, TCZK 853
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 a Prague Stock Exchange. Share of PXE – credit line of MCZK 15	Annual PRIBOR (EURIBOR) + 0.75 % p.a. - interest paid of TCZK 422

The business relationships between the Central Securities Depository and the Controlled Undertakings were regulated by the following agreements during 2012 fiscal year:

Agreement entered into on	Agreement title	Description	Payments (including VAT)
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	The loan has not been drawn.

No agreements were entered into between EnCC and CCP or CCC during the 2012 fiscal year.

Legal Acts and other Measures

On 24 January 2012 the Controlling Undertaking approved, in the form of a decision adopted by the sole shareholder, acting in the capacity of the General Meeting of Shareholders held pursuant to Art. 190 (1) of ComCo, provision of a contribution outside the registered capital amounting to MCZK 2.

On 26 April 2012 the Controlling Undertaking approved, in the form of a decision adopted by the sole shareholder, acting in the capacity of the General Meeting of Shareholders held pursuant to Art. 190 (1) of ComCo, the 2011 Financial Statements of the company and a proposal for the settlement of the loss generated in 2011 and appointed the Audit company.

The member of the Board of Directors of EnCC declares on behalf of the Board of Directors 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 2013


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Helena Čacká
Member of the Board of Directors

Financial Part

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

31 DECEMBER 2012

Company name:	Energy Clearing Counterparty, a.s.
Registered office:	Prague 1, Rybná 682/14
Legal Status:	Joint Stock Company
Identification Number:	284 41 681
Date:	15 March 2013

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.

BALANCE SHEET
as at 31 December 2012
(in TCZK)

Energy Clearing Counterparty, a.s.
Identification number: 284 41 681
Rybná 682/14, 110 05 Prague 1

		31 December 2012		31 December 2011	
		Gross		Net	
ASSETS	Note	amount	Adjustment	amount	Net amount
TOTAL ASSETS		138,211	(266)	137,945	94,060
B. Fixed assets		631	(266)	365	434
I. Intangible fixed assets	3.1.	631	(266)	365	434
3. Software		24	(23)	1	9
6. Other long-term intangible assets		607	(243)	364	425
C. Current assets		137,530	-	137,530	93,439
III. Short-term receivables	3.3.	126,069	-	126,069	88,643
1. Trade receivables	3.3.1.	63,572	-	63,572	10,096
4. Receivables from associated companies	3.3.2.	18,280	-	18,280	34,866
6. State – tax receivables	3.3.3.	36,272	-	36,272	32,495
8. Estimated receivables	3.3.4.	49	-	49	-
9. Other receivables	3.3.4.	7,896	-	7,896	5,186
IV. Current financial assets	3.2.	11,461	-	11,461	4,796
1. Cash in hand		2	-	2	3
2. Cash at bank		11,459	-	11,459	4,793
D. Accruals and Deferrals		50	-	50	187
1. Prepaid expenses	3.5.	50	-	50	187
EQUITY AND LIABILITIES		31 December 2012		31 December 2011	
TOTAL EQUITY AND LIABILITIES		137,945		94,060	
A. Equity	3.6.	820		(1,534)	
I. Share capital		2,000		2,000	
1. Share capital		2,000		2,000	
II Statutory and other funds	3.7.	5,000		3,000	
2. Other capital funds		5,000		3,000	
IV Retained earnings		(6,534)		(2,895)	
2. Accumulated losses		(6,534)		(2,895)	
V. Profit/(loss) for the current period		354		(3,639)	
B. Liabilities		137,125		95,588	
III. Short-term liabilities	3.8.	137,125		95,588	
1. Trade payables	3.8.1.	95,242		26,663	
2. Liabilities to controlling and managing entity	3.8.2.	-		30,519	
5. Liabilities to employees	3.8.3.	3		4	
6. Liabilities for social security and health insurance	3.8.4.	4		3	
7. State – tax payables	3.8.5.	2		2	
10. Estimated payables	3.8.6.	63		10	
11. Other payables	3.8.7.	41,811		38,387	
C. I. Accruals and deferrals		-		6	
1. Accrued expenses	3.9	-		6	

INCOME STATEMENT
year ended 31 December 2012
(in TCZK)

Energy Clearing Counterparty, a.s.
Identification number: 284 41 681
Rybná 682/14, 110 05 Prague 1

	Note	Year ended 31 December 2012	Year ended 31 December 2011
II. Revenue from production		207	408
1. Revenue from own products and services	3.10.	207	408
B. Cost of sales		339	359
1. Materials and consumables	3.11.	2	-
2. Services	3.12.	337	359
+ Added value		(132)	49
C. Staff costs	4.1.	165	158
1. Wages and salaries		66	72
2. Remuneration of board members		60	60
3. Social security and health insurance costs		39	26
E. Depreciation of intangible and tangible fixed assets		69	69
IV. Other operating revenues		902	624
H. Other operating charges	3.13.	142	271
* Operating profit (loss)		394	175
X. Interest revenues		4	50
N. Interest expense		919	662
XI. Other financial income	3.14.	9,692	8,023
O. Other financial expenses	3.15.	8,817	11,225
* Profit (loss) from financial operations		(40)	(3,814)
** Profit (loss) on ordinary activities after taxation		354	(3,639)
*** Profit (loss) for the period		354	(3,639)
**** Profit (loss) before tax		354	(3,639)

CASH FLOW STATEMENT
year ended 31 December 2012
(in TCZK)

Energy Clearing Counterparty, a.s.
Identification number: 284 41 681
Rybná 682/14, 110 05 Prague 1

	Year ended 31 December 2012	Year ended 31 December 2011	
P.	Cash and cash equivalents as at the beginning of the year	4,796	8,175
	<i>Cash flows from operating activities</i>		
Z.	Net loss from ordinary activities before tax	354	(3,639)
A.1.	Non-cash transactions:	984	681
	A.1.1. Depreciation of fixed assets	69	69
	A.1.5. Recognized interest income and interest expense	915	612
	Net cash flow from operating activities before tax and changes in working capital	1,338	(2,958)
A.2.	Working capital changes:	(3,344)	(2,808)
	A.2.1. Change in short-term receivables and prepayments	(37,289)	(61,601)
	A.2.2. Change in short-term payables and accruals	33,945	58,793
A.**	Net cash flow from operating activities before tax	(2,006)	(5,766)
A.3.	Interest paid excluding amount capitalized	(919)	(662)
A.4.	Interest received	4	50
A.***	Net cash flow from operating activities	(2,921)	(6,378)
	<i>Cash flows from investing activities</i>		
B.1.	Acquisition of fixed assets	-	(1)
	B.1.2. Acquisition of intangible fixed assets	-	(1)
B.***	Net cash flow from investing activities	-	(1)
	<i>Cash flows from financing activities</i>		
C.1.	Change in payables from financing	7,586	-
C.2.	Cash proceeds from changes in equity	2,000	3,000
C.2.3.	Shareholder's cash contribution to equity	2,000	3,000
C.***	Net cash flow from financing activities	9,586	3,000
F.	Net decrease in cash and cash equivalents	6,665	(3,379)
R.	Cash and cash equivalents as at the end of the year	11,461	4,796

STATEMENT OF CHANGES IN EQUITY
year ended 31 December 2012
(in TCZK)

Energy Clearing Counterparty, a.s.
Identification number: 284 41 681
Rybná 682/14, 110 05 Prague 1

	Share capital	Other capital funds	Accumulated losses	Profit/(loss) for the current period	Total equity
As at 31 December 2010	2,000	-	(1,784)	(1,111)	(895)
Settlement of 2010 loss	-	-	(1,111)	1,111	-
Shareholder's contribution to equity	-	3,000	-	-	3,000
Loss for the current period	-	-	-	(3,639)	(3,639)
As at 31 December 2011	2,000	3,000	(2,895)	(3,639)	(1,534)
Settlement of 2011 loss	-	-	(3,639)	3,639	-
Shareholder's contribution to equity	-	2,000	-	-	2,000
Loss for the current period	-	-	-	354	354
As at 31 December 2012	2,000	5,000	(6,534)	354	820

1 GENERAL INFORMATION

1.1. Incorporation and description of the business

Energy Clearing Counterparty, a.s. (the "Company"), with its registered office at Rybná 682/14, Prague 1, was incorporated by means of a Founding Contract dated 18 July 2008.

The Company was entered in the Commercial Register maintained by the Municipal Court for Prague on 6 August 2008. The Company's corporate details are maintained in the Commercial Register at the Municipal Court in Prague, File B, Insert 14531.

Principal activities

The Company's business activities are renting of real estate, residential and non-residential premises.

Share capital

Share capital as at 31 December 2012 consists of 2,000 registered shares in documentary form, amounting to a total of TCZK 2,000. The shares have a nominal value of TCZK 1 each and have restricted transferability.

Registered shares can be transferred to third parties only with the prior consent of the Board.

The sole shareholder of the Company is Burza cenných papírů Praha, a.s. (Prague Stock Exchange) (hereafter "BCPP") whose company's details are maintained in the Commercial Register at the Municipal Court in Prague, File B, Insert 1773.

Founder:

- Burza cenných papírů Praha, a.s. – capital subscription TCZK 2,000 – 100% paid
- The majority shareholder of BCPP is CEESEG AG.

Balance sheet date

The financial statements were prepared as at 31 December 2012.

Changes in the Commercial Register in 2012

No changes in the Commercial Register were made in 2012.

1.2. Board of Directors and Supervisory Board as at 31 December 2012

	Position	Name
Board of Directors	Member	Ing. Helena Čacká
Supervisory Board	Member	Ing. Petr Kobic
	Member	Ing. Petr Horáček
	Member	Mgr. Radan Marek

1.3. Participation interest

The Company does not own any participation interest.

1.4. Organizational structure

The statutory body is formed by the Board of Directors.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with generally accepted accounting principles in the Czech Republic and have been prepared under the historical cost convention.

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

2.1. Intangible fixed assets

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

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

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

	<u>Number of years</u>
Software	3
Licence	According to validity

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

2.2. Receivables

Receivables are stated at their nominal value less an impairment provision for bad debts. A provision for bad debts is created on the basis of an ageing analysis and individual evaluation of the collectability of the receivables.

2.3. Cash and cash equivalents

Cash is represented by petty-cash and bank accounts including bank overdraft.

Cash equivalents represent short-term liquid financial assets that are easily and readily convertible to known amounts of cash and which are not subject to significant changes in value. Cash equivalents include deposits with a maximum three-month notice period and highly liquid securities traded on a public market.

2.4. Foreign currency translation

Transactions denominated in foreign currency are translated and recorded at the prevailing exchange rate as at the transaction date. Trades in electric power which are financially settled in EUR are translated using the exchange rate published by the Czech National Bank at 14:30 on the day of the physical delivery of electricity.

2.4 Foreign currency translation (continued)

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.

2.5. 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.

2.6. Related parties

The Company's related parties comprise the following:

- shareholder, of which the Company is a subsidiary or an associate, directly or indirectly, and subsidiaries and associates of this shareholder; and/or
- members of the Board of Directors and Supervisory Board and parties close to such members, including entities in which they have a controlling or significant influence.

Significant transactions and balances with related parties are disclosed in Note 3.12.

2.7. Revenues

Revenues are recorded as at the date of rendering the services and are recognized net of discounts and VAT.

2.8. Cash flow statement

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

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

2.10. Changes in the accounting methods and procedures

The Company has not changed any accounting methods and procedures in 2012 or 2011.

3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND INCOME STATEMENT

3.1. Fixed assets

3.1.1. Intangible fixed assets

Intangible fixed assets as at balance sheet date are represented by:

- EMOFF software – co-owner, with a share of 10% – the majority owner is Burza cenných papírů Praha, a.s. (40%). The acquisition cost of this asset is TCZK 14. The software was acquired and put into use in 2009. A technical appreciation in the amount of TCZK 10 was made in 2010 and 2011. There was no change in 2012.
- Licence for limited trading in electric power issued on 29 October 2009 by the Hungarian Energy Regulatory Authority (Magyar Energia Hivatal) with validity for 10 years. The value of this licence is TCZK 607. The asset was acquired in 2008 and was put into use in January 2009.

	(in TCZK)			
	1 January 2012	Additions	Disposals	31 December 2012
Acquisition cost				
Software	24	-	-	24
Other intangible fixed assets	607	-	-	607
Total	631	-	-	631

	(in TCZK)			
	1 January 2012	Additions	Disposals	31 December 2012
Accumulated depreciation				
Software	15	8	-	23
Other intangible fixed assets	182	61	-	243
Total	197	69	-	266

	(in TCZK)	
	1 January 2012	31 December 2012
Net book value		
Software	9	1
Other intangible fixed assets	425	364
Total	434	365

Amortization of intangible assets charged to income amounted to:

	(in TCZK)
	Amortization
2011	69
2012	69

In 2012 and 2011 no impairment of intangible fixed assets was recognized.

3.1.2. *Tangible fixed assets*

The Company does not own any tangible fixed assets as at 31 December 2012 and 31 December 2011.

3.1.3. *Long-term investments*

The Company does not own any long-term investments as at 31 December 2012 and 31 December 2011.

3.1.4. *Leased assets*

The Company has the following contractual payables from rent:

	As at 31/12/2012	As at 31/12/2011
Due within 1 year	109	106
Due in 1 to 5 year	403	394
Due in more than 5 years	120	238
Total	632	738

As at 31 December 2012 the Company has concluded an agreement for rent of the premises. The total amount of rent paid in 2012 was TCZK 106 (2011: TCZK 101).

3.2. *Short-term financial assets*

	(in TCZK)	
	As at 31 December 2012	As at 31 December 2011
Cash	2	3
Bank accounts	11,459	4,793
Total	11,461	4,796

3.3. *Short-term receivables*

3.3.1. *Trade receivables*

As at 31 December 2011, the Company recognized trade receivables amounting to TCZK 63,572 (2011: TCZK 16,096). These trade receivables result from settlement of physical supplies of electric power which were not paid as at 31 December 2012.

No trade receivables are overdue.

3.3.2. Receivables from shareholders and members of the association

The Company has been a member of a VAT group since 1 January 2011 and the settlement of VAT for the whole group is processed by Burza cenných papírů Praha, a.s.

As at 31 December 2012, the Company recognized receivables arising from excess VAT for November and December 2012 in the amount of TCZK 18,280. The amount of the excess VAT deduction in 2011 was TCZK 34,866.

3.3.3. State – tax receivable

There is a balance of VAT from invoices received from Czech payers after 31 December 2012 and which apply to 2012 in the amount of TCZK 36,272 (2011: TCZK 32,495).

3.3.4. Other receivables

As at 31 December 2012 the Company recognized a receivable of EUR 310,897 (2011: EUR 175,546); i.e. TCZK 7,816 (2011: TCZK 4,529) after translation at the rate published by the CNB as at 31 December 2012 from CDCP related to retained VAT obtained from customers and not paid to suppliers in settlement of physical supplies of electric power for the Hungarian market. These financial means are held in a bank account of CDCP which is used as a clearing account for settlement of payables and receivables with clearing banks of trading participants.

As at 31 December 2012, the Company recognized a receivable from Centrální depozitář cenných papírů, a.s. (hereafter "CDCP") concerning interest due from financial means held in a bank account of CDCP. The interest due amounted to EUR 3,172 (2011: EUR 3,123); i.e. TCZK 80 (2011: TCZK 81) after translation at the rate published by the CNB as at 31 December 2012.

As at 31 December 2012 the Company has recognized an estimated receivable from POWER EXCHANGE CENTRAL EUROPE, a.s. in the amount of TCZK 49, concerning unpaid expenses, which were incurred by the Company in 2012 due to the financing of the payables from business activities on the spot market in the Czech Republic. The receivable from 2011 was in the amount of EUR 22,342, i.e. TCZK 576 after translation at the rate published by the CNB as at 31 December 2011, was paid during 2012.

3.4. Deferred tax asset

The Company recognized a deferred tax asset in the amount of TCZK 874 (2011: TCZK: 1,109) as at 31 December 2012 due to tax losses from current and previous periods. The Company does not claim this receivable since the Company does not expect to apply it.

3.5. Deferrals

As at the balance sheet date, the Company recognized prepaid expenses in the amount of TCZK 50 (2011: TCZK 187) concerning expenses for rent and services for the rent related to 2013.

3.6. Equity

The fully paid share capital recorded in the Commercial Register as at 31 December 2012 amounts to TCZK 2,000 (2011: TCZK 2 000).

The Company did not create a statutory reserve fund as according to the establishment contract a statutory reserve fund is first created in the year when the Company records net profit in the financial statements.

The Company recorded a profit for the 2012 financial period amounting to TCZK 354 (2011: loss in the amount of TCZK 3,639).

The loss of CZK 3,639 for the year 2011 has been approved and transferred to accumulated losses.

3.7. Other capital funds

Due to the low value of equity of the Company, a decision of the sole shareholder was made on 24 January 2012 to increase equity in the amount of TCZK 2,000 (2011: TCZK 3 000), which was entered in writing on 17 April 2012.

3.8. Short-term liabilities

Short-term liabilities have not been secured and none of them mature in more than five years.

3.8.1. Trade payables

As at 31 December 2012, the Company recognized trade payables amounting to TCZK 95,242 (2011: TCZK 26,663). These payables relate to physical settlement of electric power supplies which were not paid as at 31 December 2012. No trade payables are overdue.

3.8.2. Liabilities to the controlling entity

The Company does not record a liability to the parent company, Burza cenných papírů Praha, a.s. (2011: TCZK 30 519).

3.8.3. Payables to employees

Payables to employees represent unpaid wages for December 2012 of TCZK 3 (2011: TCZK 4).

3.8.4. Payables to social security and health insurance

The Company recognized payables to social security and health insurance relating to wages for December 2012. The amount as at 31 December 2012 is TCZK 4 (2011: TCZK 3). No payables to social security and health insurance are overdue.

3.8.5. Tax liabilities and subsidies

The Company recognized a payable resulting from tax advances and withholding tax related to wages for December 2012 of TCZK 2 (2011: TCZK 2). No tax liabilities and subsidies are overdue.

3.8.6. Estimated payables

The Company did not receive supporting material for tax concerning rent of services, which will be settled during 2013. For these services, the Company has created an estimated payable totalling TCZK 10 (2011: TCZK 10) and has increased the expenses for 2012 accordingly.

The Company records an estimated payable to POWER EXCHANGE CENTRAL EUROPE, a.s. for interest from unpaid loans in the total amount of TCZK 50 (2011: TCZK 0). Other estimated payables in the total amount of TCZK 3 (2011: 0) are for the administration of salaries which has not been invoiced.

3.8.7. Other payables

Other payables in the amount of TCZK 41,811 (2011: TCZK 38,387) include:

- Payable to the statutory body for December 2012 of TCZK 4 (2011: TCZK 4);
- Unpaid loans from POWER EXCHANGE CENTRAL EUROPE, a.s. in the amount of EUR 1,663,000 (2011: EUR 1,326,419) i.e. TCZK 41,807 after translation at the rate published by the CNB as at 31 December 2012 (2011: TCZK 34,222).

As at 31 December 2011 in Other payables the Company recorded payables to Centrální depozitář cenných papírů, a.s. in the total amount of TCZK 4,161 from retained VAT on electrical energy supplies for the Czech spot market collected from consumers and not paid to suppliers.

3.9. Accruals

The Company does not record any items in accruals as at 31 December 2012 (2011: TCZK 6).

3.10. Income tax

In 2011, the Company incurred a tax loss. Therefore, no tax advances were paid during 2012.

The Company realized a profit in the amount of TCZK 354. For income tax purposes the Company will apply tax losses from previous periods and therefore there the tax liability is zero.

3.11. Revenue from own products and services

(in TCZK)

	2012	2011
	Czech Republic	Czech Republic
Central counterparty services (for PXE)	207	408
Total	207	408

3.12. Related parties

All significant transactions with related parties were realized on an arm's length basis.

3.12.1. Transactions with relating parties – revenues

(in TCZK)

		2012	2011
Related party	Relationship	Revenues from services	Revenues from services
POWER EXCHANGE CENTRAL EUROPE, a.s.	Member of Burza cenných papírů Praha, a.s. group	207	408
Total		207	408

The Company started to perform the function of a central counterparty for trading in energy on the Hungarian and Czech markets in 2009 based on a contract with PXE relating to central counterparty services.

(in TCZK)

		2012	2011
Related party	Relationship	Other operating revenues	Other operating revenues
POWER EXCHANGE CENTRAL EUROPE, a.s.	Member of Burza cenných papírů Praha, a.s. group	902	624
Total		902	624

The Company entered into a contract with PXE for providing central counterparty services. In this contract PXE is obliged to reimburse all incurred expenses which arose in connection with financing the temporary insufficiency of financial means required for settlement of spot deals on the Czech energy market. The amount of reimbursed expenses in 2012 was TCZK 902 (2011: TCZK 624). See 3.12.2.

3.12.2. Transactions with related parties – expenses

Purchases from related parties include:

(in TCZK)

		2012	2011
Related party	Relationship	Services	Services
Burza cenných papírů Praha, a.s.	Shareholder	166	161
Total		166	161

The Company entered into a contract with BCPP concerning rent of premises. Rent of premises and related services are charged by BCPP on a monthly basis.

(in TCZK)

		2012	2011
Related party	Relationship	Interest expense	Interest expense
Burza cenných papírů Praha, a.s.	Shareholder	431	248
POWER EXCHANGE CENTRAL EUROPE, a.s.	Member of Burza cenných papírů Praha, a.s. group	471	376
Total		902	624

The Company has a contract with Burza cenných papírů Praha, a.s., Centrální depozitář cenných papírů, a.s. and POWER EXCHANGE CENTRAL EUROPE, a.s. for providing a short-term revolving loan of up to MCZK 150. The total amount of interest expense as at 31 December 2012 was TCZK 902 (2011: TCZK 624)

3.12.3. Payables to related parties

(in TCZK)

Company	31 December 2012	31 December 2011
Burza cenných papírů Praha, a.s.	10	30,530
- trade payables	-	1
- estimated payables	10	10
- liabilities from loans	-	30,519
Centrální depozitář cenných papírů, a.s.	-	4,161
- payables from means on VAT account	-	4,161
POWER EXCHANGE CENTRAL EUROPE, a.s.	41,857	34,222
- other payables – loans	41,807	34,222
- estimated payables	50	-
Total	41,867	68,913

3.12.4. Receivables from related parties

(in TCZK)

Company	31 December 2012	31 December 2011
Burza cenných papírů Praha, a.s.	18,320	34,905
-receivables from VAT – claims for deduction	18,280	34,866
-prepaid expenses	40	39
Centrální depozitář cenných papírů, a.s.	7,896	4,610
- receivables from funds on VAT account	7,816	4,529
- accrued interest	80	81
POWER EXCHANGE CENTRAL EUROPE, a.s.	69	615
- estimated receivables	49	576
- trade receivables	20	39
Total	26,285	40,130

For details see 3.3.4 – Other receivables.

3.13. Services

	(in TCZK)	
	2012	2011
Office supplies	2	-
IT repairs and maintenance	-	-
Rent BCPP*	106	101
Rent related services BCPP*	60	60
Advisory services	-	2
Audit	135	135
Notarial services	-	17
Fees for trading – MEH	-	-
Other services	36	44
Total	339	359

* Burza cenných papírů Praha, a.s.

The most significant expense in 2012 is rent in the amount of TCZK 106 (2011: TCZK 101) and audit fee in the amount of TCZK 135 (2011: TCZK 135).

3.14. Other operating expenses

	(in TCZK)	
	2012	2011
Insurance	142	270
Other fines and penalties	-	1
Total	142	271

In 2009 the Company entered into insurance agreements for third party liability insurance and property insurance, and these agreements were updated in 2011 and 2012. Expenses relating to insurance in 2012 amounted to TCZK 142 (2011: TCZK 270).

3.15. Other financial income

	(in TCZK)	
	2012	2011
FX gains	9,692	8,023
Total	9,692	8,023

FX gains are mainly related to supplies of electrical power settled in EUR and also to the recalculation of foreign currency assets and liabilities by the CNB FX rate as at 31 December 2012.

3.16. Other financial expense

	(in TCZK)	
	2012	2011
FX losses	8,757	11,166
Fees to banking institutions	60	37
Other financial expenses	-	22
Total	8,817	11,225

FX losses are mainly related to supplies of electrical power settled in EUR and also with the recalculation of the foreign currency assets and liabilities by the CNB FX rate as at 31 December 2012.

4. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

4.1. Staff cost and number of employees

	Average recalculated headcount	
	2012	2011
Director	1	1
Other employees	2	2
Total	3	3

	Total staff cost for the period	
	(in TCZK)	
	2012	2011
Wages and salaries	126	132
Social security and health insurance costs	39	26
Total staff costs	165	158

The director is represented by a member of the Board of Directors.

The Company had two employees in 2012 and 2011 based on the agreement to perform work.

4.2. Loans, credits and other benefits provided

In 2012 and 2011 members of the Board of Directors and the Supervisory Board received no loans, borrowings or other benefits.

5. FEE TO AUDIT COMPANY

Information about the fee for audit services is listed in the appendix to the consolidated financial statement of the parent company, Burza cenných papírů Praha, a.s.

6. OFF-BALANCE SHEET COMMITMENTS

As at 31 December 2012 the Company has an overdraft facility concluded with Komerční banka of up to TCZK 20,000 (2011: TCZK 20,000). As at 31 December 2011 and 31 December 2012 the overdraft facility was not used.

7. CONTINGENT LIABILITIES

The Company obtained a bank guarantee from UniCredit Bank Hungary Zrt. amounting to THUF 1,000. This guarantee was provided in order to comply with a requirement of the Hungarian Energy Regulatory Authority (Magyar Energia Hivatal). This guarantee was necessary for performing the function of a central counterparty for trading in Hungarian energy.

The management of the Company is not aware of any further significant unrecorded contingent liabilities as at 31 December 2012 (2011: TCZK 0).

8. POST BALANCE SHEET EVENTS

No events have occurred since the balance sheet date that would have a material impact on the financial statements as at 31 December 2012.

Prague, 15 March 2013



Helena Čacká
Member of the Board of Directors

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 Shareholder of Energy Clearing Counterparty, a.s.

Financial statements

On the basis of our audit, on 15 March 2013 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 Energy Clearing Counterparty, a.s., which comprise the balance sheet as of 31 December 2012, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the company is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Energy Clearing Counterparty, 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 Energy Clearing Counterparty, a.s. as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.”

Report on relations between related parties

We have reviewed the factual accuracy of the information disclosed in the report on relations between related parties of Energy Clearing Counterparty, a.s. for the year ended 31 December 2012. 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 Energy Clearing Counterparty, a.s. for the year ended 31 December 2012 contains material factual misstatements.


Annual report


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

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

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

Prague
19 April 2013


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


Pavel Závitkovský
Partner
Licence number 69

Contact

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