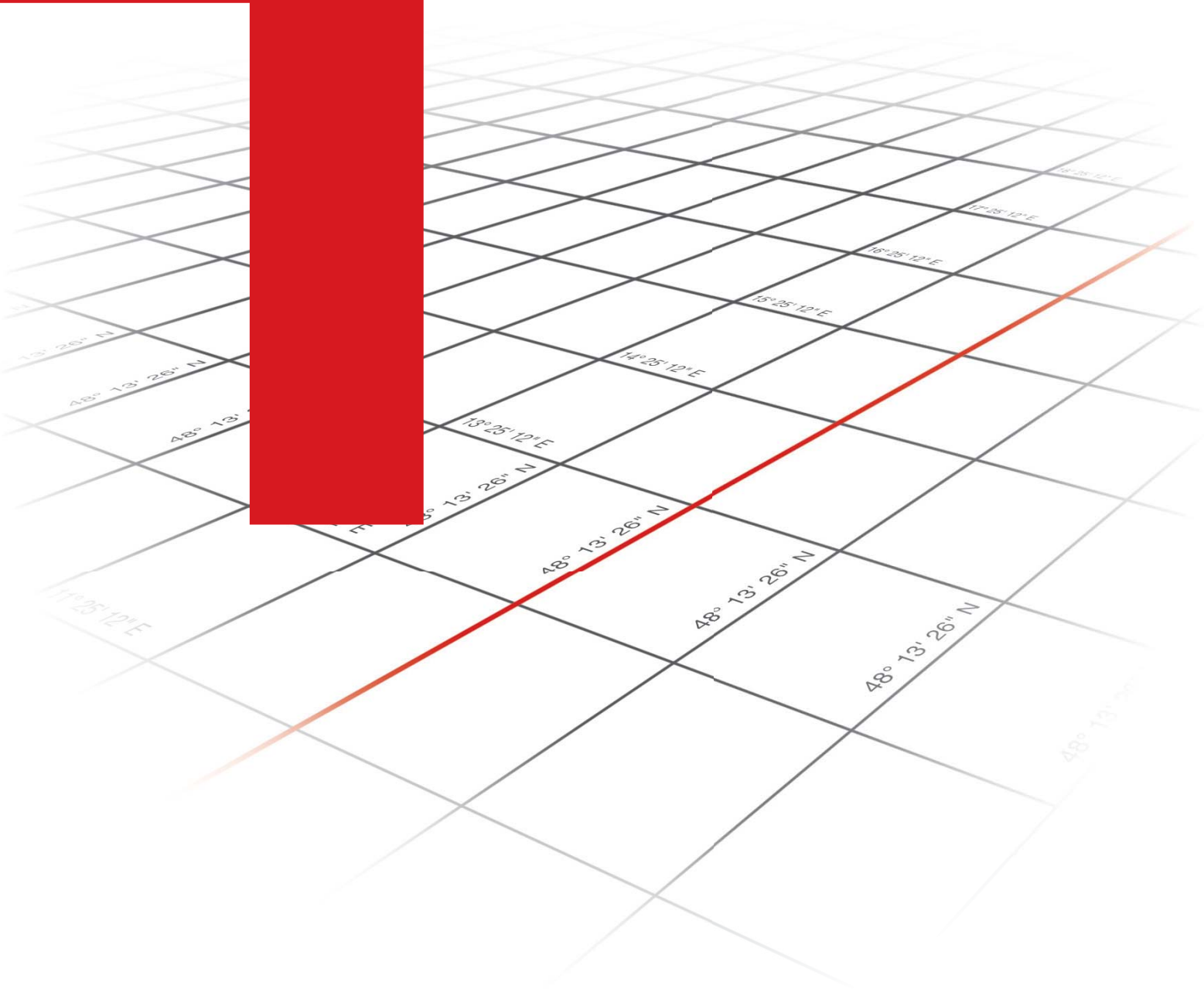




PRAGUE STOCK EXCHANGE
BURZA CENNÝCH PAPÍRŮ PRAHA



2009: Annual Report

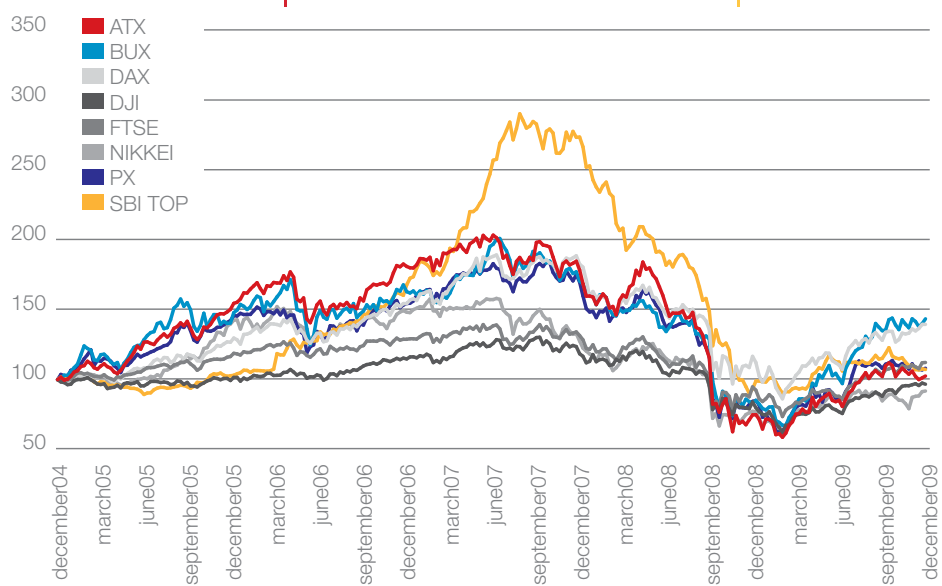
The First Joint Year of the CEE Stock Exchange Group



cee stock exchange group

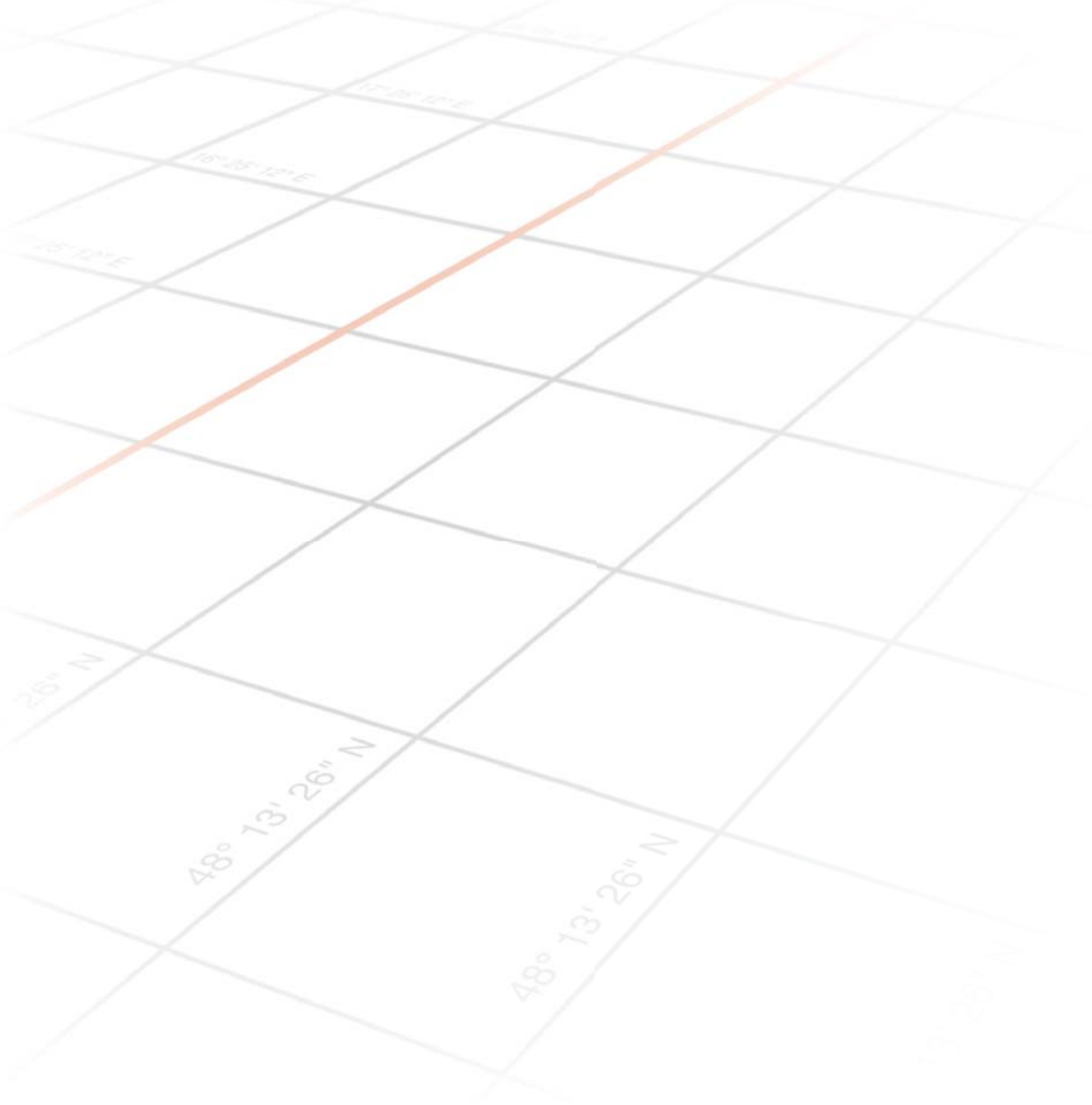
The ATX closed the year 2009 at 2,495.56 points. This was a gain of 42.53% versus year-end 2008.

By the end of the year 2009, the SBI TOP recorded positive growth of 15.03% and closed at 982.67 points.



The PX reached 1,117.30 points by year-end 2009, i.e. was up 30.19% year-on-year.

The BUX increased up to 21,227.01 points by the end of 2009. Versus year-end 2008 this was a gain of 73.40%.



Vienna, Austria

48°21'N, 16°37'E

Budapest, Hungary

47°56'N, 19°09'E

Ljubljana, Slovenia

46°56'N, 14°50'E

Prague, Czech Republic

50°09'N, 14°43'E

force

ees



cee stock exchange group

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Four Stock Exchanges – One Strong Alliance

We are proud to present the first joint report of the CEE Stock Exchange Group (CEESEG). The Group was officially launched in 2009 and consists of the four stock exchanges of Vienna, Budapest, Ljubljana and Prague. In the past year, we have entered the international exchange landscape as a new, strong actor. With around half of total market capitalization and about two-thirds of all trading volumes in equities in Central and Eastern Europe, the CEE Stock Exchange Group is the largest player of all exchanges in the region. It offers single-point access to information on four attractive markets with long-term high growth potential.

The goal of our Group is to strengthen and advance the regional capital markets in CEE and their international position. To this end, we take many short, medium and long-term measures that benefit issuers, trading members, institutional investors as well as the data vendors and index license customers of all member exchanges.

The members of the CEE Stock Exchange Group also profit from the close cooperation and the exchange of know-how within the Group as well as from a strong joint market presence. At the international level, we are engaged in numerous activities to attract the attention of market participants to the capital markets of the member exchanges in the CEE region. This is done, for example, by organizing joint investor conferences, through bundled data dissemination and index licensing and also by launching Group indices. All of these measures have the goal to raise the trading volumes and liquidity of the individual stock exchanges of the Group.

The four members of the CEE Stock Exchange Group work closely together as equal partners. The local markets will continue to be supported by the respective exchanges with an independent management. The home market principle is a key element of our cooperation, because it is precisely in smaller economies that the small and mid-cap companies – in international comparison – receive the best support from their local exchanges. With respect to international activities, we will present ourselves jointly as a Group to all major stakeholders in the future.

Our vision is to enable members to trade at the same conditions on all four markets. This requires medium to long-term measures to facilitate access to the four markets of the CEE Stock Exchange Group for trading participants. For this reason, we have decided to implement Xetra® as the uniform



Petr Kobic (Prague), Michael Buhl and Heinrich Schaller (Vienna), György Mohai (Budapest) and Andrej Šketa (Ljubljana)

trading system, and over the long term, to harmonize the market segments, the general terms of business as well as the clearing and settlement system. We still have a long way to go. We are convinced that it will be worth the effort – for us and for all our important stakeholders.

We would like to invite you to see for yourselves. The first chapter contains key information about us as an exchange group. The next section contains a presentation of the stock exchanges of Vienna, Budapest, Ljubljana and Prague as members of the CEE Stock Exchange Group.



About the Group

18 May 2004

With the acquisition of a stake of 12.5% in the Budapest Stock Exchange, Wiener Börse AG laid the cornerstone for a CEE stock exchange network. Together with an Austrian consortium, it holds 68.8%.

21 November 2005

The integration of Budapest Stock Exchange data into the existing data feed of the Vienna Stock Exchange marked the start of the first cooperation project.

12 June 2008

Wiener Börse AG widened its investment in the Budapest Stock Exchange from 12.5% to 50.45%. The stake held jointly with Oesterreichische Kontrollbank remained 68.8%.

20 June 2008

Wiener Börse AG acquired a stake of 81.01% in the Ljubljana Stock Exchange.

7 November 2008

Wiener Börse AG won the tender for the acquisition of a stake of 92.74% in the Prague Stock Exchange.

17 December 2009

The decision on the establishment of a holding company was approved at the general shareholders' meeting in December 2009.

5 November 2009

The Supervisory Board of Wiener Börse AG agreed on the establishment of a holding company that will act as an umbrella for the four member exchanges of the CEE Stock Exchange Group.

21 October 2009

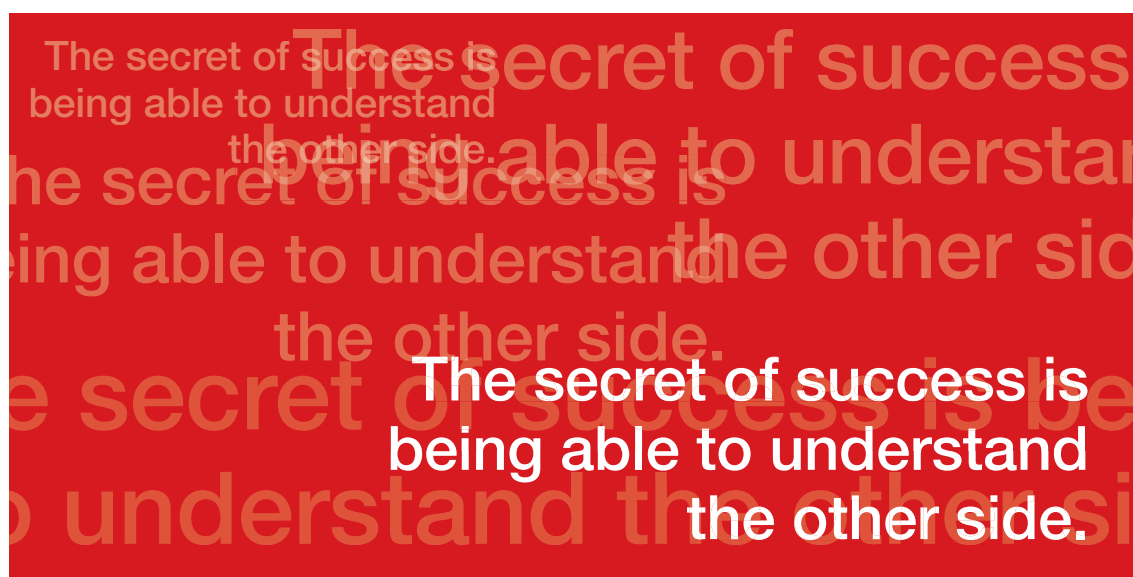
On 21 October 2009, the first joint road show took place in Stockholm.

17 September 2009

The official starting date of the brand "CEE Stock Exchange Group" was 17 September. On the same day, two new indices, the CEETX and the CEESEG Composite Index, were launched.

17 March 2009

In March 2009, the price data of the Ljubljana Stock Exchange became available via the data feed of the Vienna Stock Exchange.



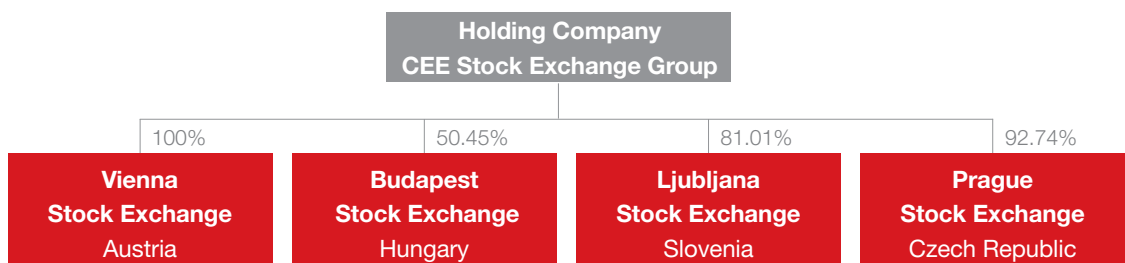
Next Step: A Holding Company

To adapt the organizational structure to meet the requirements of the internationalization strategy, on 5 November 2009, the Supervisory Board of Wiener Börse AG adopted the motion to found a central holding company that will coordinate the four stock exchanges of Vienna, Budapest, Ljubljana and Prague as subsidiaries. This resolution was approved by the general shareholders' meeting of 17 December 2009.

According to the plans, the future structure will foresee a central group holding company as the leading organization of the CEE Stock Exchange Group, responsible for the financial management and administration of the operational investments. The operational business will be managed by the four member exchanges as subsidiaries. Support of the four local markets will continue to come from the respective exchanges' independent management boards. In addition to the home market of Austria, the Vienna Stock Exchange will also take over the central coordination of international projects and target groups such as in the area of data vending and index licensing as well as for institutional investors and trading members.

Internationalization and home market principle

The organizational structure is supportive of our internationalization strategy as well as to the home market principle, to which we are strongly committed. We firmly believe that it is precisely in small regional economies that companies receive the best possible support in their local stock markets. They benefit from the higher awareness they enjoy in their local markets and also stand in the focus of media interest. The sharing of experiences by the member exchanges of the CEE Stock Exchange Group also promotes the further optimization of the services provided to listed companies and the national stakeholders.



Data Vending

One data feed, seven markets

Through the data feed ADH of the Vienna Stock Exchange, the CEE Stock Exchange Group provides professional real-time price data and market depth data on the regional financial markets. The data of the Budapest Stock Exchange has been distributed via the common data feed since 2005. In March 2009, the price information of the Ljubljana Stock Exchange was integrated into the ADH. Prague Stock Exchange's data is to follow as of early 2010.

By bundling data dissemination, vendors are given access via the data feed of the Vienna Stock Exchange to the market data of the four member exchanges of the CEE Stock Exchange Group.

The combined data dissemination and marketing at international financial marketplaces such as London or Frankfurt is aimed at the acquisition of additional data customers for the member stock markets. Apart from the extra revenue generated in this business field, the joint data dissemination coordinated by the Vienna Stock Exchange is a further advantage that helps to shift the markets of the four member exchanges of the CEE Stock Exchange Group into the focus of international institutional investors.

The data feed of the Vienna Stock Exchange also includes price information of three additional attractive CEE markets: Banja Luka, Bucharest, and Sarajevo.

A connection to the data feed of the Vienna Stock Exchange helps save time and resources by offering access to seven CEE markets in one standardized data format. All markets are covered by one Market Data Agreement, which means considerably reduced administrative and legal expenses for data vendors.

Indices

Global experts for CEE indices

The members of the CEE Stock Exchange Group have joined the forces of all partners and now market and sell index licences from one source worldwide. This task is the responsibility of the Vienna Stock Exchange. The Vienna Stock Exchange has been active in the field of index licensing for many years and is now successfully established as a global expert for indices and calculates and disseminates 52 indices that track

- national,
- regional, and
- sector

developments in CEE and in the CIS (Commonwealth of Independent States) countries.

The indices are used by some 90 licensees as underlyings for certificates, warrants, exchange-traded funds and other structured products. Worldwide, the majority of structured products with a CEE reference are based on the indices of the Vienna Stock Exchange.

On 17 September 2009, the official starting date of the CEE Stock Exchange Group, we launched two joint indices – the CEETX and the CEESEG Composite Index – that comprise the blue chip companies of the four attractive markets of the member countries of the CEE Stock Exchange Group.

CEETX – CEESEG Traded Index

The CEETX is designed as a tradable index and tracks the price trends of the 25 most actively traded and highly capitalized stocks of the CEE Stock Exchange Group.

CEESEG Composite Index

The CEESEG Composite Index is composed of the constituents of the leading share indices of the CEE Stock Exchange Group members. Therefore, the index comprises the stocks included in the ATX, BUX, PX and SBI TOP. The CEESEG Composite Index serves as benchmark for investors and represents the development of the capital markets of the whole Group.

Three index licensees now use the two new Group indices as an underlying for their products: Commerzbank, HVB, and Raiffeisen Centrobank.

Activities 2009

Joint brand name

The alliance Vienna – Budapest – Ljubljana – Prague has existed since the acquisition of majority stakes by Wiener Börse AG in the three neighboring exchanges in 2008. In 2009, we presented ourselves to the international stock market community for the first time with the joint brand name “CEE Stock Exchange Group”.

Joint corporate identity

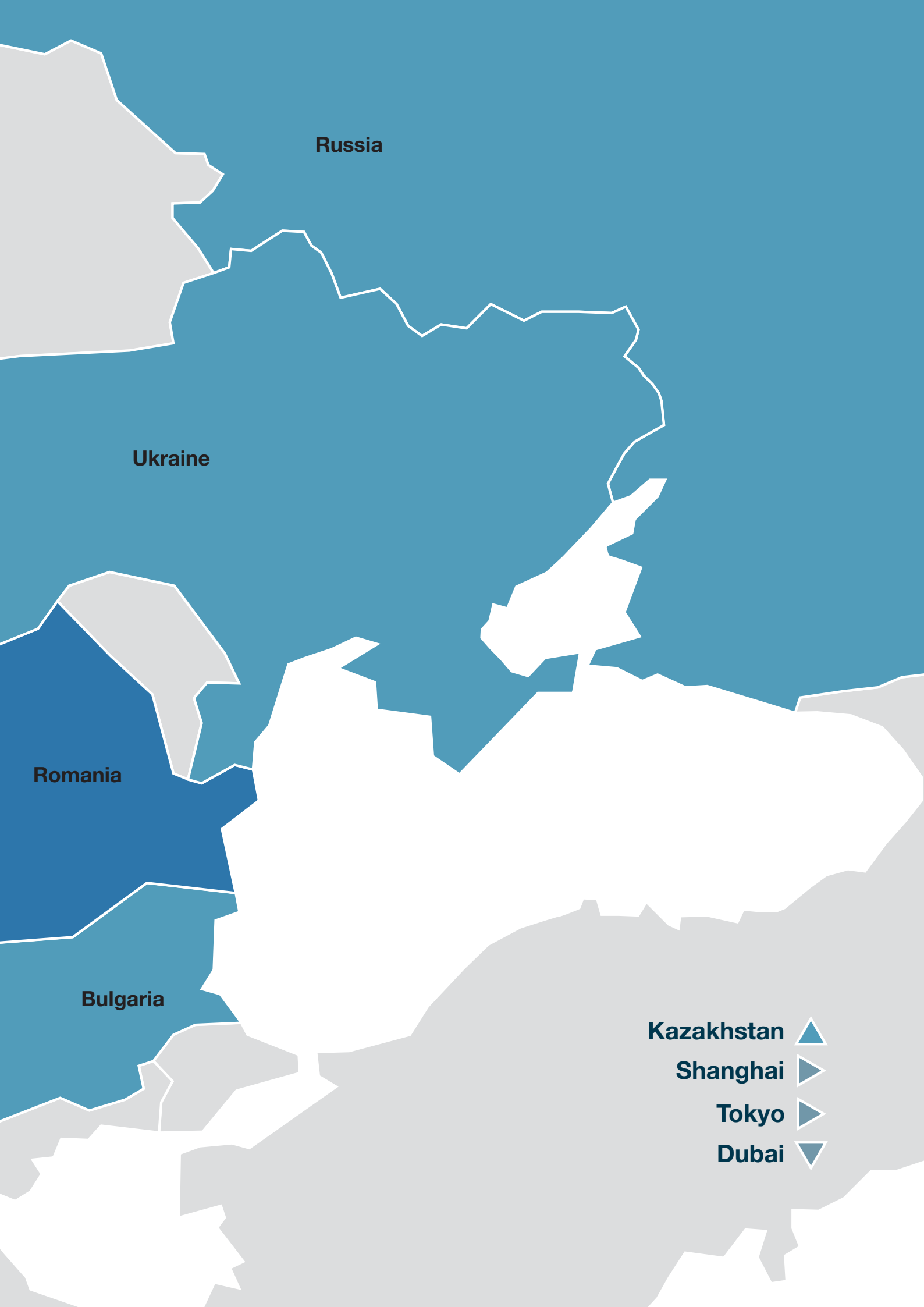
Until the official start of the CEE Stock Exchange Group, we worked together closely to develop a common corporate identity and corporate design. On 17 September 2009, our website www.ceeseg.com went online, we informed all important stakeholders in a mailing of the new CEE Stock Exchange Group, and we launched two new indices on the same day.

Joint image

While each of the exchanges will continue to take care of its local market, at the international level, we now act jointly as the CEE Stock Exchange Group vis-à-vis all major institutional investors, trading participants, data vendors and index licensees as well as the media. The central coordination tasks are the responsibility of the Vienna Stock Exchange. The start was marked by the road show in Stockholm on 21 October 2009 at which Slovene and Austrian companies presented themselves to Swedish investors.



- CEE Stock Exchange Group
- Data vending and index cooperation
- Index cooperation
- Memorandum of Understanding (MoU)



Russia

Ukraine

Romania

Bulgaria

Kazakhstan



Shanghai



Tokyo



Dubai



Medium and Long-Term Projects

After the dynamic start in 2009 and some first projects realized such as the joint appearance at investor conferences or in the areas of indices and data dissemination, we are now working on the implementation of several medium to long-term projects. The purpose of the CEE Stock Exchange Group is to attract the interest of international market participants to the markets of the member exchanges of the region of Central and Eastern Europe with the aim of raising liquidity and trading volumes.

Uniform trading system Xetra®

A measure to achieve this goal is the implementation of Xetra® as the uniform trading system for all member exchanges of the CEE Stock Exchange Group over the medium term. Trading participants will then be able to trade on all four stock exchanges through the same system. Easier access to the four markets via a single trading system should support the acquisition of new trading participants and therefore stimulate the market.

Institutional investors focus on regional markets

At the same time, we are working on the acquisition of new data customers, which will ensure the worldwide dissemination of the prices of the four stock exchanges and shift the regional markets of the CEE Stock Exchange Group into the focus of institutional investors. The road shows at the major financial market places worldwide will also be organized in the future with the companies from the four countries of the member stock exchanges. For 2010, we are already planning an extensive program of investor conferences.

Attention, liquidity and harmonization

For the members of the CEE Stock Exchange Group, the distribution of index licenses has also been bundled and this will – like the two Group indices used by licensees as underlyings for structured products – also help to attract attention and raise liquidity for the stock exchanges involved.

Our long-term goals include the harmonization of the market segments, the general terms and conditions of business as well as clearing and settlement processes. Our vision is to enable members to trade at the same conditions on all four markets.

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Getting together is a start,
staying together is progress.
Working together is success.

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Global denken

lokal handelen



ndeln



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The Year 2009 at the Vienna Stock Exchange

A challenging start

In 2009, the stock market was still heavily impacted – especially at the beginning of the year – by the effects of the international financial and economic crisis that had reached a peak in 2008. The failure of Lehmann Brothers in September 2008 triggered a worldwide plunge on all stock markets, even creating fears of a breakdown of the entire global financial system. Many countries of Central and Eastern Europe – the growth region up to then – suddenly appeared to be on the verge of bankruptcy and Austria also came to the attention of the national and international media – not least due to estimates of the International Monetary Fund (IMF) that were then proven wrong.

Confidence returns

In this environment marked by a heightened sentiment of insecurity, it is no wonder that after the steep price drops in 2008 markets plummeted again pushing the leading index ATX of the Vienna Stock Exchange to new lows at the beginning of March 2009. However, afterwards a remarkable rally started because it had become apparent that the gloomy scenarios would not occur in the magnitude prognosticated: The effects of the government aid packages for the banking sector and the economic stimulus programs started to take effect and the confidence as well as a certain degree of pragmatism returned to the market. The upswing on the Vienna Stock Exchange was even more pronounced than on some other international financial markets; and the previously exaggerated price losses were compensated in part as well. Meanwhile, economists expect the continued recovery of the global economy and analyst consensus states that the worst is already over for stock markets.

Even though no Austrian company attempted an IPO on the Vienna Stock Exchange last year, around year-end some successful larger capital increases were floated. Overall, the situation of the stock markets is now moving towards normalization and stabilization: The extreme volatility is abating, and market capitalization and trading volumes have been expanding again in Vienna since March along with rising stock prices.

Success despite a difficult market environment

Despite the difficult market environment, there were some achievements to report in 2009. Our primary success was the alliance formed with the stock exchanges of Budapest, Ljubljana and Prague under the brand “CEE Stock Exchange Group” which laid the cornerstone for creating a holding company for the Group.



Michael Buhl, Heinrich Schaller

In the past year, we also cleared the way for the changeover of the derivatives market to a separate Eurex system in 2010. We are also proud to have founded jointly with three other project partners the CEGH Gas Exchange of the Vienna Stock Exchange in December 2009.

In the areas of data vending and indices, we strengthened our position as expert for CEE even further and are now applying our know-how for the CEE Stock Exchange Group.

We are especially pleased that the enormous interest of foreign trading participants in the Austrian market is still unbroken: In the year just ended, seven new international investment banks were admitted to direct trading on the Vienna Stock Exchange. We also continued our road shows at all major financial marketplaces worldwide in 2009, albeit under more difficult conditions and on a smaller scale than in the previous years, but nonetheless with unbroken élan. Because it is precisely when times get rough that it is important to maintain good relations with investors and communicate openly and transparently.

Private investors remain loyal to Austrian capital market

Austrian private investors have remained loyal to the Viennese market in these difficult times. The data compiled by Oesterreichische Nationalbank and a study by the financial information services firm Ipreo reveals that in the first half of 2009, just like before in the fourth quarter of 2008, Austrian investors were the only net investors. This means that they took advantage of the low prices to enter the market or for additional buying. We interpret this as a clear commitment of Austrian investors to domestic companies, the national economy and, of course, the financial marketplace of Vienna.

The Vienna Stock Exchange

Goals and objectives

The Vienna Stock Exchange is a customer and market-oriented financial service provider that supplies state-of-the-art infrastructure as well as data and information on the entire securities trading in Austria. The core business areas include cash market trading, derivatives trading, and trading in structured products. Additional services comprise data vending, index management as well as seminars and training courses designed specifically for financial market topics.

The principal goals of the Vienna Stock Exchange as the driving force behind a transparent Austrian capital market include constant efforts to achieve a more supportive framework for the capital market and the continuous advancement of investment culture in Austria. The Vienna Stock Exchange promotes the interest for the domestic market among Austrian private investors and institutional investors as well as among international investors and trading participants.

Jointly with the neighboring exchanges of Budapest, Ljubljana and Prague, the Vienna Stock Exchange now forms the CEE Stock Exchange Group. The Vienna Stock Exchange has assumed many central tasks at the operational level for the CEE Stock Exchange Group and coordinates international projects and target groups for the exchange group. Furthermore, it cooperates closely – without cross-holdings – with many other exchanges in the areas of index development and data vending as well as in further capital market projects.

Internationally recognized, state-of-the-art infrastructure

The trading system, Xetra® (cash market) and OMX® (derivatives market) ensures the smooth operation of trading on the Vienna Stock Exchange and is the guarantee for adherence to the highest international standards. A changeover to a separate Eurex system is planned for the derivatives market in 2010.

The Internet-based trading platform, Brokernet, offers smaller financial service providers that want to become members of the Vienna Stock Exchange a simple and inexpensive way to access the cash market and the derivatives market.

Broad range of data vending services

The Vienna Stock Exchange sells professionally packaged real-time price information and data on market depth for its home market of Austria as well as for the CEE Stock Exchange Group. It provides data customers – these include national and international information service providers, data vendors, banks, online brokers and financial portals – with a broad range of current market data relating to exchange trading.

In the difficult exchange year of 2009, the Vienna Stock Exchange also succeeded in acquiring new data customers and their number is now 120. This was achieved not least due to the fact that the range of price information products is being constantly enlarged. Last year, the data of the exchanges in Ljubljana and Banja Luka as well as of CEGH Gas Exchange of the Vienna Stock Exchange, were integrated into the datafeed of the Vienna Stock Exchange, ADH.

Data customers publish the price information of the Vienna Stock Exchange, the CEE Stock Exchange Group and its cooperation partners worldwide, thus making it available to a large number of professional market participants and private investors.

Leading expert in CEE and CIS indices

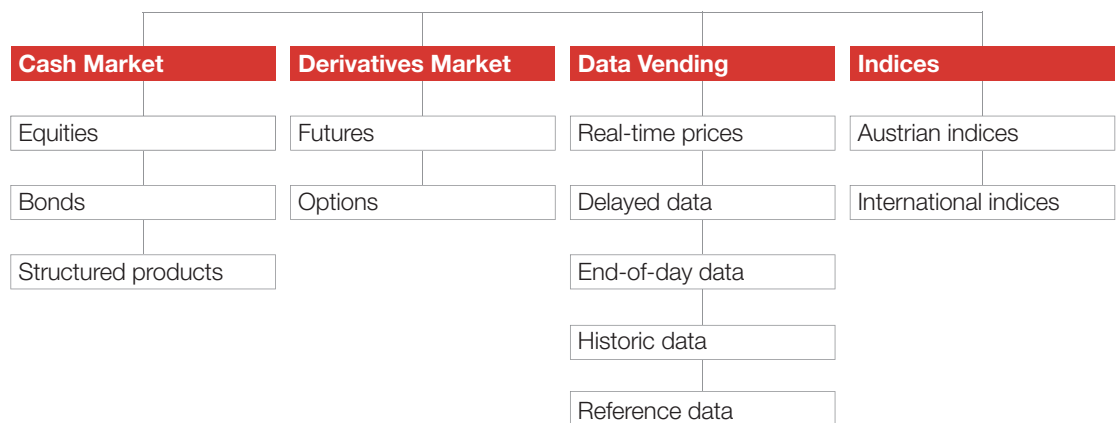
Since 2009, in addition to the Group indices CEETX and CEESEG Composite Index, the following indices have also been calculated by the Vienna Stock Exchange:

- CEERIUS: First CEE sustainability index, launched on 13 January 2009
- Four Russian sector indices: RTX MET, RTX NRG, RTX OIL and RTX TEL, launched on 31 March 2009
- ATX FND: An index weighted by fundamental ratios, launched on 16 June 2009
- BATX: Bosnian index, launched on 1 December 2009

A broad range of services and products

The Vienna Stock Exchange has numerous products and offers for issuers, investors, trading members as well as data vendors and index licensees.

The product portfolio of the Vienna Stock Exchange comprises four areas:



Since 1924, Austria
has won a total of
263 Olympic medals.

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has won a total of
263 Olympic medals.

Milestones 2009

11 December 2009

Start of the CEGH Gas Exchange of the Vienna Stock Exchange in cooperation with OMV.

4 August 2009

The Vienna Stock Exchange completed its capital increase successfully. It received proceeds of almost EUR 66m in additional equity capital.

7 July 2009

The Vienna Stock Exchange and the international derivatives exchange, Eurex, agreed on technical cooperation for the derivatives market: Starting in 2010, the Vienna Stock Exchange will operate its derivatives market on a separate Eurex system.

25 June 2009

The Vienna Stock Exchange and the European Commodity Clearing AG (ECC) entered into a Clearing Agreement: According to this agreement, the ECC covers the functions of clearing and settlement for the Gas Exchange launched in December 2009 in Austria.

24 February 2009

Nomura International Plc was admitted as a direct trading member to the Vienna Stock Exchange. This marked the first of six further internationally renowned investment firms to connect to the Vienna Stock Exchange in 2009.

Market Development 2009

Rebound in sight

At the beginning of the year, insecurity was still prevalent on the international financial markets: The leading index of the Vienna Stock Exchange, ATX, continued on the decline of 2008 and dropped to new lows by mid-March 2009. Then a rapid recovery set in and the ATX at times compensated the all-year low by up to + 85%. Around the end of the year, it shifted onto a sideways movement and closed the year 2009 at 2,495.56 points. This is a gain of 42.53% versus year-end 2008.

ATX Performance
30.12.2004–30.12.2009

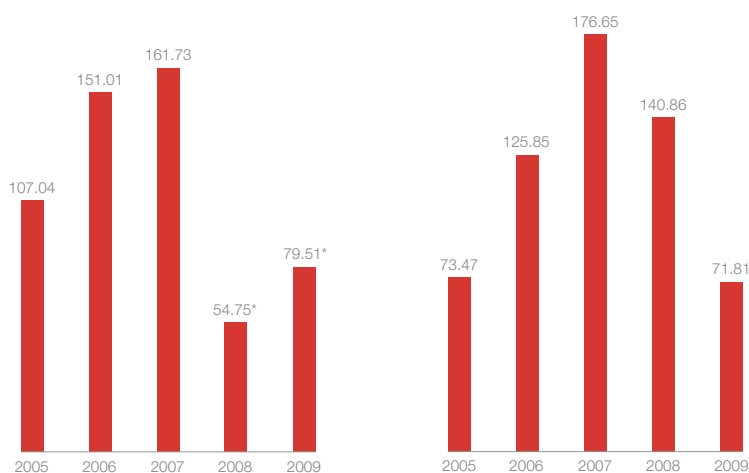


Market capitalization

After market capitalization dropped steeply in 2008, it recouped lost ground in 2009 along with the recovery of stock prices, with market capitalization rising from EUR 54.75bn to EUR 79.51bn by year-end 2009. This is an increase of 45.07%.

Trading volume cash market

While average monthly trading volumes had declined in 2008, the trend continued in 2009 in line with the much lower stock prices versus previous all-time highs. In the year 2009, the figure was EUR 5.98bn (vs. EUR 11.74bn in 2008). This is a decline of 49%. It should be noted though that the monthly trading volumes at the beginning of the year were still far below this average, but have started rising again recently.



Market capitalization 2005–2009
(in EUR bn)

Trading volume cash market 2005–2009
(in EUR bn, double counted)

* including shares, dividend rights certificates and participation certificates
Regulated markets and Third Market as MTF

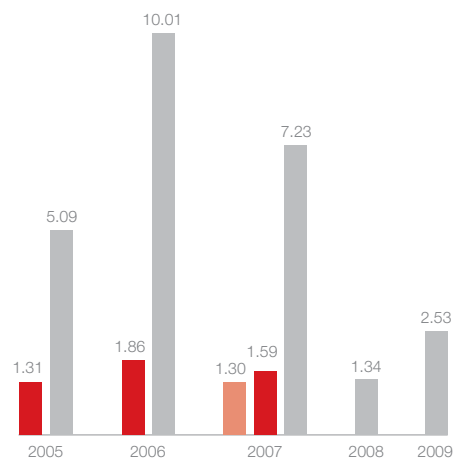
Source: Vienna Stock Exchange, FESE

New share issues

The market environment was the reason why no company dared to go public on the Vienna Stock Exchange in the past year. However, around year-end, companies started tapping the capital market again, and activity in capital increases picked up, with capital increases being placed successfully. Special mention must be made of the capital increase by Erste Group Bank AG, which at a volume of EUR 1.74bn in an extremely difficult market year, was still the fourth-largest capital increase in the history of the Vienna Stock Exchange.

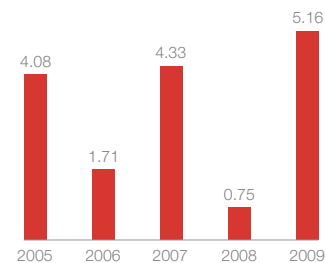
Corporate bond issues

The year 2009 broke a new record in corporate bond issuing volumes. There were 16 new corporate bond issues with a total of EUR 5.16bn listed on the Vienna Stock Exchange. The trend favored larger companies; the buyers were mostly retail investors from Austria. For the first time since 2007, convertible bonds were issued again.



New share issues 2005–2009
(in EUR bn)

- MTF
- Initial public offering
- Capital increase



Corporate bond issues 2005–2009
(in EUR bn)

Source: Vienna Stock Exchange

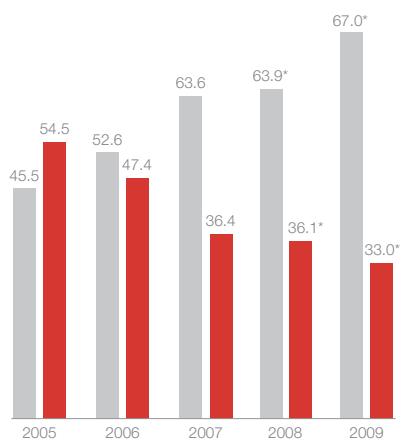
Trading Participants and Investors

In 2009, seven new foreign trading participants were admitted to direct trading on the Vienna Stock Exchange – about the same number as in the two previous years. The interest of international investment banks in the Austrian capital market was still high also in a difficult stock market year. As of the end of December 2009, of the total of 90 trading participants of the Vienna Stock Exchange 49 were foreign. At 67%, around two-thirds of the equity trading volume in 2009 was accounted for by international members.

New international trading participants in 2009:

- Nomura International Plc (United Kingdom)
- ICF Kursmakler AG (Germany)
- KBC Securities N.V. (Belgium)
- Fortis Global Clearing N.V. London Branch (United Kingdom)
- CACEIS Bank Deutschland GmbH (Germany)
- Kempen & Co N.V. (Netherlands)
- Schnigge Wertpapierhandelsbank AG (Germany)

More than 90% of the free float of Austrian listed companies (prime market) were identified and regionally allocated: Almost one-third of the volume is owned by Austrian private investors, while some 70% is held by institutional investors.



National and international trading volumes

(in %)

■ International ■ National

* Regulated markets and the Third Market as MTF

Source: Vienna Stock Exchange

Key Activities 2009

The Vienna Stock Exchange looks back at an eventful year 2009 in which we faced many challenges created by a very changed market environment. It was, above all, at the beginning of the year that extreme insecurity prevailed on the financial markets. This is why our theme for the year 2009 was information for market participants.

Focus on national and international market participants

At the international level, we continued our road shows at all major financial centers jointly with listed companies and banking partners. In order to inform institutional investors comprehensively, we entered into a media cooperation with "Institutional Investor" and prepared a twelve-page special section entitled "The Austrian Capital Market" for the May issue of the special interest magazine. In London, the "CEE Round Table" started in 2009. This new event series gives international journalists an opportunity to obtain information on CEE from experts.

At the national level, we entered into a number of cooperation projects with the media to provide updates on current developments on the domestic capital market and supplied background information on the topic of stock exchanges and equities. Within the scope of Wiener Börse Akademie, we offered 89 seminars for beginners as well as professional market participants. In 2009, some 1,000 seminar participants attended the training courses of the Akademie. With some 400 expert talks, we were also present at Austrian schools as well as at panel discussions held at universities.

Our relations with the financial community in the difficult market year 2009 were maintained by taking part in cooperation events with C.I.R.A. (Cercle Investor Relations Austria) and within the scope of the "Vienna Stock Exchange Prize 2009".

The fact that even in turbulent times interest in the stock exchange is unbroken is proven by the page hits on our website: With 394 million hits, we attained the same very high level of the previous year.

Vienna Stock Exchange
Wiener Börse AG
Michael Buhl, Member of the Management Board
Heinrich Schaller, Member of the Management Board

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“Fiaker” is not only the typical Viennese horse-and-carriage, but also refers to a hot coffee served with milk and rum.

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Gondolkodj globálisan

cselekedj lok



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The Year 2009 at the Budapest Stock Exchange

Enormous interest of private investors

2009 was a memorable year on the capital markets and coping with the effects of the financial crisis was the greatest challenge for stock exchanges. The unprecedented hefty movements of share prices – both up and down – were a trial for investors, but the rapidly growing number of security accounts in Hungary shows that falling stock prices have drawn a great deal of attention from Hungarian retail investors. Even though the turbulence on the financial markets had obvious negative effects like lack of trust among the money and capital market participants, dwindling liquidity, increased volatility and the unpredictability of the price movements, a number of factors also had a positive influence on the performance of exchanges. Retail investors generated substantial new liquidity on the market that partly offset the negative effects of diminishing demand from international investors.

Going public as an alternative financing option

The main goal of the Budapest Stock Exchange (BSE) is to provide the widest possible product range to investors. In line with the strategic goal of attracting new issuers to the exchange, giving any help necessary to firms considering a listing remains top priority for BSE. With the credit crisis, the corporate sector is facing tightening financing conditions, forcing companies to find new ways to raise funding, which bring new companies to the exchange. A growing number are considering going public and view an exchange listing as a good alternative financing opportunity. As a result, the shares of four new companies were listed on the BSE last year. Since May 2009, the shares of KEG, a LPG storage and wholesale trader company have been traded, while the shares of the IT firm Key-Soft were added to the equity market at the end of October. In November, the shares of the asset management firm, Finext, were also admitted to the market. Nord-telekom was listed on the BSE in December.

It is important to mention the success story of the energy development company RFV, which was the first one in a long time to increase its capital in the form of a secondary public offering (SPO), raising over EUR 3.90m. In a difficult economic environment, the transparency that accompanies an exchange listing can contribute enormously to success, because it boosts the trust that business partners place in a company (suppliers, buyers, banks, etc.).



György Mohai, Mihály Patai

Rising demand for certificates

Product and market development activities of the Budapest Stock Exchange mark the efforts to enlarge the product range available to investors. Certificates have been tradable on the BSE since February 2008. To highlight the achievement, by the first anniversary of the product the trading volume reached EUR 85.74m. Demand for the certificates continued to rise in 2009. By September 2009, the turnover level of 2008 had already been exceeded. At year-end, 39 certificates were traded on the BSE, and altogether there were 84 new issues in this market segment last year. The exchange has recently been working on more product development projects to create new structured products and attract new issuers to the cash market and add new instruments to the derivatives market.

Focus on training and services

The Budapest Stock Exchange views the education of investors as a topic of high importance, especially retail investors, and is committed to helping retail investors obtain all the information they need for stock market investments. In 2009, besides the regular public courses on investment, the Budapest Stock Exchange participated in education projects in cooperation with brokerage firms. More than 3,000 people attended these courses throughout the entire year.

In order to enhance its service level, in 2009, the Budapest Stock Exchange started negotiations with all market participants to migrate cash market trading from the current MMTS trading system to the Xetra® trading platform. The launch will be timed jointly with the market participants. This measure is in line with the strategy of the CEE Stock Exchange Group of which the BSE is a member.

The Budapest Stock Exchange

Goals and objectives

The goal of the Budapest Stock Exchange is to ensure a transparent and liquid market for listed securities issuers from Hungary or abroad. As the key institution of the domestic financial market, the stock exchange provides companies and other entities with an opportunity to raise capital in an open market and offers investors attractive investment opportunities. The concentration of supply and demand makes the exchange the most important institution of price determination.

BSE acts as the main trading platform in financial instruments, and supplies real-time and accurate trading data about its listed securities. Furthermore, it provides news services with information on issuers and trading members. The BSE offers a trading opportunity for financial innovations, and provides a wide and constantly growing product range for investors in the futures and options markets. Investors seeking hedging or leveraging opportunities can select from a wide array of stock, currency, interest rate and commodity derivatives.

The BSE actively participates in promoting the continuous improvement of investment culture among domestic companies and investors. This goal is achieved by client-oriented operations, a commitment to the constant improvement of its services, and the application of timely and effective technology solutions.

The tradition of Hungarian thermal springs is represented by more than 1,500 spas.

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Market segmentation and products

The BSE's market has four segments (Equities, Debt Securities, Derivatives and Commodities Section) with different trading rules.

Equities and fund shares are traded in the Equities Section. Besides these instruments, structured products (certificates, ETFs) and special securities (compensation notes) are traded in this segment. There are two categories of shares at BSE: Category 'A' share issuers that meet stringent admission requirements; Category 'B' issuers are all public companies that meet the statutory public disclosure requirements. The Equities Section lists 46 shares, one compensation note, 106 investment funds and 39 certificates.

Debt securities are traded on the Debt Securities Section. This segment contains the full range of fixed-income securities ranging from government papers to corporate and mortgage bonds.

The Derivatives Section of the BSE consists of futures and options contracts that use individual stocks, stock indices, foreign exchange and interest rates as underlyings.

As a result of the merger of the BSE and the Budapest Commodity Exchange (BCE) as of November 2005, commodity trading also takes place on the BSE's Commodity Section, mainly in grain products. Unlike the other segments, spot and derivative commodity instruments are traded on one single market segment.

For securities not officially listed on the BSE, the stock exchange operates the Unregulated Free Market. As this market segment is not a regulated market, trades concluded on it are considered OTC trades.

Trading model and system

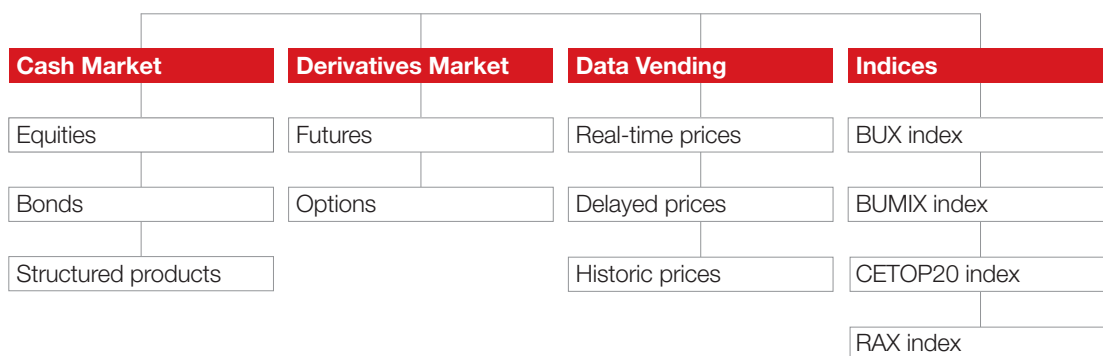
Trading on the cash and derivatives markets is fully order-driven and supported by market makers in the case of several product types like government securities or certificates.

BSE uses the MMTS (Multi Market Trading System) application to operate both its cash and derivatives markets. The MMTS I trading system, launched in November 1998, is the trading platform for cash market trading of equities, certificates, treasury bonds and bills, corporate bonds, investment funds, mortgage bonds and compensation notes as well as for primary treasury and equity auctions. The derivatives market for futures and options of the BSE is operated on the MMTS II system.

Real-time and end-of-day market data can be provided to data vendors connected to the BSE Vendor Interface System (VIS) via managed leased lines. BSE market data are also available via the data feed of the Vienna Stock Exchange (ADH).

A broad range of services and products

The Budapest Stock Exchange offers a wide range of products and services to its customers including cash and derivative market products, trade-related data, and the calculation and maintenance of indices.



Milestones 2009

1 October 2009

The introduction of the closing price trading period in the Equities Section gave market participants the opportunity to trade on the closing price for an additional four minutes.

31 July 2009

RFV Plc increased its capital in the form of a public offering with over EUR 3.90m. During 2009 four new companies were listed on the BSE: KEG (May), Key-Soft (Oct.), Finext (Nov.) and Nordtelekom (Dec.).

1 May 2009

BSE abolished the initial admission fee for becoming a trading member for all segments of BSE. To help widen its product range and increase liquidity, BSE introduced a three-tiered listing fee for certificates and a new transaction fee structure for equity and index-based transactions.

14 January 2009

It became now possible for remote members to connect easily to the BSE Vendor Interface Servers (VIS) through TNS.

1 January 2009

After separating the CCP and the settlement functions KELLER KSZF Ltd (with an ownership stake of 12% in the BSE) as CCP continued guaranteeing the financial settlement of BSE transactions and manages collaterals.

Market Development 2009

Index recovered extremely well

The BUX index representing the Hungarian equity market dropped from 22,209.14 (July 2008) by more than 50% to 10,751.23 points within just three months. After reaching a low at 9,461.29 points in March 2009, the index started to rise again and by the second half of the year, it broke through the 20,000 point limit and climbed to 21,227.01 points by the end of the year. This is 73.40% higher than at year-end 2008.

BUX Performance 30.12.2004–30.12.2009

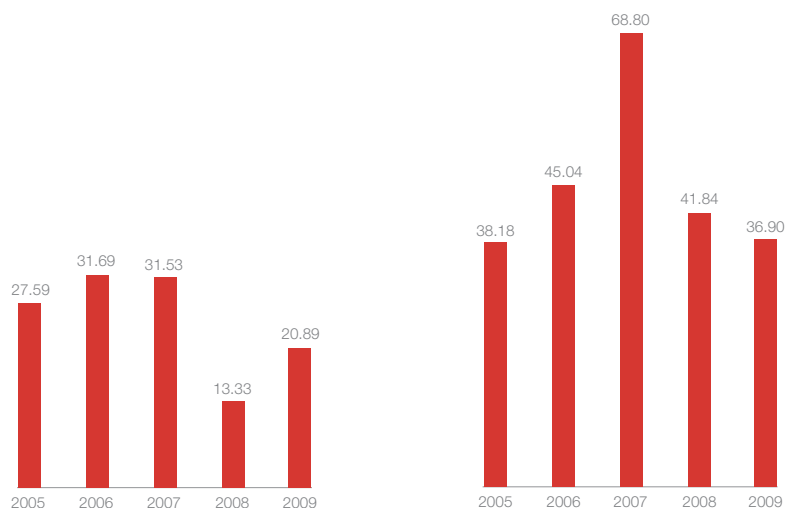


Equity market capitalization

Equity market capitalization dropped by more than half in 2008, mainly due to falling share prices. However, in 2009, it rose to EUR 20.89bn in line with bullish market trends.

Trading volume cash market

Before the year 2008, cash market turnover had been on a steady uptrend. The credit crisis and the relatively low share prices temporarily put an end to the solid growth in turnover. The fact that the major share of transactions in 2009 took place in the second half of the year and the increase in the average number of transactions encourages optimism. The tendency of previous years continued as equities represented 94.6% of cash market turnover.



Equity market capitalization 2005–2009
(in EUR bn)

Trading volume cash market 2005–2009
(in EUR bn, double counted)

Source: Budapest Stock Exchange, FESE

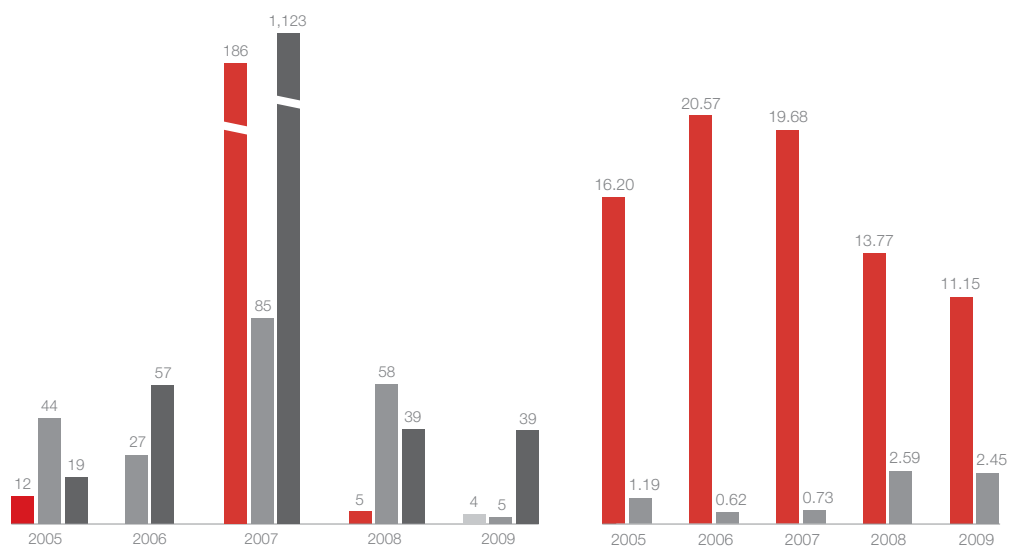
New share issues

Since 2004 the past year was the first time that an SPO had taken place on the BSE. The public capital increase of RFV, an energy saving company, proved to be a success story as there was a 75% over-subscription. It is also notable that there were four technical listings in 2009 which means that shares of these companies have been listed on the BSE but they have not been offered to the public yet.

Bond issues

The non-public bond category includes corporate bonds and mortgage bonds. The public bond category includes government bonds and discounted T-bills.

The growing share of non-public bonds can be explained by the rise in mortgage bond issues in 2008 and the decline in both government bonds and T-bill issues at the same time. The average volume of mortgage bond issues for the 2008 – 2009 period was more than five times higher than in the 2005 – 2007 period.



New share issues 2005–2009
(in EUR m)

- Initial public offering
- Secondary public offering
- Capital increase
- Technical listing

Bond issues 2005–2009
(in EUR bn)

- Non-public bonds
- Public bonds

Source: Budapest Stock Exchange

Trading Participants and Investors

At present, the BSE has 35 trading members, four of which are remote traders with headquarters abroad, ten are Hungarian banks and 21 are brokerage firms.

Currently, 25 members trade in the Equities Section and 13 in the Debt Securities Section. BSE has 22 members in the Derivatives Section of which 22 trade in futures and 14 in options, while the Commodity Section counts nine members.

Regarding the cash market 61.7% of turnover was generated by the top five members. On the derivatives market 62.9% of foreign exchange transactions¹, and 68.1% of equity and index based transactions¹ turnover was generated by the top five members.

Regarding the investor base, 73.7% of equity market capitalization is represented by foreign investors. However, the share of Hungarian retail investors – 7.1% at the end of October 2009 – increased versus the previous years. Furthermore, the highest proportion of equity market turnover – 45.2% – was generated by Hungarian retail investors (based on the results of a BSE survey including the first four months of 2009). While the share of retail investors grew by 20.36 percentage points in comparison with 2008, the market share of foreign investors declined from 36.81% to 27.55%. The proportion of domestic proprietary trading dropped 7.55 percentage points from 19.85% in the period reviewed.

Key Activities 2009

In 2009, the stocks of the following companies were added to the Equities Section in category "B" of the Budapest Stock Exchange:

- May 2009: KEG Plc (the company's primary business is storing and selling liquid gas)
- October 2009: Key-Soft Computer Technology Public Limited Company
- November 2009: Finext asset management
- December 2009: Nordtelekom Telecommunications Services Provider Plc

As of 1 July 2009, a new transaction fee structure was implemented for equity and index-based futures. The objective of the new structure is to remunerate those counterparties (primary counterparty) of transactions who raise liquidity. Therefore, primary counterparties pay lower transaction fees than other counterparties (takers) whose orders generate a trade by matching another order in the order book.

Three new members obtained trading rights in the Equities Section:

- Ipopema as of 15 January 2009
- Random Capital as of 18 May 2009
- Strategon as of 24 September 2009

A new trading period – the closing price trading period – was introduced on the Equities Section in October 2009. It gives market participants the opportunity to trade on the closing price for an additional four minutes.

In terms of product portfolio, certificates are still highly popular, a fact highlighted by the continuously growing number of transactions. Due to new issues, forex, silver and gas underlyings became available on the Budapest Stock Exchange. To encourage the introduction of more products of this type, BSE created a three-tier listing fee for certificates as of August.

The website of the Budapest Stock Exchange is now accessible from mobile phones, which means that investors can follow prices and exchange-related news with a single mobile connection.

The Budapest Stock Exchange gives high priority to the education of investors, especially retail investors. In 2009, besides regular courses for the public, BSE participated in joint education schemes in cooperation with brokerage firms. More than 3,000 people attended these courses throughout the entire year.

Since the middle of December the residual value trading on the certificates market is allowed.

Budapest Stock Exchange
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Only two European languages
have words for wine not derived
from Latin: Greek and Hungarian

Misli globalno

deluj lokalno



kalno



LJUBLJANSKA BORZA

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Ljubljana



cee stock exchange group

The Year 2009 at the Ljubljana Stock Exchange

A year of challenges

The year 2009 will be remembered for the heavy impact of the economic and financial crisis on the Slovene capital market. After several successful years of record-breaking traded volumes and price growth, and after 2008, which brought increased volatility and price drops to the capital market as a reaction to the first signs of the international financial crisis, 2009 ended with low trading volumes and relatively low index growth as compared to other international markets. The year was also challenging for listed companies, especially those from the financial industry and production sector, which suffered the most. On the other hand, it was precisely Prime Market companies that proved their capability of coping with difficult situations through organized and stable corporate governance and transparency of operations.

2009 was also the first year that the Ljubljana Stock Exchange (LJSE) operated as member of the CEE Stock Exchange Group. Integration into the regional market within the Group was the next logical step in the development of LJSE and the Slovene capital market. It represents the continuity of positive changes that Slovenia has witnessed over the past years and that were brought about by the harmonized European legislation, the introduction of the euro, growth of the Slovene economy and development of the Slovene capital market.

New management board starts with new capital market strategy

The current situation is an opportunity for the market's successful future development. The new LJSE management board, which was appointed last spring, has defined clear goals: improve the market's liquidity, become internationally visible and competitive, and increase the number of foreign trading members and investors. To achieve these objectives we have invited the most important Slovene capital market stakeholders to take an active part in defining the capital market's long-term role and position. A joint strategy will improve market operations, facilitate further privatization and encourage companies to raise funds through the capital market.

One of the achievements of 2009 was LJSE's first remote member. For the first time, the Slovene capital market is displayed directly on the trading screens of foreign investors. International visibility is the key to future market development. By re-directing our data vending business through the Vienna Stock Exchange, LJSE has made its way onto international radars. Increased international presence of the Slovene market is, of course, best



Polona Peterle, Andrej Šketa

underlined by road shows of our companies, which is why we have held investor conferences with our top companies for the past four years. During the dire financial situation in 2009, maintaining direct contact with domestic and foreign investors was of utmost importance.

The Prime Market is LJSE's elite market. It lists companies that stand out for their liquidity, size and transparency of operations. We are pleased that Slovenia's second largest bank, Nova Kreditna banka Maribor, decided to join our top listed companies in June. The Prime Market now includes an array of Slovenia's most important companies committed to high standards of transparency and corporate governance, and has thus become even more attractive to domestic and foreign investors. Prime Market companies are well aware of the importance of fair and transparent investor relations, both at home and abroad. We therefore believe that it is these companies that represent the driving force of the future development of the Slovene capital market.

In the face of harsh economic conditions, corporate governance is gaining additional importance. Ever since the first version of the Slovene Corporate Governance Code in 2004, LJSE – being one of its three leading signatories – has striven to implement the highest internationally recognized corporate governance standards at Slovene listed companies. This year, the code has witnessed a thorough recast; it was harmonized with the recent years' developments in best practice of corporate governance and aligned with the recommendations of the EU.

In 2009, we upgraded most of our stock exchange information systems to cater to the needs of our market participants. At the beginning of the year, the BTS trading system was upgraded with the FIX protocol, thereby facilitating higher-efficiency technology for our members and data vendors. Additionally, to foster increased integration into international capital markets, LJSE has adopted the strategic decision to migrate to the international trading platform Xetra®, which is expected to go live in 2010.

Ljubljana Stock Exchange

Tasks, goals and development measures

LJSE's projects and activities push the development of a new capital market strategy as well as new business models and practices. Our object is also to develop and set up internationally comparable products and services as well as a trading and clearing & settlement infrastructure, which is necessary to enable further development. This helps LJSE better support the future process of privatization and IPOs expected in the coming years.

LJSE's key activities in 2010:

- Implementation of Xetra®
- Increasing liquidity of the LJSE market through higher international visibility within the CEE Stock Exchange Group, international marketing and sales of products, data and indices, and new remote members
- Intensifying activities with trading members and listed companies (implementation of the Slovene Capital Market Strategy, development of the market maker system and related services, introduction of listing partners)
- Further pursuit of activities to improve clearing & settlement
- Further alignment and integration within the CEE Stock Exchange Group

LJSE infrastructure as an important basis for development

The trading system BTS, the proprietary system developed by LJSE, ensures the smooth operation of trading on the Ljubljana Stock Exchange. BTS has been continuously upgraded, to facilitate efficient trading and to react to the needs for capital market development. The trading platform BTS operates on FIX technology. However, even though our BTS system was adequate for the capital market environment of the past, today's globalized markets must be open and widely accessible, which is why the proprietary architecture of the BTS has become an obstacle to further development.

In 2009, LJSE embarked on activities leading up to the implementation of Xetra[®]. The introduction of a new system is not merely a change of technology for LJSE, but a fundamental structural development that will increase the international comparability and visibility of the Slovene capital market and strengthen its competitiveness. Xetra[®] gives remote members easier access to our market, and therefore enlarges the market's exposure to foreign portfolio investors. The other key elements for raising liquidity over the medium-term are simplified listing procedures and a wider range of listed financial instruments.

For several years, LJSE has also successfully operated the electronic information dissemination system SEOnet, the Slovene listed companies' leading publication platform. In 2009, the system was modernized and upgraded. Given its SEOnet experience, in October 2009, LJSE obtained the Securities Market Agency's licence to operate the officially appointed mechanism for storing regulated information (OAM). After it becomes operational, which is planned for the spring of 2010, OAM will enable investors and the wider public to access all regulated information published by LJSE-listed companies.

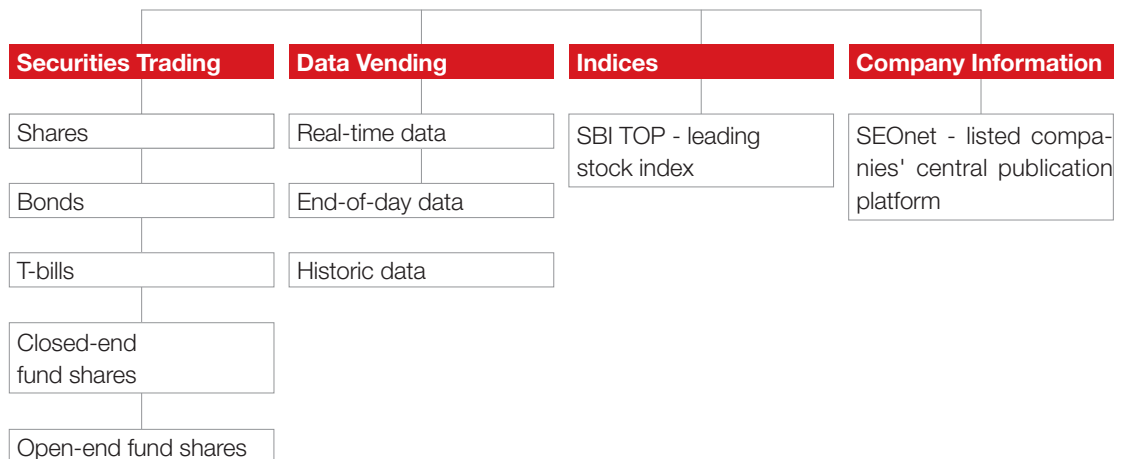
Increased international visibility of the Slovene market

The members of the CEE Stock Exchange Group have joined forces in the area of data vending. Vendors will be able to access the market data of all four stock exchanges through a single connection in the future. LJSE market data are already available via ADH. Improved access has attracted new customers as well as raised the market's profile and investor interest in Slovene stocks. We acquired four new real-time data vendors in 2009, increasing the total number of LJSE data vendors to 39. We have additionally invested efforts to keep a high profile and maintain contacts with investors at road shows with Slovenia's top listed companies, both in Slovenia and across Europe's financial centres.

A broad range of services and products

The majority of trading on LJSE is in shares and bonds, while most equities are traded on the Prime Market. Aside from providing trading in various securities, LJSE also supplies market data to investors, either directly or via data vendors. LJSE's index SBI TOP can be used as an underlying to issue complex financial instruments; in 2010 we are planning to change our index methodology and the names of LJSE indices. LJSE also operates an electronic information dissemination system (SEOnet), which is a one-stop-shop for all relevant information published by listed companies in Slovenia.

The four areas of LJSE services and products:



Milestones 2009

8 December 2009

The LJSE, the Slovenian Directors' Association and the Managers' Association sign the new Corporate Governance Code, thereby implementing the highest internationally recognized standards of corporate governance at Slovene listed companies.

1 November 2009

The Vienna-based ece-tra Central European e-Finance became the first remote member admitted to LJSE membership. The new member will give LJSE and the Slovene market more inter-regional prominence.

19 October 2009

The upgraded electronic information dissemination system SEOnet became operational. LJSE entered into an agreement with the Securities Market Agency and was granted the licence to operate an OAM for the central storage of required information.

3 April 2009

The LJSE appointed a new management board and started with the development of a new, comprehensive capital market strategy.

2 February 2009

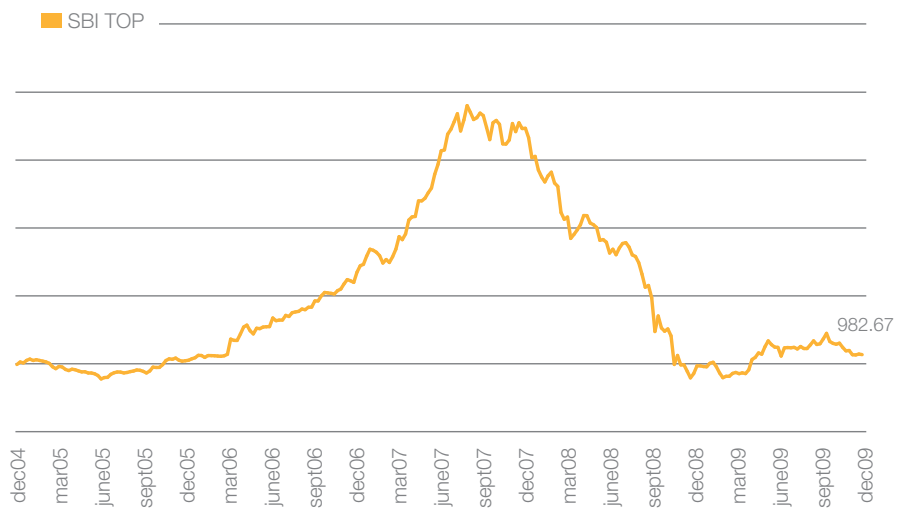
Successful launch of the upgraded LJSE trading system BTS with migration to the latest FIX technology.

Market Development 2009

Signs of recovery

Trading on LJSE in 2009 still largely reflected uncertainty and relatively low traded volumes coupled with higher volatility. Nevertheless, the first signs of recovery did appear, since price levels were on the rise during the second half of the year. The SBI TOP index, which shed 66% in 2008, hit its low of 807.93 points on 10 March 2009, but recorded positive growth of 15.03% by the end of the year. Despite price advances, turnover remained low and was even as much as 29.69% lower than in 2008.

SBI TOP Performance
30.12.2004–30.12.2009



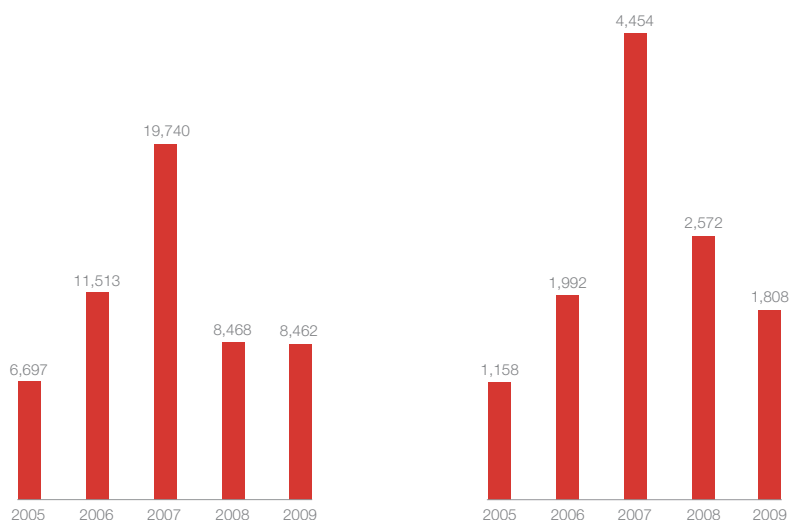
Equity market capitalization

The total LJSE market capitalization, which had dropped 57% in 2008, remained on the same level in 2009 (-0.07% year-end 2008 to 2009). This mainly reflects the ongoing difficult situation on the market.

Trading volume cash market

Despite price advances, LJSE trading volumes remained low, and were 29.69% below the levels of 2008. In 2009, the average daily traded volume (double counted) amounted to EUR 7,203,356, which is a decrease of EUR 3,082,968 from 2008 (EUR 10,286,324). After interest in safer investments rose – the trend of 2008 – the year 2009 saw investors shifting their attention back to stocks. In the total traded volume structure, the equity segment increased to 79.6% (74% in 2008), with funds accounting for 3.1% (6% in 2008), and bonds for 17.3% (20% in 2008).

70% of total equity turnover is generated by LJSE's eight most important companies which are listed on the elite sub-segment Prime Market: appliance maker Gorenje, logistics company Intereuropa, bank Nova KBM, pharmacist Krka, port operator Luka Koper, retailer Mercator, fuel distributor Petrol, and telecom company Telekom Slovenije.



Equity market capitalization 2005–2009
(in EUR m)

Trading volume cash market 2005–2009
(in EUR m, double counted)

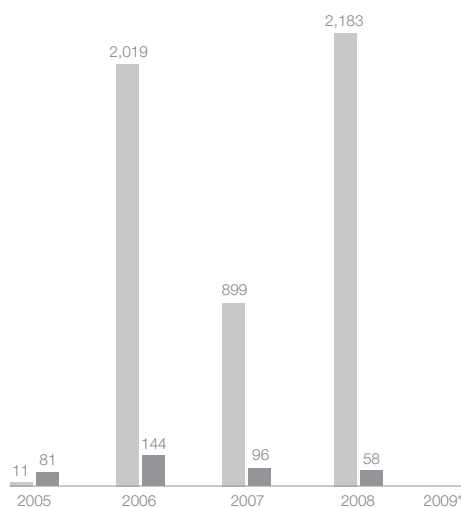
Source: Ljubljana Stock Exchange, FESE

New listings

The market situation was one of the chief reasons why listings were scarce. There were no IPOs in 2009, while we had eight delistings, which were due to suspensions from trading on the regulated market, to bankruptcy or suspension of a company's operations.

Bond issues

The liveliest were government bonds, with the bonds of the Republic of Slovenia being the top issues and the 64th, 65th and 66th issues representing a total nominal value of EUR 4bn.

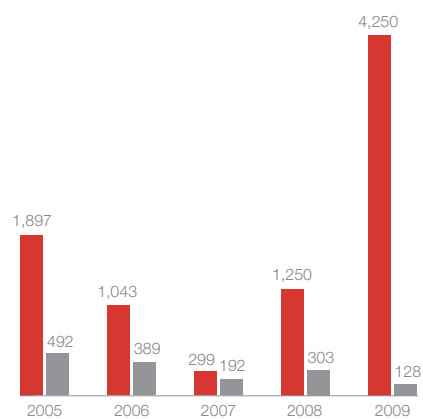


New share issues 2005–2009

(in EUR m)

- Initial public offering
- Secondary public offering
- Capital increase

* There were no IPOs, SPOs and capital increases in 2009



Bond issues 2005–2009

(in EUR m)

- Corporate bonds
- Public bonds

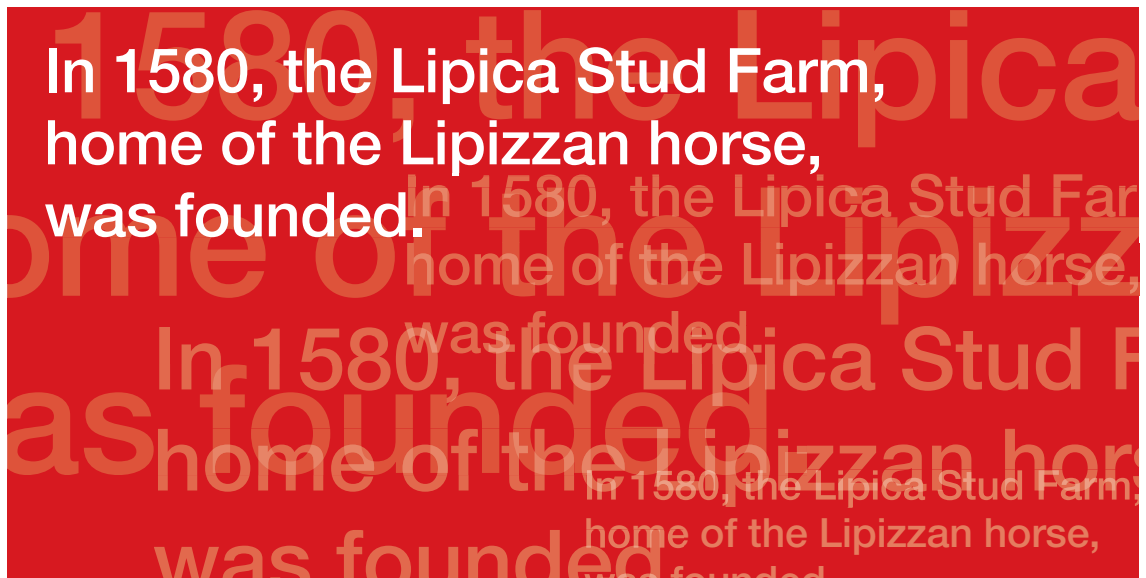
Source: Ljubljana Stock Exchange

Trading Participants

At the end of 2009, two new members were admitted to LJSE (ecetra Central European e-Finance, Slovene branch office of BKS Bank), while three existing trading members (Publikum, Poteza, MP) merged. The total number of LJSE members has thus remained unchanged at 25.

For the time being, LJSE's only foreign remote member is the Vienna-based ecetra. However, after the new trading platform is launched, we expect the number of remote members to rise over the medium-term, while domestic trading members will have gained easier access to the regional market.

LJSE traded volume in 2009 was generated primarily by the domestic members.



Key Activities 2009

Despite the harsh market situation, LJSE continued its activities as planned, both at home and abroad.

LJSE's plans in the domestic market are ambitious and will be realized in cooperation with the most important domestic stakeholders, which LJSE invited to join in taking an active part in determining the long-term role and position of the capital market. A joint strategy can improve market operations, facilitate further privatization and IPOs and will foster the development and growth of the Slovene economy and society.

We continued promoting our top companies and together with the Central Securities Clearing Corporation (KDD) organized the Slovene Capital Markets Day at which a brochure was issued showcasing the participating companies. LJSE has long been the meeting point of all Slovene capital market participants and has organized two conferences annually at the coastal town of Portorož at which the issues of relevance for the market are discussed.

With our partners (the Slovenian Directors' Association and the Managers' Association), we have been adjusting the best practices of corporate governance in Slovenia, and in 2009, revised the Slovene Corporate Governance Code, implementing the highest internationally recognized standards of corporate governance at listed companies. We have drawn up Guidelines on Disclosure for Listed Companies and held workshops on reporting and IR. At the end of the year, we awarded the Portal prize for exemplary IR and corporate governance practices in 2009, which went to Krka, while the award for the best IR team went to Gorenje. The listing of Slovenia's second largest bank (NKBM) on the Prime Market has made LJSE's elite market segment even more attractive to both domestic and foreign investors.

On the international level we have organized two road shows for the stock exchanges of Southeast Europe, in cooperation with KDD and Raiffeisen Centrobank. They were held in Belgrade and Vienna, with six stock exchanges taking part. Despite the financial and economic crisis, investor interest was exceptional. A number of Slovene companies also took part for the first time in the road show of the CEE Stock Exchange Group organized by the Vienna Stock Exchange.

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The “Old Vine” in Maribor is more than 400 years old, making it the oldest fruitbearing vine in the world.

The “Old Vine” in Maribor is more than 400 years old, making it the oldest fruitbearing vine in the world.

The “Old Vine” in Maribor is more than 400 years old, making it the oldest fruitbearing vine in the world.

Mysli globálně

jedněj lo



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The Year 2009 at the Prague Stock Exchange

Deciding the future

We have to say that a very difficult year has just ended. However, we do see some bright signs for the future. The year 2009 was critical for our future development in many aspects.

In December 2008, we changed our corporate governance from “mutual ownership” of domestic market participants to a Central European cooperation model. The changeover was much easier than many market participants and employees had anticipated. The high level of understanding of our business by our new shareholders was truly a factor that speeded up the necessary steps. We are looking forward to 2010, as this year will see the realization of the first joint projects.

I believe that I do not need to emphasize that market conditions were extremely tough and that one of the most stressful factors was decreasing trading volumes on European exchanges. The Prague Stock Exchange was no exception. We do not consider the most recent developments within the European regulatory framework to be especially beneficial for the Czech capital market. Due to the difficult history of the Czech capital market in the 1990s, we are very sensitive to transparency issues and OTC markets. As a result of the pro-active strategy and determined stance of the Prague Stock Exchange on OTC trading, trading in Czech stocks reached a level of almost full transparency in the early 2000s. The implementation of the MiFID was a setback to our efforts to improve transparency for Czech investors in our view. However, we will continue to make efforts to ensure a fair and transparent Czech market.

We are pleased that we have been able to accomplish the final and decisive steps in our five-year-long central depository project. In December, we signed a final agreement with the Czech government and we hope that the Central Securities Depository Prague will be able to start operations by mid 2010. However, this is only the start of the path towards a functioning state-of-the-art clearing and settlement service. We are in talks with partners within our Group with the clear target of improving and simplifying post-trade services for the whole CEE region.



Petr Kobic

Enlargement of the range of products

On the commodities market, we followed our successful strategy of moving fast into the CEE region. After opening the Slovakian electricity futures market in late 2008, we started trading Hungarian futures in the spring of 2009. The success on the Hungarian futures market motivated us to open a spot market in Budapest as well which will be implemented in early 2010. Other targets and the strategy for Power Exchange Central Europe (PXE) remain the same: We will continue regional expansion and develop those markets in which we are successful. Along with the spot market in Hungary, our next project is to introduce financial futures in the Czech Republic.

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The Prague Stock Exchange

Goals and objectives

Prague Stock Exchange (PSE) is the largest and oldest securities exchange operator in the Czech Republic. After a fifty-year break due to World War II and the Communist regime, it was re-opened in 1993. It resumed the activities of the Prague Commodities and Stock Exchange founded in 1871.

Its legal status is that of a joint stock company and the holding company of the CEE Stock Exchange Group (CEESEG Aktiengesellschaft) is the largest shareholder, controlling 92.74%. The general shareholders' meeting is the supreme executive body, while the Exchange Chamber is the statutory body that manages the stock exchange's operations and the Supervisory Board supervises its operations and overall functioning. The company is managed by the Chief Executive Officer, who is appointed by the Exchange Chamber. Trading is conducted via licensed traders who are also stock exchange members.

Results of stock exchange trades and other data are published on www.pse.cz, and are also communicated via information vendors and the media.

The Prague Stock Exchange is a member of the Federation of European Securities Exchanges (FESE). The US Securities and Exchange Commission (US SEC) included the stock exchange on its list of stock exchanges safe for investors by granting it the status of "Designated Offshore Securities Market".

High standards on the Prague market

The Prague market is characterized by high standards, allowing the issues traded here to be added to portfolios of strictly regulated institutional investors. It is the strong presence of foreign investors that makes the PSE attractive to issuers with ambitions that target not only the domestic market but also aim for expansion into foreign markets. Extremely dynamic growth can be seen in the number of domestic retail investors, which climbed from 5,000 in 2004 to 80,000 in 2009. For the PSE, these “small” investors are rather “high-net worth individuals”, because the volumes per investor are substantially higher than at several other stock exchanges in the region. The attractiveness and clear structure of the Prague market are supported by the following factors: issuers may use English to meet disclosure obligations, harmonization of legislation within the EU, no additional administration needed for dual listings, the option of conditional trading in the final phase of the IPO process.

PX Group – Prague Stock Exchange and its subsidiaries

PSE and its subsidiaries form the PX Group. Besides the Prague Stock Exchange, the most important members of the group are Power Exchange Central Europe (PXE) and the Central Securities Depository Prague (CSDP). PXE was founded in 2007 and is a new trading platform for electricity trading in the Czech Republic, Slovakia and Hungary. CSDP plays a dominant role in the settlement of securities trades on the Czech capital market. For 2010, there are plans to start a central register of securities in the Czech Republic and assign international identification numbers (ISIN) to securities.

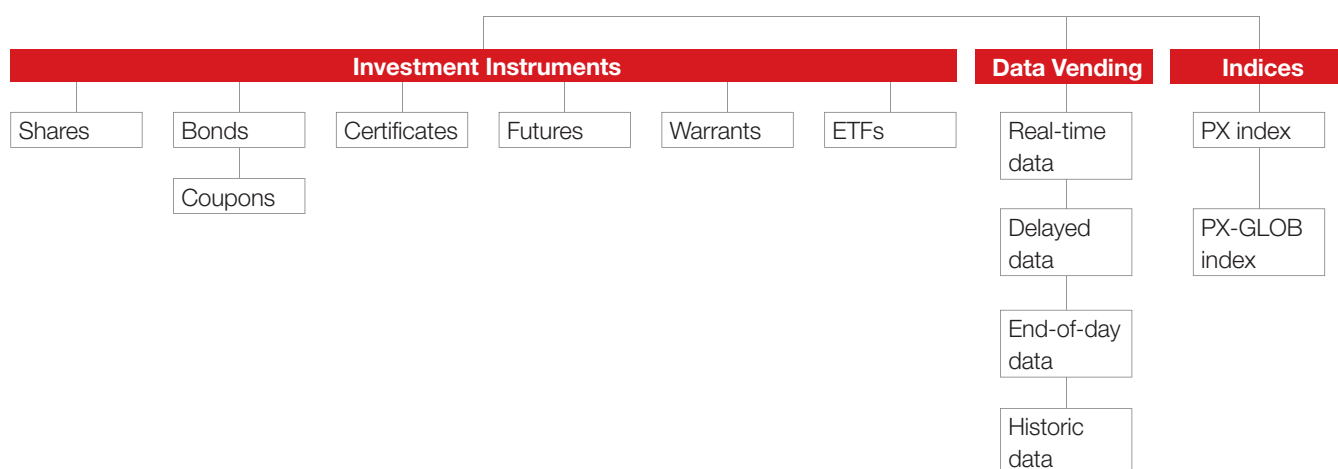
A broad range of services and products

At the end of 2009, 25 share issues, 116 bond issues, 24 detached coupons, 67 issues of investment certificates and warrants, and six series of futures contracts were traded.

As regards data vending, professional users may receive exchange data in real time or subscribe to trade results after the close of the trading day. PSE sells its data to different companies from Europe as well as in the US. PSE also publishes a continuous stream of trading information with a delay of 15 minutes on its website. In 2010, the data of the PSE will be added to the ADH data feed of the Vienna Stock Exchange.

PSE operates the regulated market for investment instruments, as defined in the Capital Market Act, and the unregulated MTF Market. The types of trading available on the PSE are: Automatic trades, SPAD trades and block trades. Automatic trades follow an order-driven regime. The elite SPAD segment trades all blue chips and market makers ensure their liquidity. Market makers are exchange members that enter buy and sell prices during the trading session, thus ensuring that it is possible to buy or sell any time during the trading session. Products traded on the PSE are shares, bonds, detached coupons, investment certificates, futures and warrants.

The leading index of the Prague stock market is the PX index and a number of foreign banks use this index and its constituents as underlyings for structured products.



Milestones 2009

14 August 2009

UNIVYC, a subsidiary of PSE, was granted permission by the National Bank to act as Central Depository, thus marking an important step forward towards the standardization of the Czech capital market.

15 July 2009

Prague Energy Exchange, a subsidiary of PSE, changed its name to POWER EXCHANGE CENTRAL EUROPE because of the company's development and expansion to other European markets (Slovakia and Hungary).

11 May 2009

Start of trading during the closing auction, which follows SPAD and continuous trading. In the closing auction, all securities in SPAD trading are included.

10 April 2009

PSE was ranked among the 100 most renowned companies in the Czech Republic. In the CZECH TOP 100, it holds 4th place in the category of "Financial Intermediaries" and other financial institutions.

5 March 2009

In cooperation with Czech TV, a new TV studio was opened in the vestibule of the Exchange Palace. Since then, over a thousand reports on the development of capital markets have been broadcast.

Market Development 2009

Leading index on the way up

During the first quarter, the main index of the Prague Stock Exchange, PX index, continued on the decline of the previous year and reached its all-year low at 628.5 points. Starting from the second quarter, the PX index rose, gaining almost 85% until the end of the third quarter when it achieved its all-year high at 1,195.7 points. The PX index reached 1,117.30 points by year-end, i.e. up by 30.19% year-on-year.

PX Performance
30.12.2004–30.12.2009

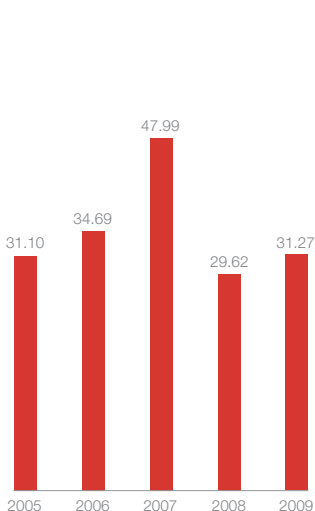


Market capitalization

Market capitalization at the end of 2009 reached EUR 49.00bn which represents an increase of 19.51% compared to the previous year. This includes both national and international listings. In April 2009, issues of ZEN-TIVA shares were delisted from the Main Market of the Prague Stock Exchange. This issue held 6th place in the ranking of share issues with the highest market capitalization. Excluding international listings, market capitalization was EUR 31.27bn in 2009.

Trading volume cash market

The global crisis on the capital markets caused the volume of trades in 2009 to fall by 33.80% in comparison to the previous year.

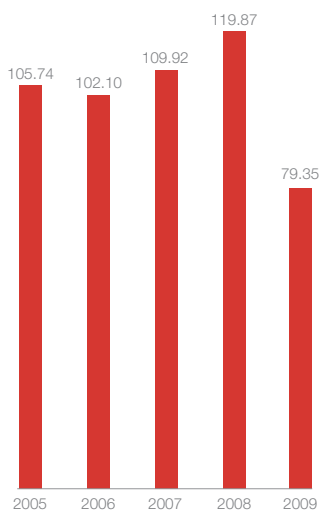


Market capitalization

2005–2009

(in EUR bn)

Excluding share issues of companies with foreign domicile



Trading volume shares, bonds and structured products 2005–2009

(in EUR bn, double counted)

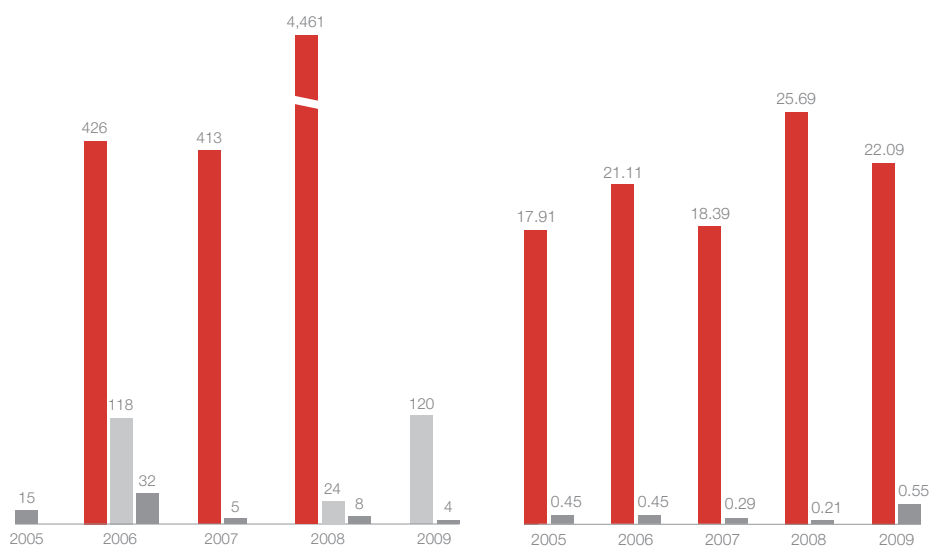
Source: Prague Stock Exchange, FESE

New share issues

The last IPO on the Prague Stock Exchange was the issue of NWR shares in May 2008. Despite the adverse situation on the stock markets in 2009, five companies from the Main Market placed capital increases successfully and one company from the Main Market carried out an SPO.

Bond issues

The year 2009 registered a decrease of 14.03% versus the previous year, which had been the most successful of the last five years.



New share issues 2005–2009

(in EUR m)

- Initial public offering
- Secondary public offering
- Capital increase

Bond issues 2005–2009

(in EUR bn)

- Non-public bonds
- Bonds total

Source: Prague Stock Exchange

Trading Participants and Investors

The Prague Stock Exchange started out the year with 21 members. On 6 November 2009, membership of Body International Brokers a.s. expired because their line of business changed. As of 31 December 2009, the Prague Stock Exchange had 20 members which are listed below.

- ABN AMRO Bank N.V.
- ATLANTIK finanční trhy, a.s.
- BH Securities a.s.
- CAPITAL PARTNERS a.s.
- CYRRUS, a.s.
- Česká spořitelna, a.s.
- Českomoravská záruční a rozvojová banka, a.s.
- Československá obchodní banka, a. s.
- Deutsche Bank Aktiengesellschaft Filiale Prag, organizační složka
- Fio, burzovní společnost, a.s.
- Global Brokers, a.s.
- ING Bank N.V.
- J & T BANKA, a.s.
- Komerční banka, a.s.
- LBBW Bank CZ a.s.
- Patria Finance, a.s.
- PPF banka a.s.
- Raiffeisenbank a.s.
- UniCredit Bank Czech Republic, a.s.
- WOOD & Company Financial Services, a.s.

Even one year is a short period for a meaningful evaluation of investor patterns, though it is possible to state that there were no major shifts in the percentages accounted for by each investor type. A slight increase was observed in foreign investors (around 65%) in comparison to domestic legal entities (around 10%).

Key Activities 2009

In the year 2009, the Prague Stock Exchange prepared new exchange rules that define the conditions for the admission and trading of ETFs. Since 1 September 2009, ETFs have been traded on the stock exchange's Free Market. Trading in ETFs takes place in the system with a single specialist.

Another important announcement was the commencement of trading with a new type of security, namely, detached coupons. Since July 2009, it has been possible to trade 24 issues of detached coupons of government bonds on the Free Market of the stock exchange. Apart from the issue of three new government bonds, trading in 18 tranches of government bonds also started.

Despite the gloomy situation on stock markets due to the global crisis in 2009, three corporate bonds of new issuers were admitted to listing. These are GREENVALE, a.s., ZONER software a.s. and Istrokapitál CZ a.s.

In November 2009, it was announced that one of the largest banks in the Czech Republic, ČSOB, plans to carry out an IPO. The public offer will not only include the issuance of a share from the majority shareholder's stake, but also new shares will be issued. The stock exchange also commenced activities to ensure the smooth reception of this exceptional initial public offering.

In May 2009, the Closing Auction was added to the trading procedure. On average, the Closing Auction contributes almost 5% to the total monthly equity trading volumes.

**Czech consumption
of beer is 160 liters
per capita and year.**

Czech consumption
of beer is 160 liters
per capita and year.

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Key Annual Data

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---------|---------|---------|---------|---------|---------|---------|
| Number of Exchange Days | 250 | 252 | 250 | 251 | 253 | 252 | 251 |
| SHARES | | | | | | | |
| Total volume of trades (CZKbn) | 463.9 | 852.0 | 1,013.0 | 848.9 | 1,041.2 | 479.7 | 257.4 |
| Average total daily volume (CZKbn) | 1,855.4 | 3,381.1 | 4,052.1 | 3,382.1 | 4,115.3 | 1,903.4 | 1,025.7 |
| Market capitalization (CZKbn) – shares (year end) | 1,293.5 | 1,091.7 | 1,841.7 | 1,592.0 | 1,330.8 | 975.8 | 644.5 |
| Number of share issues (year end) | 25 | 28 | 32 | 32 | 39 | 55 | 65 |
| PX index (year-end) | 1,117.3 | 858.2 | 1,815.1 | 1,588.9 | 1,473.0 | 1,032.0 | 659.1 |
| BONDS | | | | | | | |
| Total volume of trades (CZKbn) | 585.7 | 643.2 | 508.9 | 598.9 | 533.2 | 692.5 | 1,110.1 |
| Average total daily volume (CZKbn) | 2,342.8 | 2,552.2 | 2,035.4 | 2,386.1 | 2,107.7 | 2,747.9 | 4,422.7 |
| Number of bond issues (year end) | 116 | 121 | 132 | 110 | 96 | 79 | 81 |
| OTHER PRODUCTS | | | | | | | |
| INVESTMENT CERTIFICATES AND WARRANTS | | | | | | | |
| Total volume of trades (CZKbn) | 261.1 | 469.1 | 1,229.5 | 5.2 | | | |
| Quantity of issues – end of period | 67 | 49 | 41 | 8 | | | |
| FUTURES | | | | | | | |
| Total volume of trades (CZKbn) | 201.6 | 688.9 | 1,879.9 | 32.2 | | | |
| Quantity of series – end of period | 6 | 6 | 6 | 2 | | | |

Shares – the data refer to shares and participation certificates up till 2002

| 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 | 1993 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 250 | 250 | 249 | 254 | 251 | 250 | 249 | 234 | 161 | 41 |
| 197.4 | 128.8 | 264.1 | 163.5 | 172.6 | 246.3 | 249.9 | 125.6 | 42.6 | 7.1 |
| 789.6 | 515.2 | 1,060.8 | 643.5 | 687.6 | 985.2 | 1,003.8 | 536.9 | 264.6 | 173.9 |
| 478.0 | 340.3 | 442.9 | 479.6 | 416.2 | 495.7 | 539.2 | 478.6 | 353.1 | x |
| 79 | 102 | 151 | 195 | 304 | 320 | 1,670 | 1,716 | 1,028 | 971 |
| 460.7 | 394.6 | 478.5 | 489.7 | 394.2 | 495.3 | 539.6 | 425.9 | 557.2 | 705.2 |
| 1,595.7 | 1,858.4 | 958.7 | 1,024.0 | 687.6 | 433.2 | 143.3 | 69.8 | 19.4 | 1.9 |
| 6,382.7 | 7,433.5 | 3,850.2 | 4,031.6 | 2,739.4 | 1,732.9 | 575.3 | 298.1 | 120.7 | 46.1 |
| 74 | 84 | 94 | 95 | 98 | 92 | 80 | 48 | 27 | 11 |

Information and Trading System

The main effort of the IT Department in 2009 was focused on further development of the energy exchange, analytical preparation for the transfer of UNIVYC systems to the Central Depository and the technological development of the systems within the Prague Stock Exchange Group.

During the first half of the year, the IT Department provided POWER EXCHANGE CENTRAL EUROPE (PXE) with the connection of the PXE spot energy market with OTE (formerly Organizovaný trh s elektřinou, Organized Electricity Market). Thanks to this solution, it is now possible to enter trade instructions via the PXE terminal in the business platform of DT OTE.

In addition, the trading system was extended to include the possibility of trading futures of Hungarian energy products, including their guaranteed settlement.

During the second half of the year, the IT Department dealt with the expansion of information for clearing banks; in addition, the process of launching a spot market of Hungarian products began, together with preparations for the trading of financial futures and a change in the OTE communication interface. These projects will be gradually implemented during the 1st quarter of 2010.

Throughout the year, work was in progress regarding the development of the PXE-Monitor front-end software used by the vast majority of PXE participants for exchange trading. SW underwent substantial improvements in order to increase its speed and user comfort.

For the needs of the Czech National Bank, the system for the collection and reporting of all trades and transfers, and their registration within the regulator's system, was also expanded to include reports from PXE.

For UNIVYC (Central Securities Depository Prague), the IT Department organized the analytical and preparatory work towards the commencement of the Central Depository's activities, planned for 2010. The technical and programming services will be rendered especially during the first half of 2010.

For the needs of the Czech National Bank, the system for the collection and reporting of all trades, transfers and registered investment instrument and their registration within the regulator's system was also expanded to include reports from UNIVYC.

By the end of the year, SW support for the settlement of trades in euro was implemented and launched.

Pursuant to a request from the Prague Stock Exchange (PSE), the IT Department extended the trading system by the final auction stage in order to increase the transparency of trading at the end of trading days.

In accordance with the strategy of the Vienna Stock Exchange, the preparation of trading data (real data, trading results, data regarding issuers) for transfer from the PSE to the Vienna Stock Exchange in the format of the FIX protocol commenced. The solution requires extensive modifications on the

part of the PSE as well as the Vienna Stock Exchange. The objective is to unify and distribute data from all exchange houses within the Vienna Stock Exchange via the Vienna Stock Exchange system. The launch of operation is expected in January 2010.

In 2009, the task regarding the collection and reporting of all trades and transfers and their registration in the system of the regulator, the Czech National Bank, continued.

In 2009, the IT Department also secured a number of technological projects with the aim of promoting the technological quality of infrastructure and offering new services used by all members of the Prague Stock Exchange Group.

During the first half of the year, the master IBM iSeries trading servers were upgraded (both HW and SW), especially increasing the system throughput. The objective was to make this platform ready for an increased volume of requests in connection with the development of the energy exchange and the launch of the Central Securities Depository Prague.

The connection of remote and mobile users on the basis of SSLVPN was put into operation. Thanks to this solution, members of the managing and technical team are able to connect to the Group's systems from remote locations while complying with a series of security issues.

During the course of the year work continued towards the implementation of a new system for the automated collection and assessment of operating and security events from various systems, the so-called log concentrator. After a reporting module is added in 2010, this system will allow for the automated supervision of the Group's entire technical infrastructure.

In 2009, the solution of the ISMS project continued (Information Security Management System), in accordance with Czech standards ČSN ISO / IEC 17799 and ČSN BS 7799-2. Efforts were focused on the preparation of other internal standards and the implementation of selected measures. One of the most important steps was the launch of an electronic system for the recording of operating and security events and incidents. This system helps unify and improve the quality of event reporting.

Towards the end of the year, a system was implemented and launched to support the automation of the economic agenda relating to the processing of requirements, orders and incoming invoices. Thanks to the system, agenda processing will be streamlined, more transparent and faster.

The communication and security infrastructure was modernized, allowing for an increased throughput, higher redundancy and safety of the LAN and WAN networks.

At the very end of the year, penetration tests performed by an external company did not identify any serious deficiencies regarding Internet connection safety.

Inspection Activities

The PSE carries out inspection activities in the form of analytical monitoring of trading and follow-up solutions in order to continually search and examine trades in which Exchange Rules and the generally binding regulations may be violated. The operations of member companies are verified in the form of regular in-depth inspections, to the entire extent of their activities and obligations. The inspection tasks are significantly supported by inspection software, providing for the inspectors' direct access to all relevant data regarding trading, and also containing selected functions for the indication of violated regulations. The priority of the inspection is to timely detect events in which regulations are violated, thus minimizing detrimental consequences, and to adopt adequate remedial measures in cooperation with the members.

The PSE's attention to the inspection activities, together with the member companies' support and respect, have a long-term positive influence on the members' operations and lead to improved protection of market participants.

The PSE's inspection activities are based on on-going analytical monitoring, including daily supervision and analysis of the exchange trade system data, together with follow-up communication with members regarding the indicated breach of Exchange Rules. In 2009, approximately 2,100 cases were investigated on the basis of the monitoring results.

In accordance with the inspection time schedule, 7 in-depth and 6 repeated inspections were commenced in 2009, with the aim of adhering to the periodicity of 1 in-depth inspection in 3 years for each member. The in-depth inspections focus mainly on areas which cannot be fully supervised via analytical monitoring (principles of dealing with customers, the obligation to inform and documentation).

The findings regarding the violation of Exchange Rules applied especially to the issues of transparency (for example, the actions of members at the close of trades, especially during the closing auction, the entering of orders with incorrect parameters, exceeded deadlines for trade registration, unauthorized cross trades), professional customer care (for example, the form and times of the execution of customers' requests, communication with customers, adherence to the best price principle, conflict of interests, trading via investment brokers) and trading documentation.

The vast majority of the identified violations of Exchange Rules was resolved between the inspection team and the member concerned, in the form of measures adopted by the members. The Exchange continued in the practice of discussing the results of inspections at the Stock Exchange Membership Committee, which responded to significant violations of rules in the form of the Committee Chairperson's letter informing offenders of the identified deficiencies and requesting that corresponding measures be adopted. The character of the violations of the Exchange Regulations and the attitude of individual members towards remedying the deficiencies did not require any sanctions to be imposed.

The Exchange had a total of 20 members as of 31 December 2009. The law authorizes 2 more parties to enter into Exchange trades (the Czech National Bank and the Czech Ministry of Finance).

Result of Economic Activities

Development of indicators

| CZK '000 | 2009 | 2008 | 2007 | 2006 |
|-----------------------------|-------------|-------------|-------------|-------------|
| Revenues | 256,302 | 340,415 | 358,386 | 327,439 |
| Operating Expenses | 132,379 | 163,548 | 169,727 | 190,903 |
| Operating Results | 123,923 | 176,867 | 188,659 | 136,536 |
| Financial Profit/Loss | 26,803 | 136,631 | 36,557 | 33,603 |
| Profit/Loss before Taxation | 150,726 | 313,498 | 225,216 | 170,139 |
| Net Profit/Loss | 124,351 | 256,389 | 176,337 | 133,044 |
| Shareholder's Capital | 434,493 | 564,749 | 462,800 | 457,107 |

Selected financial analysis indicators

| | 2009 | 2008 | 2007 | 2006 |
|--|-------------|-------------|-------------|-------------|
| Return on Sales "ROS" – operating results/revenues | 48.4% | 52.0% | 52.6% | 41.7% |
| Return on Costs – operating results/expenses | 93.6% | 108.1% | 111.2% | 71.5% |
| Earnings per Share "EPS" – net profit/number of shares | 46.9% | 96.7% | 66.5% | 50.0% |

Settlement of Exchange Trades

The Central Securities Depository Prague (Centrální depozitář cenných papírů, a.s., CSDP), a 100% subsidiary of The Prague Stock Exchange, is the leading subject in the settlement of trades involving investment instruments in the Czech Republic.

It was established in 1993 as Stock Exchange Security Register (Burzovní registr cenných papírů, s.r.o.), and transformed in 1996 to the joint-stock company UNIVYC, a.s. Shortly after Act 256/2004 Coll. on trading on the capital market was adopted, UNIVYC, a.s. requested the capital market regulator to grant it a licence for the activities of a Central Depository pursuant to Art. 100 of the Act. Pursuant to the decision of the Czech National Bank on 14 August 2009, UNIVYC was granted a licence to render the services of a Central Depository. Subject to this licence, UNIVYC, a.s. changed its business name to Central Securities Depository Prague (Centrální depozitář cenných papírů, a.s.).

The CSDP ensures financial settlement in Czech crowns (investment instruments) and in euros (clearing of electricity trading). The Central Depository ensures settlement in Czech crowns via payment orders sent to the Czech National Bank Clearing Centre. Komerční banka, a.s. is the clearing bank for financial settlement in euros. The Central Depository also conducts the settlement of investment instruments without money in the case of OTC trades and transfers.

In 2009 the CSDP sent approximately 342,000 orders to the Czech National Bank Clearing Centre, i.e. a decline of 14.3% against 2008, in a total volume of 3,149 billion CZK, i.e. down by 41.2% year-on-year. The volume of securities exchange trades and OTC transactions settled by the CSDP in 2009 reached the value of CZK 2,920.4 billion, which represents 99.7% of all settled trades and transfers on the Czech capital market. This is the third lowest figure since 2001, which is primarily the consequence of the price and volume slump on global capital markets. Of the total volume of transactions settled by the CSDP in 2009, exchange trades represent 29%, while the rest includes the settlement of OTC transactions.

One of the most important extra services rendered by the CSDP is the administration of the Exchange Guarantee Fund (GFB), which provides the security of liability and coverage of risks ensuing from exchange trades and their settlement. The average daily value of financial means under the Exchange Guarantee Fund administration dropped by 65.8% year-on-year, reaching CZK 101 million.

The most frequently used services include the settlement of the primary issues of bonds. The number of primary issues and tranches of bonds showed growth in 2009 against 2008. During the year, the CSDP intermediated the settlement of 39 primary issues and tranches of bonds, and 1 issue of warrants, of which 7 issues were exercised in EUR. The total CZK volume of primary issues and tranches reached CZK 218.8 billion, i.e. up by 34% year-on-year. The volume of bonds settled in a foreign currency reached EUR 148 million.

Corporate Responsibility

The PSE is also involved in activities other than those corresponding to its primary mission. Sponsorship is one of the activities. For the past three years the Exchange has sponsored Unicorn College, an institution offering premium-quality bachelor's degree programmes in IT and communication technologies, economy and management. The Exchange supports talented students by covering their tuition fees in full. The Prague Stock Exchange also directly contributes to the education of students by offering lectures.

There has been a tradition in visits by students of secondary schools and universities to the Exchange building, where capital market experts explain how the Exchange is run and operated. In this way the Exchange is visited by approximately one thousand young people each year.

Partnership in the *Ius et Societas* contest represents another sponsorship activity of the Exchange. This contest is organized by the Faculty of Law at Masaryk University and the Jan Hus Education Foundation in cooperation with the Constitutional Court of the Czech Republic, the Supreme Court of the Czech Republic, the Supreme Administrative Court of the Czech Republic, the Supreme Public Prosecutor's Office of the Czech Republic and the Public Defender of Rights. Prizes are awarded every year for essays presenting the most interesting suggestions, views and questions relating to the role of law and justice in society. The contest is open to students of M.A., B.A. and post-graduate study programmes at all universities.

The Exchange also considers other activities and makes preparations for its involvement in other activities.

Exchange Bodies

Exchange Chamber

The Exchange Chamber, which has six members elected by the General Meeting of Shareholders, is the Exchange's statutory body, controlling the Exchange's activities and acting on its behalf.

Number of Meetings in 2009: 10

Chairperson of the Exchange Chamber and Chief Executive Officer of Prague Stock Exchange:

Petr Kobic, date of birth: 22 February 1971

Office existing since: 8 August 2007

Membership on Board existing since: 25 June 2007

Exchange Chamber Vice-Chairperson:

Michael Buhl, date of birth: 18 February 1959

Membership existing since: 8 December 2008

Hannes Takacs, date of birth: 20 November 1964

Membership existing since: 8 December 2008

Exchange Chamber members:

Ludwig Niessen, date of birth: 19 October 1957

Membership existing since: 28 May 2009

Helena Čacká, date of birth: 25 January 1956

Membership existing since: 28 May 2009

David Kučera, date of birth: 29 September 1968

Membership existing since: 1 July 2009

Changes in 2009:

The General Meeting of Shareholders approved new members of the Exchange Chamber, on 28 May 2009 – L. Niessen and H. Čacká, on 1 July 2009 – D. Kučera.

Supervisory Board

Supervisory Board members:

Jaroslav Míl, date of birth: 10 August 1958

Svaz průmyslu a dopravy ČR

Membership existing since: 9 June 2005

Milan Šimáček, date of birth: 25 June 1963

Exportní, garanční a pojišťovací společnost, a.s.

Membership existing since: 14 June 2007

Zdeněk Bakala, date of birth: 7 February 1961

New World Resources N.V

Membership existing since: 9 June 2005

Martin Roman, date of birth: 29 October 1969

ČEZ, a.s.

Membership existing since: 9 June 2005

Jan Klenor, date of birth: 9 February 1966

Patria Finance, a.s.

Membership existing since: 25 May 2009

Daniel Heler, date of birth: 12 December 1960

Česká spořitelna, a.s.

Membership existing since: 25 May 2009

Changes in 2009:

Resignation of Mr Michal, new Supervisory Board members: J. Klenor,

D. Heler.

Exchange Membership Committee

The objective of the Exchange Membership Committee is to consider whether trading members duly comply with the conditions of their membership on the Exchange and the applicable obligations, to adopt measures in order to ensure conformity between the activities of trading members and the Exchange Rules and legal regulations; furthermore the Exchange Membership Committee discusses proposals for the approval and termination of Exchange membership.

Chairperson:

Peter Palečka, Komerční banka, a.s., until 30 April 2009

Jiří Opletal, Prague Stock Exchange, appointed on 20 May 2009

Vice-Chairperson:

Alena Vodičková, Patria Finance, a.s.

Secretary:

Vladimír Skalný, Prague Stock Exchange

In 2009 the Exchange Membership Committee held three meetings. The Membership Committee discussed the results of inspections among trading members and the findings of the analytical monitoring submitted by the Exchange Inspection Department. As regards other topics discussed, the Membership Committee focused especially on the issues of possible market misuse, where an emphasis was placed on market transparency and prevention against the use and unauthorized use of internal information. The Committee also considered the members' property stability and level of the professional care granted to investors by trading members. The Committee responded to cases of significant violations of rules in the form of the Committee Chairperson's letter informing offenders of the identified deficiencies and requesting that corresponding measures be adopted. With respect to the character of the Exchange Regulations violations and the measures adopted by the members to remedy the deficiencies, the Committee did not exercise its authority to impose sanctions in 2009.

Exchange Trades Committee

Chairperson:

Jan Sýkora, WOOD&Company Financial Services, a.s.

Vice-Chairperson and Secretary:

Jiří Opletal, Prague Stock Exchange

In 2009, the Exchange Trades Committee held three meetings, together with several per-rolam votes taken with respect to changes in the issue parameters in SPAD.

During its first meeting in April, the Committee discussed the newly implemented trading segment - closing auction, the approval of changes in the standard terms of trading in SPAD, and trading with detached coupons on the Exchange market.

At the second meeting held in June the Committee approved changes to the trading parameters under the continuous trading regime.

At the last Committee meeting held in September 2009, members were introduced to new projects and other possibilities regarding the use of the Exchange trading system.

Listing Committee Exchange Committee for an Accelerated Listing Proceeding

Chairperson of both Committees:

Petr Kobic
Prague Stock Exchange

The Listing Committee has 14 members and issues decisions regarding the acceptance of securities for trading on the main market. It is also involved in overseeing adherence to the information requirements of issuers arising from Exchange Rules. The Listing Committee did not hold any meetings in 2009; however, it adopted one decision regarding the acceptance of a bond issue, on the basis of per-rollam voting.

The Exchange Committee for an Accelerated Listing Proceeding decides on the acceptance of individual bond programme issues for trading, and of individual tranches already accepted for trading on the main market. The Exchange Committee for an Accelerated Listing Proceeding has three members.

The Exchange Committee for an Accelerated Listing Proceeding held three regular meetings, deciding in all cases on the acceptance of share issue tranches.

Exchange Shareholders

Shareholders of Burza cenných papírů Praha, a.s. as of 31 December 2009

| Shareholder | Shares (qty) | Share in registered capital (%) |
|---|--------------|---------------------------------|
| 1 Brněnská obchodní, a.s. v likvidaci *) | 100 | 0.038% |
| 2 CAPITAL PARTNERS a.s. | 100 | 0.038% |
| 3 EASTBROKERS, akciová společnost v likvidaci *) | 10 | 0.004% |
| 4 Fio, burzovní společnost, a.s. | 100 | 0.038% |
| 5 GE Money Bank, a.s. *) | 17,388 | 6.556% |
| 6 GES INVEST, a.s. *) | 1,000 | 0.377% |
| 7 ICEBERG A.S. *) | 40 | 0.015% |
| 8 Merx, a.s. *) | 20 | 0.008% |
| 9 Moravia Banka, a.s. v likvidaci *) | 500 | 0.189% |
| 10 CEESEG Aktiengesellschaft | 245,958 | 92.739% |

*) not a trading member of the Stock Exchange; does not have the right to participate in Stock Exchange trades

Report on Relationships

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 2009

In accordance with the provisions of Article 66a (9) of Act 513/1991 Coll., the Commercial Code, as amended (hereinafter the "Commercial Code"), the Exchange Chamber of **Burza cenných papírů Praha, a.s.** hereby issues this Report on Relationships between

Controlling Undertaking, **CEESEG Aktiengesellschaft**, with registered office at Wallnerstraße 8, 1010 Vienna, entered in the Commercial Register maintained by Handelsgericht Wien, FN 161826f (hereinafter the "Controlling Undertaking" or "CEESEG")

and

Controlled Undertaking, **Burza cenných papírů Praha, a.s.**, with 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 "Controlled Undertaking" or "PSE").

in fiscal year 2009.

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

- **Wiener Börse AG**, with registered office at Wallnerstraße 8, 1014 Vienna, Austria ("WB")
- **Ljubljanska borza, d. d., Ljubljana**, with registered office at Slovenska 56, 1000 Ljubljana, Slovenia ("LB")
- **Budapest Stock Exchange**, with registered office at H – 1364 Budapest, Pf. 24., Hungary ("BSE").

As of 31 December 2009, the Controlling Undertaking holds a 100% stake in WB, an 81.01% stake in LB and a 50.45% stake in BSE.

The Report provides a list of agreements entered into between these undertakings during fiscal year 2009, other legal steps taken between the affiliated undertakings in their interest, and a list of all measures adopted or executed by the Controlled Undertaking in the interest of or upon request of such undertakings.

The Report is issued in writing and is included in the Annual Report, in accordance with the applicable regulations.

This Report does not contain a description of the relationships between the Controlled Undertaking and its subsidiaries

The list of subsidiaries and companies controlled by the Controlled Undertaking is provided hereunder:

- **Central Clearing Counterparty, a.s.**, with registered office at Prague 1, Rybná 14/682, ID No.: 28381696;
- **Energy Clearing Counterparty, a.s.**, with registered office at Prague 1, Rybná 682/14, ID No.: 28441681;
- **CENTRAL COUNTERPARTY, a.s.**, with registered office at Prague 1, Rybná 14/682, ID No.: 27122689;
- **Centrální depozitář cenných papírů, a.s.**, with registered office at Prague 1, Rybná 14, ID No. 25081489;
- **POWER EXCHANGE CENTRAL EUROPE, a.s.**, with registered office at Prague 1, Rybná 14, ID No.: 27865444.

The description of the relationships between the companies and Burza cenných papírů Praha, a.s. (Prague Stock Exchange) is provided in the Reports on Relationships of individual companies specified in this list.

Agreements

The business relationships between the Controlling and Controlled Undertakings were regulated by the following agreements during fiscal year 2009; on the basis of the agreements the following fulfilments were rendered:

| Agreement entered into on | Agreement title | Description | Payment provided ('000, incl. VAT) |
|---------------------------|--|--|------------------------------------|
| 18 August 2009 | Data Vending Cooperation Agreement | Cooperation relating to the trading of information | 5.9 EUR |
| 1 July 2009 | FRAMEWORK AGREEMENT - INDEX LICENSING BUSINESS | Framework agreement relating to the trading of indexes | 0 |
| 11 February 2009 | Free use of PSE data transmitted via Thomson Reuters | Trading of Stock Exchange information | 0 |
| 20 August 2009 | Licence agreement | Granting of a licence for the use of logos | 0 |

No agreements were entered into between WB and the Controlled Undertaking during fiscal year 2009; no services were rendered and no payments made.

No agreements were entered into between LB and the Controlled Undertaking during fiscal year 2009; no services were rendered and no payments made.

No agreements were entered into between BSE and the Controlled Undertaking during fiscal year 2009; no services were rendered and no payments made.

Legal Acts and other Measures

On 28 May 2009 Burza cenných papírů Praha, a.s. held a General Meeting of Shareholders and adopted the following decisions:

- Approval of the Code of Procedure and Elections of the Exchange Shareholders' General Meeting;
- Approval of the Report on the Business Operations of the Exchange and the Balance of Exchange Assets in 2008;
- Approval of regular Exchange financial statements and the decision regarding the allocation of profits;
- Approval of the 2008 Consolidated Financial Statements;
- Approval of the 2009 Exchange Principles of Operation and Management;
- Approval of amendments to the Exchange Articles of Association, submitted to the shareholders in writing, effective 28 May 2009;
- Ing. Helena Čacká, Dr. Ludwig Niessen and Ing. David Kučera were elected members of the Exchange Chamber, with effect from the date on which the change in the legal form of Energetická burza Praha (Prague Energy Exchange) into a joint-stock company was entered in the Commercial Register;
- Ing. Jan Klenor and Ing. David Heler were elected members of the Supervisory Board;
- Approval of the Exchange Chamber Member Incumbency Agreement, together with the amount of CZK 2,482,000 as limits for remunerations to Exchange Chamber members for the period from the General Meeting date to the date on which a regular General Meeting of shareholders is held in 2010.

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

The Exchange Chamber of PSE declares that the Controlled Undertaking did not suffer any detriment from the agreements specified above, other measures and actions, or from any other accepted or provided performance.



Ing. Petr Koblík
Exchange Chamber Chairperson



Ing. Helena Čacká
Exchange Chamber Member

Report of the Supervisory Board

regarding Inspection Activity Submitted for Approval by Stock Exchange Shareholders during the 19th Regular General Meeting of Shareholders Held on 20 May 2010

1. Opinion regarding the Report on the Business Operations of the Exchange and the Balance of Exchange Assets

During its meeting held on 13 April 2010, the Supervisory Board discussed the "Report on the Business Operations of the Exchange and the Balance of Exchange Assets in 2009". The Supervisory Board has no comments regarding the submitted Report, and therefore the Supervisory Board recommends the approval of the Report by the General Meeting of Shareholders.

2. Report on the Review of 2009 Annual Regular and Consolidated Financial Statements and the Decision regarding the Distribution of Profit and Dividend Payment.


In accordance with Article 35 of the Articles of Association of the Prague Stock Exchange, the Supervisory Board reviewed the audited 2009 Regular and Consolidated Financial Statements and studied the auditor's report.

The Supervisory Board approves the Consolidated Financial Statements, the Financial Statements of the Prague Stock Exchange and the submitted proposal for the distribution of profit.

The Supervisory Board recommends that the 2009 Consolidated Financial Statements, the Regular Financial Statements and the proposal of the Stock Exchange Chamber for the distribution of profit be approved by the General Meeting of Shareholders.

The Supervisory Board agrees with the Stock Exchange Chamber's proposal regarding the payment of a dividend to shareholders in the amount of CZK 446 per share, and recommends that the payment of the dividend in this amount be approved by the General Meeting of Shareholders.

Prague, on 13 April 2010



Jan Klenor

Chairperson of the Supervisory Board



KPMG Česká republika Audit, s.r.o.

Pobřežní 648/1a

186 00 Praha 8

Česká republika

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Internet www.kpmg.cz

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

Auditor's report to the shareholders of Burza cenných papírů Praha, a.s.

Financial statements

We have audited financial statements of Burza cenných papírů Praha, a.s. ("the Company") for the year ended 31 December 2009 disclosed on pages 98 – 139 ("the financial statements") and issued the opinion dated 15 March 2010 and disclosed on pages 96 – 97. We have also audited consolidated financial statements of the Company for the year ended 31 December 2009 disclosed on pages 142 – 206 and issued the opinion dated 15 March 2010 and disclosed on pages 140 – 141.

Report on relations between related parties

We have also reviewed the factual accuracy of the information disclosed in the report on relations between related parties of Burza cenných papírů Praha, a.s. for the year ended 31 December 2009. This report on relations between the related parties is the responsibility of the Company's management. Our responsibility is to express our view on the report on relations based on our review.

We conducted our review in accordance with International Standard on Review Engagements and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the review to obtain moderate assurance that the report on relations is free of material factual misstatement. A review is limited primarily to inquiries of Company 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 conducted an audit of the report on relations and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information disclosed in the report on relations between related parties of Burza cenných papírů Praha, a.s. for the year ended 31 December 2009 contains material factual misstatements.

Annual report

We have audited the consistency of the annual report disclosed on pages 60 - 206 with the audited financial statements. This annual report is the responsibility of Company's management. 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 all also presented

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

KPMG Česká republika Audit, s.r.o., a Czech limited liability company and
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with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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DIČ CZ699001996



in the financial statements is, in all material respects, consistent with the audited financial statements. We believe that our audit provides a reasonable basis for the auditor's 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 2010

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

Pavel Závítovský
Partner
Licence number 69

Financial Section

Auditor's Report regarding Non-Consolidated Section
Non-Consolidated Financial Part
Auditor's Report regarding Consolidated Part
Consolidated Financial Section



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Only the Czech version of the report is legally binding.

Auditor's report to the shareholders of Burza cenných papírů Praha, a.s.

We have audited the accompanying financial statements of Burza cenných papírů Praha, a.s., which comprise the balance sheet as of 31 December 2009, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements of Burza cenných papírů Praha, a.s. in accordance with Czech accounting legislation. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 present fairly in all material respects the assets, liabilities and the financial position of Burza cenných papírů Praha, a.s. as of 31 December 2009, and its expenses, revenues and financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

Prague
15 March 2010

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

Pavel Závitkovský
Partner
Licence number 69

Balance Sheet

| ASSETS | 31 Dec 2009 | | 31 Dec 2008 | |
|---|----------------|------------------|----------------|----------------|
| | Gross | Adjustment | Net | Net |
| CZK '000 | | | | |
| B. Fixed assets | 231,935 | (104,615) | 127,320 | 139,612 |
| I. Intangible fixed assets | 45,661 | (40,786) | 4,875 | 8,081 |
| 3. Software | 41,592 | (38,673) | 2,919 | 4,472 |
| 6. Other intangible fixed assets | 3,900 | (2,113) | 1,787 | 3,609 |
| 7. Intangible fixed assets under construction | 169 | – | 169 | – |
| II. Tangible fixed assets | 69,174 | (60,319) | 8,855 | 7,983 |
| 3. Individual movable assets and sets of movable assets | 69,168 | (60,319) | 8,849 | 7,983 |
| 7. Intangible fixed assets under constructions | 6 | – | 6 | – |
| III. Non-current financial assets | 117,100 | (3,510) | 113,590 | 123,548 |
| 1. Equity investments in subsidiaries | 117,100 | (3,510) | 113,590 | 115,548 |
| 4. Loans and borrowings - controlling entity, substantial influence | – | – | – | 8,000 |
| C. Current assets | 322,737 | (2,411) | 320,326 | 487,749 |
| II. Long-term receivables | 393 | – | 393 | 3,841 |
| 5. Long-term prepayments made | 49 | – | 49 | 92 |
| 8. Deferred tax asset | 344 | – | 344 | 3,749 |
| III. Short-term receivables | 74,351 | (2,411) | 71,940 | 25,444 |
| 1. Trade receivables | 16,070 | (2,411) | 13,659 | 13,363 |
| 2. Receivables – group undertakings | 40,971 | – | 40,971 | – |
| 4. Receivables from shareholders/owners | 3,646 | – | 3,646 | 3,625 |
| 6. Tax receivables | 13,048 | – | 13,048 | – |
| 7. Short-term advances paid | 155 | – | 155 | 2,593 |
| 8. Estimated receivables | 435 | – | 435 | 5,832 |
| 9. Other receivables | 26 | – | 26 | 31 |
| IV. Current financial assets | 247,993 | – | 247,993 | 458,464 |
| 1. Cash | 44 | – | 44 | 43 |
| 2. Bank accounts | 63,172 | – | 63,172 | 84,908 |
| 3. Short-term securities and investments | 184,777 | – | 184,777 | 373,513 |
| D. Deferrals | 7,159 | – | 7,159 | 16,607 |
| 1. Prepaid expenses | 6,887 | – | 6,887 | 9,888 |
| 3. Accrued revenues | 272 | – | 272 | 6,719 |
| TOTAL ASSETS | 561,831 | (107,026) | 454,805 | 643,968 |

| | CZK '000 | |
|---|----------------|----------------|
| LIABILITIES | 31 Dec 2009 | 31 Dec 2008 |
| A. Equity | 434,493 | 564,749 |
| I. Share capital | 265,216 | 265,216 |
| 1. Share capital | 265,216 | 265,216 |
| III. Statutory reserve fund | 44,743 | 31,923 |
| IV. Retained earnings | 183 | 11,221 |
| V. Profit for the current period | 124,351 | 256,389 |
| B. Liabilities | 20,150 | 74,594 |
| I. Provisions | 2,379 | 16,621 |
| 4. Other provisions | 2,379 | 16,621 |
| II. Long-term liabilities | 13 | 13 |
| 5. Long-term advances received | 13 | 13 |
| III. Short-term liabilities | 17,758 | 57,960 |
| 1. Trade payables | 3,655 | 12,214 |
| 4. Liabilities to shareholders/owners | 789 | – |
| 5. Liabilities to employees | 8,165 | 9,055 |
| 6. Liabilities for social security and health insurance | 1,352 | 946 |
| 7. State – tax payables | 1,813 | 19,320 |
| 8. Short-term advances received | 380 | 2,220 |
| 10. Estimated liabilities | 1,376 | 14,051 |
| 11. Other payables | 228 | 154 |
| C. I. Accruals | 162 | 4,625 |
| 1. Accruals | 102 | 4,545 |
| 2. Deferred revenue | 60 | 80 |
| TOTAL LIABILITIES & EQUITY | 454,805 | 643,968 |

Income Statement

| | CZK '000 | |
|---|------------------------|------------------------|
| | Accounting period 2009 | Accounting period 2008 |
| II. Sales | 253,458 | 340,111 |
| 1. Sales of own products and services | 253,458 | 340,111 |
| B. Cost of sales | 43,631 | 56,987 |
| 1. Raw materials and consumables | 2,052 | 2,319 |
| 2. Services | 41,579 | 54,668 |
| + Added value | 209,827 | 283,124 |
| C. Staff costs | 82,302 | 81,133 |
| 1. Wages and salaries | 64,015 | 62,260 |
| 2. Remuneration of board members | 1,962 | 1,948 |
| 3. Social security and health insurance costs | 11,768 | 12,245 |
| 4. Other social costs | 4,557 | 4,680 |
| D. Taxes and charges | 115 | 203 |
| E. Depreciation of long-term assets | 11,517 | 8,052 |
| III. Sales of long-term assets and materials | – | 178 |
| 1. Sales of long-term assets | – | 160 |
| 2. Sales of raw materials | – | 18 |
| F. Net book volume of long-term assets and raw materials sold | – | 3 |
| 1. Net book volume of long-term assets sold | – | 3 |
| G. Increase in operating provisions | (14,292) | 13,699 |
| IV. Other operating income | 2,844 | 126 |
| H. Other operating charges | 9,106 | 3,471 |
| * Operating profit | 123,923 | 176,867 |
| VI. Income from the sale of securities and shares | 30,568 | 144,605 |
| J. Securities and shares sold | 30,549 | 66,281 |
| VII. Income from long-term investments | 20,000 | 50,000 |
| 1. Income from investments in control entities, subsidiaries/associates | 20,000 | 50,000 |
| VIII. Income from short-term investments | 6,880 | 7,716 |

| | CZK '000 | |
|---|-------------------------------|-------------------------------|
| | Accounting period 2009 | Accounting period 2008 |
| K. Loss on investments | 1,802 | 6,541 |
| IX. Gain on revaluation of securities and derivatives | – | 11,589 |
| L. Loss on revaluation of securities and derivatives | – | 11,589 |
| M. Increase in financial provisions | 1,958 | 852 |
| X. Interest income | 4,319 | 8,848 |
| XI. Other financial income | 619 | 132 |
| O. Other financial expenses | 1,274 | 996 |
| * Financial profit | 26,803 | 136,631 |
| Q. Tax on profit on ordinary activities | 26,375 | 57,109 |
| 1. – current | 22,970 | 60,749 |
| 2. – deferred | 3,405 | (3,640) |
| ** Profit from ordinary activities | 124,351 | 256,389 |
| *** Profit for the current period | 124,351 | 256,389 |
| **** Profit before tax | 150,726 | 313,498 |

Cash Flow Statement

| | | CZK '000 | |
|--|---|---------------------------|---------------------------|
| | | Accounting period 2009 | Accounting period 2008 |
| P. | Opening balance of cash and cash equivalents | 84,951 | 97,279 |
| Cash flow from operating activities | | | |
| Z. | Net profit on ordinary activities before tax | 150,726 | 313,498 |
| A.1. | Adjustments for non-cash movements: | (23,178) | (35,550) |
| A.1.1. | Depreciation and amortisation of fixed assets | 11,517 | 8,052 |
| A.1.2. | Change in provisions | (10,376) | 15,403 |
| A.1.3. | Loss on the sale of fixed assets | – | (157) |
| A.1.4. | Dividend income | (20,000) | (50,000) |
| A.1.5. | Net interest expense | (4,319) | (8,848) |
| A.* | Net cash flow from ordinary activities tax, changes in working capital and items | 127,548 | 277,948 |
| A.2. | Working capital changes | 132,539 | (146,943) |
| A.2.1. | Change in receivables and prepayments | (38,913) | 4,295 |
| A.2.2. | Change in short-term payables and accruals | (17,283) | (1,319) |
| A.2.4. | Change in short-term investments | 188,736 | (149,918) |
| A.** | Net cash flow from ordinary activities before tax and extraordinary items | 260,088 | 131,006 |
| A.4. | Interest received | 4,319 | 9,377 |
| A.5. | Income tax on ordinary activities paid | (50,352) | (59,511) |
| A.7. | Dividends received | 20,000 | 50,000 |
| A.*** | Net cash flow from ordinary activities | 234,055 | 130,872 |
| Cash flow from investing activities | | | |
| B.1. | Acquisition of fixed assets | (9,183) | 15,440 |
| B.2. | Proceeds from sale of fixed assets | – | 160 |
| B.3. | Loans to related parties | 8,000 | (8,000) |
| B.*** | Net cash flow from investing activities | (1,183) | 7,600 |
| Cash flow from financing activities | | | |
| C.1. | Change in liabilities from financing activities | – | 10,534 |
| C.2. | Changes in equity | (254,607) | (161,334) |
| C.2.6. | Dividends paid | (254,607) | (161,334) |
| C.*** | Net cash flow from financing activities | (254,607) | (150,800) |
| F. | Net increase or decrease in cash and cash equivalents | (21,735) | (12,328) |
| R. | Cash and cash equivalents at the end of the year | 63,216 | 84,951 |

Statement of Changes in Equity

| | CZK '000 | | | | | |
|---------------------------------------|----------------|----------------|------------------------|-------------------|------------------------------------|----------------|
| | Share capital | Own shares | Statutory reserve fund | Retained earnings | Profit/loss for the current period | Total equity |
| Balance as at 31 December 2007 | 265,216 | (6,894) | 23,105 | 5,036 | 176,337 | 462,800 |
| Allocation of profit | – | – | 8,818 | 167,519 | (176,337) | – |
| Dividends paid | – | – | – | (161,334) | – | (161,334) |
| Purchase of own shares | – | (1,300) | – | – | – | (1,300) |
| Sale of own shares | – | 8,194 | – | – | – | 8,194 |
| Profit for the current period | – | – | – | – | 256,389 | 256,389 |
| Balance as at 31 December 2008 | 265,216 | – | 31,923 | 11,211 | 256,389 | 564,749 |
| Allocation of profit | – | – | 12,820 | 243,569 | (256,389) | – |
| Dividends paid | – | – | – | (254,607) | – | (254,607) |
| Profit for the current period | – | – | – | – | 124,351 | 124,351 |
| Balance as at 31 December 2009 | 265,216 | – | 44,743 | 183 | 124,351 | 434,493 |

Notes to the Financial Statements for the Year 2009

1. GENERAL INFORMATION

1.1. Incorporation and description of the business

Burza cenných papírů Praha, a.s. (henceforth “the Company”), with its registered office at Rybná 14, Prague 1, was incorporated by means of a Memorandum of Association dated 24 July 1992 by twelve Czechoslovak banks and five brokerage firms.

The Company was registered in the Commercial Register maintained by the Regional Court for Prague 1 on 24 November 1992. The Ministry of Finance of the Czech Republic granted a permit to incorporate the Company on 16 October 1992. The corporate details of the Company are maintained in the Commercial Register at the Municipal Court in Prague, File B, Insert 1773.

The principal subjects of operation of the Company are as follows:

- To organise trading with registered securities issued by the Securities Commission in accordance with generally applicable legal regulations, Stock Exchange Rules and Stock Exchange Regulations, at a designated location and during set daily hours, through authorised persons, applying to the following capital market instruments:
 - a) Options in the sense of Section 8a § (1) (g) of the Securities Act, the values of which are derived from the value in the rate index composed of shares listed on the public market in the Czech Republic, in which none of the options has a weighting in excess of 35% in this index;
 - b) Futures in the sense of Section 8a § (1) (g) of the Securities Act, the values of which are derived from the value in the rate index composed of shares listed on the public market in the Czech Republic, in which none of the futures has a weighting in excess of 35% in this index;
 - c) Futures in the sense of Section 8 § 1 (d) of the Securities Act, the values of which are derived from an interest rate commonly used on the financial market in the Czech Republic;

- d) Futures in the sense of Section 8a § 1 (d) of the Securities Act, the values of which are derived from the value of a basket of not less than two government bonds pursuant to Section 18 (1) of the Bonds Act 530/1990 of the legal code as amended, listed on a public market in the Czech Republic;
- e) Investment certificates pursuant to Section 3 (2) (d) of the Law Governing Trading on Capital Markets;
- f) Options, other domestic securities with which may be connected to a similar right and foreign securities carrying similar rights (warrants) pursuant to Section 3 (2) (c) or (d) and Section 3 § (3) (a) of the Law Governing Trading on Capital Markets;
- g) Futures in the sense of Section 3 (b) or (e) of the Law Governing Trading on Capital Markets, where the underlying asset is:
 1. a share accepted for trading in an organised market in the EU or OECD countries,
 2. stock market indices of EU or OECD countries, including indices comprising shares from several countries and baskets of such indices,
 3. currency from an EU or OECD country,
 4. the interest rate from an EU or OECD currency,
 5. price and/or revenue from government bonds issued by an EU or OECD state, denominated in the currency of an EU or OECD state, including baskets of such bonds,
 6. the price of an emission credit fixed by an organised market with a registered office in an EU or OECD country,
 7. the price of commodities fixed by an organised market with a registered office in an EU or OECD country.
- to ensure publication of the results of stock exchange transactions;
- to render services involving the provision of information, even information which relates to securities not listed on a public market under

the conditions set out in the Stock Exchange Act 214/1992 of the legal code as amended, to the extent of the licence issued by the Securities Commission and provided that the provision of the information is set out in the Stock Exchange Rules,

- to undertake advisory, educational and other activities relating to the principal trading in the market,
- to provide software,
- purchase of goods for further sale,
- to undertake training activities,
- to facilitate educational activities,
- to engage in technical activity related to information technologies,
- publishing activities.

1.2. Year-to-Year changes and amendments to the Register of Companies

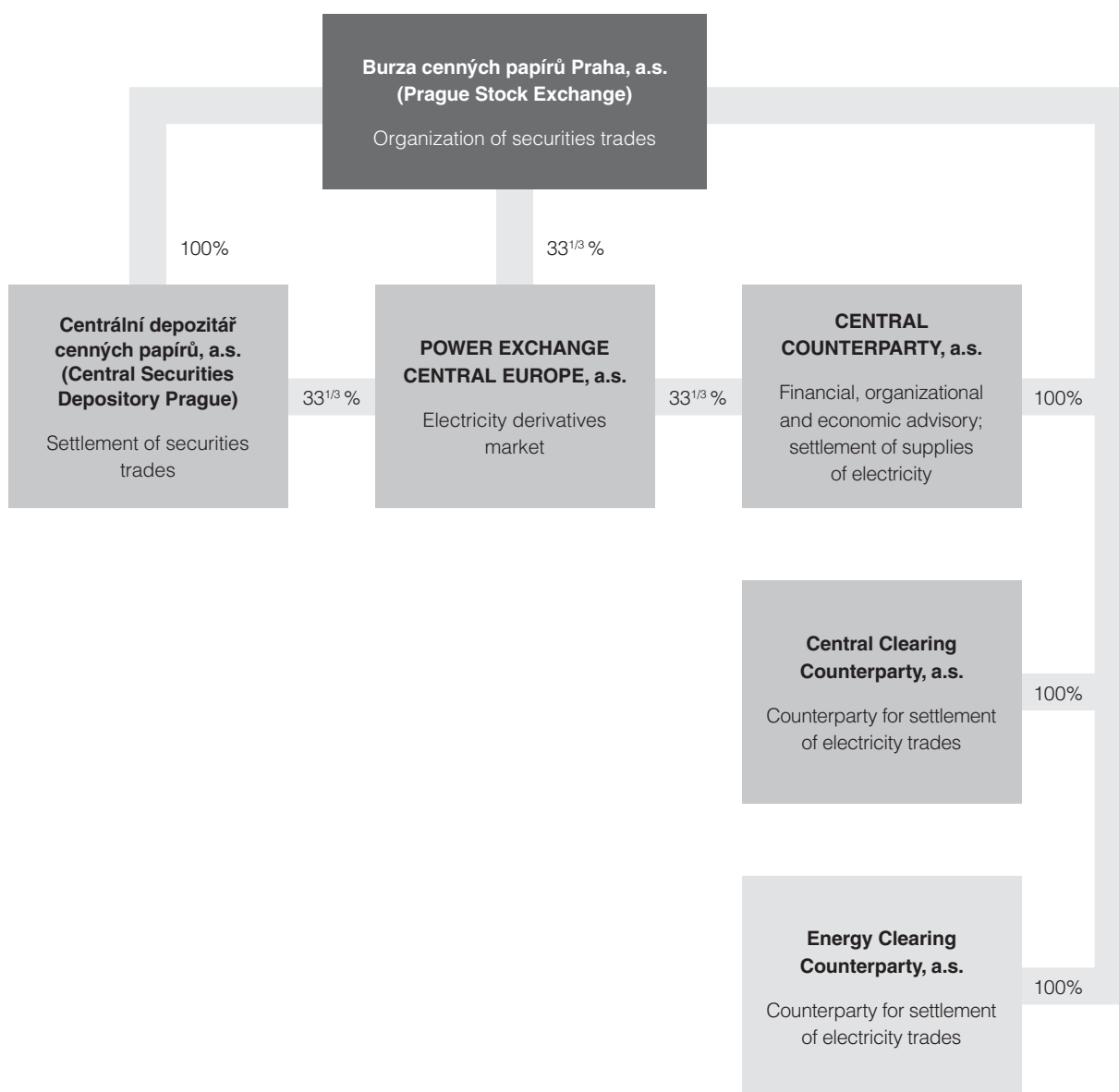
On 8 December 2008 Wiener Börse AG became a new majority shareholder (92.739%) of the Company. Number of shareholders decreased from 27 to 10.

1.3. Organisational Structure of the Company

The following units report directly to the CEO:

- Legal Services;
- Internal Audit and Security Department and Compliance;
- Secretariat of the CEO and Filing Room;
- Trading and Securities Department;
- Information Technology Department;
- Inspection Department;
- Economic and Administration Department;
- External Communication Department.

1.4. Group Identification



On 1 July 2009 Energetická burza Praha was renamed to POWER EXCHANGE CENTRAL EUROPE, a.s. (henceforth "PXE"). The Czech National Bank (henceforth "CNB") granted the license to PXE on 4 February 2009 regarding commodity derivatives market organizing (henceforth "the License"). According to novelized Act on Capital Markets regularly traded commodity derivatives are considered as investment instruments. Consequently, each subject that provides and organizes such market is supervised and licensed by CNB. The License allows PXE to provide market with physical settlement as well as financial settlement. The License is recognized in the whole European Union, which simplifies possible expansion in the Central and Eastern Europe region.

POWER EXCHANGE CENTRAL EUROPE, a.s.:

- On 8 January 2007 a foundation agreement for incorporation of Energetická burza Praha, with registered office at Rybná 14/682, Praha 1, was drawn up.
- The founders are as follows:
 - Burza cenných papírů Praha, a.s.**
investment of TCZK 20,000;
 - UNIVYC, a.s. (Centrální depozitář cenných papírů, a.s.)**
investment of TCZK 20,000;
 - Centrální depozitář, a.s. (CENTRAL COUNTERPARTY, a.s.)**
investment of TCZK 20,000;
- The Company was registered in the Commercial Register on 5 March 2007.

CNB extended a license for UNIVYC, a.s., that operates a settlement system for all trades concluded on PXE. UNIVYC, a.s. requested the regulatory body for the permission to perform central depository services according to Act on Capital Markets 246/2004, section 100. According to CNB's decision from 14 August 2009 the function of a central depository was granted to UNIVYC, a.s. Subsequently, UNIVYC, a.s. changed its registered name to Centrální depozitář cenných papírů, a.s. (henceforth "CDCP").

Centrální depozitář cenných papírů, a.s.:

- CDCP (formerly “UNIVYC, a.s.”) with its registered office at Rybná 14/682, Praha 1, was entered into the Commercial Register on 8 October 1996.
- CDCP was transformed from Burzovní registr cenných papírů, s.r.o. Burza cenných papírů Praha, a.s. is the sole shareholder of CDCP.
- The registered capital of CDCP as at 31 December 2009 amounts to TCZK 100,000.

CENTRAL COUNTERPARTY, a.s.:

- The company, as the sole founder, decided on 21 November 2003 to form a joint-stock Company, Centrální depozitář, a.s., with a registered office at Rybná 14/682, Praha 1, with the share capital of TCZK 3,000.
- The company was recorded in the Commercial Register on 3 March 2004. The business of Centrální depozitář, a.s. includes “activities of business, financial, organisational and economic advisors”.
- In 2007 Centrální depozitář, a.s. was renamed in the Commercial Register to “CENTRAL COUNTERPARTY, a.s.” with an additional subject of operation – “trade with electricity”.

Central Clearing Counterparty, a.s.:

- On 31 March 2008 the company Central Clearing Counterparty, a.s. was established, with its registered office at Rybná 14/682, Praha 1, by a foundation agreement for incorporation.
- Central Clearing Counterparty, a.s. was recorded in the Commercial Register on 11 April 2008 with the share capital of TCZK 2,000 and the sole shareholder is the Burza cenných papírů Praha, a.s.
- The business of Central Clearing Counterparty, a.s. includes “rent of real estate, flats and non-residential units”. The company has established a branch in Slovakia with the business “trading electricity”.

Energy Clearing Counterparty, a.s.:

- On 18 July 2008 the company Energy Clearing Counterparty, a.s. was established, with its registered office at Rybná 14/682, Praha 1, by a foundation agreement for incorporation.
- Energy Clearing Counterparty, a.s. was recorded in the Commercial Register on 6 August 2008 with the share capital of TCZK 2,000 and the sole shareholder is Burza cenných papírů Praha, a.s.
- The business of Energy Clearing Counterparty, a.s. includes “rent of real estate, flats and non-residential units and trading electricity”.

**1.5. Stock Exchange Chamber and Supervisory Board
as at 31 December 2009**

| | Position | Name |
|-------------------------------|-------------------|--------------------|
| Stock Exchange Chamber | Chairman | Ing. Petr Koblic |
| | Vice Chairman | Michael Buhl |
| | Vice Chairman | Hannes Takacs |
| | Member | Dr. Ludwig Niessen |
| Supervisory Board | | Ing. Helena Čacká |
| | | Ing. David Kučera |
| | Member | Ing. Jaroslav Míl |
| | | Ing. Milan Šimáček |
| | | Zdeněk Bakala |
| | | JUDr. Martin Roman |
| | Ing. Jan Klenor | |
| | Ing. Daniel Heler | |

In the year ended 31 December 2009, the following changes were made to the composition of the Stock Exchange Chamber and the Supervisory Board:

| Position | Former member | New member | Date of change |
|--------------------------------------|----------------------|-------------------|-----------------------|
| Member of the Stock Exchange Chamber | | Ludwig Niessen | 28 May 2009 |
| Member of the Stock Exchange Chamber | | Ing. Helena Čacká | 28 May 2009 |
| Member of the Stock Exchange Chamber | | Ing. David Kučera | 1 July 2009 |
| Member of the Supervisory Board | | Ing. Jan Klenor | 28 May 2009 |
| Member of the Supervisory Board | | Ing. Daniel Heler | 28 May 2009 |
| Member of the Supervisory Board | Ing. Jiří Michal | | 13 May 2009 |

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic and have been prepared under the historical cost convention except as disclosed below. Derivatives, securities and investments (except for investments in controlled entities/subsidiaries and associates) are shown at fair value. All figures are presented in thousands of Czech crowns ("CZK '000"), unless indicated otherwise.

2.1. Tangible fixed assets

All tangible assets with a useful life longer than one year and a unit cost of more than CZK 40 thousand are treated as tangible fixed assets.

Acquired tangible fixed assets are recorded at cost, which include all costs incurred in bringing the assets to their present location and condition.

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

| | |
|-----------------------------------|---------|
| Premises, machinery and equipment | 3 years |
|-----------------------------------|---------|

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

Repairs and maintenance expenditures of tangible fixed assets are charged to expense as incurred. Enhancements of tangible fixed assets are capitalised.

2.2. Intangible fixed assets

All intangible assets with a useful life longer than one year and a unit cost of more than CZK 60 thousand are treated as intangible fixed assets.

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

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

| | |
|----------|---------|
| Software | 3 years |
|----------|---------|

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

2.3. Investments in controlled entities/subsidiaries and associates

Investments in controlled entities/subsidiaries represent enterprises that are controlled by the Company (“the subsidiary”).

Investments in associates represent enterprises over which the Company has significant influence, which is the power to participate in the financial and operating policy decisions, but not control (“the associate”).

Investments in subsidiaries and associates are recorded at cost less a provision for diminution in value.

2.4. Other securities and investments

The Company classifies securities and investments, other than investments in subsidiaries and associates as trading or held-to-maturity.

Securities that are acquired principally for the purpose of generating profits from short-term (maximum of 1 year period) fluctuations in price are classified as trading investments and included in current assets.

Investments with a fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, unless the date of maturity falls within 12 months of the balance sheet date.

All securities and investments are initially recorded at cost, including transaction costs. Held-to-maturity investments are subsequently accounted for at amortised cost. Other investments are subsequently

accounted for at fair value. The fair value is determined as the market value of the securities as at the balance sheet date. Measurement of non-traded securities is based on management estimates based on recognised models or valuation techniques.

Gains and losses arising from changes in the fair value of trading instruments are included in the income statement in the period in which they arise.

A provision for impairment is established for held-to-maturity investments when their carrying value is greater than their estimated recoverable amount.

2.5. Cash and cash equivalents

Cash and cash equivalents include cash in hand, stamps and vouchers and cash in banks, including bank overdrafts.

Cash equivalents are short-term highly liquid investments that can be exchanged for a predictable amount of cash and no significant changes of value over time are expected. Cash equivalents are, for example, deposits with a maturity of less than 3 months from the date of acquisition and liquid commercial paper traded in public markets.

2.6. Receivables

Receivables are stated at nominal value less a provision for doubtful amounts. A provision for bad debts is created on the basis of an ageing analysis and individual evaluation of the recoverability of the receivables. Receivables from related parties have not been provided for.

2.7. Derivative financial instruments

The Company uses derivative financial instruments to reduce or eliminate financial risks. All derivatives are used for hedging purposes, however hedge accounting is not used as both the hedged items and the derivatives are fair valued through profit or loss.

Derivative financial instruments including foreign exchange contracts, currency swaps and other derivative financial instruments are initially recognised on the balance sheet at cost and subsequently are re-measured at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. All derivatives are presented in other receivables or in other payables when their fair value is positive or negative, respectively.

Changes in the fair value of derivatives held for trading are included in other financial income and expenses.

2.8. Provisions

Provisions are recognised 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.

2.9. Foreign currency translation

Transactions denominated in a foreign currency are translated and recorded at the rate of exchange ruling as at the transaction date.

Cash, receivables and liabilities balances 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 balances are recorded in the income statement.

2.10. Deferred taxation

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax assets are recognised if it is probable that sufficient future taxable profit will be available against which the assets can be utilised.

2.11. Own shares

The transferability of the shares is restricted as they may be transferred to third parties only after the approval of the Stock Exchange Chamber members in attendance. The approval is subject to the consent of a two-thirds majority of the Stock Exchange Chamber members in attendance.

The Company is obligated to repurchase own shares if the Stock Exchange Chamber does not approve the transfer to another party. The Company is required to sell these shares within a three-year period from the acquisition. If it fails to do so, it is obligated to withdraw the own shares from circulation and reduce its share capital balance by their nominal value.

Repurchased own shares are stated at cost as a deduction from share capital.

2.12. 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 other subsidiaries and associates of these shareholders;
- members of the Stock Exchange Chamber and Supervisory Board, management, parent companies and parties close to such members, including entities in which they have a controlling or significant influence; and/or
- subsidiaries and associates.

Material transactions and outstanding balances with related parties are disclosed in Note 3.5.3., 3.9.1., 3.13. and 4.

2.13. Revenue recognition

Sales are recognised when services are rendered and are rendered net of discounts and VAT.

2.14. Leasing

The Company uses assets acquired under operating leases. The costs of assets held under operating leases are not capitalised as fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not yet due are disclosed in the notes but not recognised in the balance sheet.

2.15. Employment benefits

Regular contributions are made to the state to fund the national pension plan. The Company also provides contributions to defined contribution plans operated by independent pension funds.

2.16. Cash flow statement

The Company has prepared a cash flow statement following the indirect method. Cash equivalents represent short-term liquid investments, which are readily convertible for a known amount of cash.

2.17. Group registration for VAT

Companies: Effective from 1 January 2009, Burza cenných papírů Praha, a.s., POWER EXCHANGE CENTRAL EUROPE, a.s. and Centrální depozitář cenných papírů, a.s. (henceforth "the Group"), created a Value Added Tax (henceforth "VAT") group according to Act nr. 235/2004. Hereafter the Group is registered under a joint VAT identification number.

As at 1 January 2009 the Group uses advances coefficient of 0.16. The Group applied this coefficient for calculating proportional VAT deduction on acquired supplies in 2009. In VAT return for December 2009 a settlement coefficient of 0.40 was calculated and represents the advances coefficient for 2010. The difference between the applied deduction based on the advance rate during the entire calendar year and the deduction of VAT calculated on the basis of the settlement coefficient was applied in December 2009.

Further on there was also used to the deduction of property companies. Take account of depreciated fixed assets and technical assessment of the property for which it was on putting into use a right to deduct fractional coefficient, or deduction has been applied in the course of 2009 there has been a change in the use of such property in accordance with § 78 paragraph 4 Act. 235/2004 Coll. The term, the assets acquired from 1 January 2005 to 31 December 2008 in accordance with the five-year test set out in § 78 paragraph 1 Act 235/2004 Coll.

The Companies Burza cenných papírů Praha, a.s., Centrální depozitář cenných papírů, a.s. and POWER EXCHANGE CENTRAL EUROPE, a.s. entered into an agreement of cooperation within the group registration of VAT with effect from 1 January 2009 (the „Group Registration“). Based on the Group Registration the Group claimed 40% of the VAT as deductible in the VAT return and 60% of the VAT group as shown in the cost of non-VAT.

2.18. Post balance sheet events

The effects of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are recognised in the financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date.

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

3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT

3.1. Fixed assets

3.1.1. Intangible fixed assets

CZK '000

| Cost | | | | | | | |
|--|---|------------------|------------------|--|------------------|------------------|--|
| | Balance as at 1 Jan 2008 | Additions | Disposals | Balance as at 31 Dec 2008 | Additions | Disposals | Balance as at 31 Dec 2009 |
| Software | 38,215 | 2,841 | 364 | 40,692 | 900 | – | 41,592 |
| Other intangible fixed assets | 386 | 3,514 | – | 3,900 | – | – | 3,900 |
| Intangible fixed assets under construction | 328 | – | 328 | – | 1,069 | 900 | 169 |
| Prepayments made | 31 | – | 31 | – | – | – | – |
| Total | 38,960 | 6,355 | 723 | 44,592 | 1,969 | 900 | 45,661 |

CZK '000

| Accumulated amortisation | | | | | | | |
|----------------------------------|---|------------------|------------------|--|------------------|------------------|--|
| | Balance as at 1 Jan 2008 | Additions | Disposals | Balance as at 31 Dec 2008 | Additions | Disposals | Balance as at 31 Dec 2009 |
| Software | 34,233 | 2,353 | 366 | 36,220 | 2,453 | – | 38,673 |
| Other intangible fixed assets | 80 | 211 | – | 291 | 1,822 | – | 2,113 |
| Total | 34,313 | 2,564 | 366 | 36,511 | 4,275 | – | 40,786 |

CZK '000

| Net book value | | | |
|--|-------------------------------------|--------------------------------------|--------------------------------------|
| | Balance as at 1 Jan 2008 | Balance as at 31 Dec 2008 | Balance as at 31 Dec 2009 |
| Software | 3,982 | 4,472 | 2,920 |
| Other intangible fixed assets | 306 | 3,609 | 1,786 |
| Intangible fixed assets under construction | 328 | – | 169 |
| Prepayments made | 31 | – | – |
| Total | 4,647 | 8,081 | 4,875 |

Additions to Intangible Fixed Assets

In 2009 additions to intangible fixed assets represent software – Secure Access 2500 amounting to TCZK 290 and the technical improvement of software ArcSight amounting to TCZK 95.

Amortisation of intangible fixed assets charged to expenses was as follows:

| Amortisation | |
|---------------------|--------------|
| 2009 | 4,275 |
| 2008 | 2,564 |

In 2008 and 2009 no allowances to intangible fixed assets were created.

3.1.2. Tangible Fixed Assets

CZK '000

| Cost | | | | | | | |
|----------------------------------|---------------------------------|------------------|------------------|----------------------------------|------------------|------------------|----------------------------------|
| | Balance as at 1 Jan 2008 | Additions | Disposals | Balance as at 31 Dec 2008 | Additions | Disposals | Balance as at 31 Dec 2009 |
| Individual movable assets | 70,247 | 5,321 | 4,110 | 71,458 | 8,108 | 10,398 | 69,168 |
| – Machinery and equipment | 50,394 | 3,368 | 384 | 53,378 | 7,637 | 10,398 | 50,616 |
| – Vehicles | 775 | – | 775 | – | – | – | – |
| – Furniture and fixtures | 6,366 | 836 | 1,482 | 5,720 | – | – | 5,720 |
| – Low value tangible FA | 12,712 | 1,117 | 1,469 | 12,360 | 472 | – | 12,832 |
| – Tangible FA under construction | – | – | – | – | 6 | – | 6 |
| Total | 70,247 | 5,321 | 4,110 | 71,458 | 8,114 | 10,398 | 69,174 |

CZK '000

| Accumulated depreciation and provisions | | | | | | | |
|--|---------------------------------|------------------|------------------|----------------------------------|------------------|------------------|----------------------------------|
| | Balance as at 1 Jan 2008 | Additions | Disposals | Balance as at 31 Dec 2008 | Additions | Disposals | Balance as at 31 Dec 2009 |
| Individual movable assets | 62,093 | 5,492 | 4,110 | 63,475 | 7,242 | 10,398 | 60,319 |
| – Machinery and equipment | 44,764 | 4,271 | 384 | 48,651 | 5,370 | 10,398 | 43,623 |
| – Vehicles | 775 | – | 775 | – | – | – | – |
| – Furniture and fixtures | 6,121 | 111 | 1,482 | 4,750 | 486 | – | 5,236 |
| – Low value tangible FA | 10,433 | 1,110 | 1,469 | 10,074 | 1,386 | – | 11,460 |
| Total | 62,093 | 5,492 | 4,110 | 63,475 | 7,242 | 10,398 | 60,319 |

CZK '000

| Net book value | | | |
|--------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|
| | Balance as at 1 Jan 2008 | Balance as at 31 Dec 2008 | Balance as at 31 Dec 2009 |
| Individual movable assets | 8,154 | 7,983 | 8,849 |
| – Machinery and equipment | 5,630 | 4,728 | 6,993 |
| – Furniture and fixtures | 245 | 970 | 484 |
| – Low value tangible FA | 2,279 | 2,284 | 1,372 |
| Tangible FA under construction | – | – | 6 |
| Total | 8,154 | 7,983 | 8,855 |

Additions to Tangible Fixed Assets

In 2009, additions to tangible fixed assets in amount of TCZK 8,108 predominantly include technical improvement of Flashing optical connection stock exchange with Czech TV in the amount of TCZK 401 in connection with setting up the new TV studio, technical improvement of iSeries computer in the amount of TCZK 5,144, technical improvement of IT servers in the amount of TCZK 208 and acquisition of servers and other technical equipment in the amount of TCZK 1,883.

Disposals of Tangible Fixed Assets

Disposals of tangible fixed assets predominantly include disposal of 55 pieces of routers used for members communication in the amount of TCZK 8,574.

Depreciation of tangible fixed assets charged to expenses including the carrying value of liquidated assets was as follows:

| Depreciation | |
|---------------------|--------------|
| 2009 | 7,242 |
| 2008 | 5,492 |

In 2009 and 2008 no allowances against tangible fixed assets were created.

None of the assets is pledged as collateral.

3.2. Leased assets

As at 31 December 2009, the Company has seven cars under operating leases. The aggregate amount of payments made in 2009 was TCZK 1,709 (2008: TCZK 1,904).

The Company has the following commitments in respect of operational leases:

| | CZK '000 | |
|--|------------------------------|------------------------------|
| | Balance as at 31 Dec 2009 | Balance as at 31 Dec 2008 |
| Current within one year | 1,208 | 1,971 |
| Due after one year but within five years | 384 | 1,789 |
| Total | 1,592 | 3,760 |

3.3 Long-term investments

The Company is the sole shareholder of Centrální depozitář cenných papírů, a.s. and CENTRAL COUNTERPARTY, a.s. (formerly Centrální depozitář, a.s.). Since 2008 the Company is also the sole shareholder of Central Clearing Counterparty, a.s. and Energy Clearing Counterparty, a.s. The share capital of Centrální depozitář cenných papírů, a.s. amounts to TCZK 100,000 and CENTRAL COUNTERPARTY, a.s. amounts to TCZK 3,000, Central Clearing Counterparty, a.s. and Energy Clearing Counterparty, a.s. amounts to CZK 2,000,000 and CZK 2,000,000, respectively. The Company has also share in one third of shares in POWER EXCHANGE CENTRAL EUROPE, a.s. whose share capital amounts to TCZK 60,000 (refer to Note 1.4.).

| | CZK '000 | | |
|--|------------------------------|-----------|------------------------------|
| Cost | Balance as at 31 Dec 2008 | Additions | Balance as at 31 Dec 2009 |
| Centrální depozitář cenných papírů, a.s. | 90,100* | – | 90,100 |
| CENTRAL COUNTERPARTY, a.s. | 3,000 | – | 3,000 |
| POWER EXCHANGE CENTRAL EUROPE, a. s. | 20,000 | – | 20,000 |
| Central Clearing Counterparty, a.s. | 2,000 | – | 2,000 |
| Energy Clearing Counterparty, a.s. | 2,000 | – | 2,000 |
| Total | 117,100 | – | 117,100 |

* The company Centrální depozitář cenných papírů, a.s. is legal successor of the company Burzovní registr cenných papírů, s.r.o. There was increase of equity of the company Univyc, a.s. in year 1996 and 1999 from retained earnings of the company Burzovní registr cenných papírů, s.r.o., respectively Centrální depozitář cenných papírů, a.s.

CZK '000

| Provisions | | | | |
|-------------------------------------|--------------------------------------|------------------|------------------|--------------------------------------|
| | Balance as at 31 Dec 2008 | Additions | Disposals | Balance as at 31 Dec 2009 |
| CENTRAL COUNTERPARTY, a.s. | – | – | – | – |
| Central Clearing Counterparty, a.s. | 697 | 1,029 | – | 1,726 |
| Energy Clearing Counterparty, a.s. | 855 | 929 | – | 1,784 |
| Total | 1,552 | 1,958 | – | 3,510 |

CZK '000

| Net value | | |
|--|--------------------------------------|--------------------------------------|
| | Balance as at 31 Dec 2008 | Balance as at 31 Dec 2009 |
| Centrální depozitář cenných papírů, a.s. | 90,100 | 90,100 |
| CENTRAL COUNTERPARTY, a.s. | 3,000 | 3,000 |
| POWER EXCHANGE CENTRAL EUROPE, a.s. | 20,000 | 20,000 |
| Central Clearing Counterparty, a.s. | 1,303 | 274 |
| Energy Clearing Counterparty, a.s. | 1,145 | 216 |
| Total | 115,548 | 113,590 |

As at 31 December 2009 Centrální depozitář cenných papírů, a.s. reports equity of TCZK 129,702. In 2009 it generated a profit of TCZK 20,950. Based on the decision of sole shareholder the dividends from profit of 2008 have been paid in 2009 amounting to TCZK 20,000.

As at 31 December 2009 CENTRAL COUNTERPARTY, a.s. (formerly Centrální depozitář, a.s.) reports equity of TCZK 10,749 and generated loss of TCZK 220.

As at 31 December 2009 the POWER EXCHANGE CENTRAL EUROPE, a.s. reports equity of TCZK 64,275. In 2009 it generated a profit of TCZK 2,375.

As at 31 December 2009 the Central Clearing Counterparty, a.s. reports equity of TCZK 274. In 2009 it generated a loss of TCZK 1,029.

As at 31 December 2009 the Energy Clearing Counterparty, a.s. reports equity of TCZK 216. In 2009 it generated a loss of TCZK 1,403.

Loans to subsidiaries

In 2009 CENTRAL COUNTERPARTY, a.s. provided a loan to its subsidiary in the amount of TCZK 40,200. The loan has been repaid on 12 January 2010.

The Company does not have any long-term financial assets pledged as collateral.

3.4. Financial assets

| | CZK '000 | |
|--|--------------------------------------|--------------------------------------|
| | Balance as at 31 Dec 2009 | Balance as at 31 Dec 2008 |
| Cash on hand | 44 | 43 |
| Current accounts | 63,172 | 84,908 |
| Short-term securities | 184,777 | 373,513 |
| – held to maturity – depository notes | 110,002 | 251,013 |
| – at fair value through profit or loss | 74,775 | 122,500 |
| with fixed income | 36,358 | 85,941 |
| with variable yield | 38,417 | 36,559 |
| Total financial assets | 247,993 | 458,464 |

According to the Asset management contract, the Company held bonds of domestic and foreign issuers as at 31 December 2009.

The Company has a restricted term deposit in amount of TCZK 40,000 at Komerční banka, a.s. as at 31 December 2009.

3.5. Short-term receivables

CZK '000

| Category | Balance as at 31 Dec 2009 | Balance as at 31 Dec 2008 |
|--|------------------------------|------------------------------|
| Trade receivables - customers | 13,659 | 13,363 |
| Receivables from shareholders/owners | 40,971 | – |
| Tax receivable | 13,048 | – |
| Operating prepayments made | 155 | 2,593 |
| Receivables from partners | 3,646 | 3,625 |
| Estimated receivables | 435 | 5,832 |
| Other receivables and social security | 26 | 31 |
| Total short-term receivables, net | 71,940 | 25,444 |

On 1 January 2008 the union between Burza cenných papírů Praha, a.s. and Centrální depozitář cenných papírů, a.s. was established for the purpose of co-operation on the settlement of exchange and off-exchange trades.

Receivables outstanding have not been secured and none of them are past due for more than 5 years.

3.5.1. Ageing of short-term trade receivables

CZK '000

| Year | Category | Due | Past due date | | | | 2 and more years | Total past due date | Total |
|------|---------------|--------|---------------|---------------|----------------|-------------|------------------|---------------------|--------|
| | | | 0 – 60 days | 61 – 180 days | 181 – 360 days | 1 – 2 years | | | |
| 2009 | Nominal value | 13,299 | 129 | 95 | 135 | 1 | 2,411 | 2,771 | 16,070 |
| | Allowances | – | – | – | – | – | 2,411 | 2,411 | 2,411 |
| | Net | 13,299 | 129 | 95 | 135 | 1 | – | 360 | 13,659 |
| 2008 | Nominal value | 13,273 | 1 | 89 | – | – | 2,461 | 2,551 | 15,824 |
| | Allowances | – | – | – | – | – | 2,461 | 2,461 | 2,461 |
| | Net | 13,273 | 1 | 89 | – | – | – | 90 | 13,363 |

3.5.2. Allowances

CZK '000

| Provisions for trade receivables | |
|---------------------------------------|--------------|
| Balance as at 1 January 2008 | 3,772 |
| Creation | – |
| Release | 228 |
| Usage | 1,083 |
| Balance as at 31 December 2008 | 2,461 |
| Creation | – |
| Release | 50 |
| Usage | – |
| Balance as at 31 December 2009 | 2,411 |

3.5.3. Inter-company receivables

| | CZK '000 | |
|--|------------------------------|------------------------------|
| Short-term trade receivables | Balance as at 31 Dec 2009 | Balance as at 31 Dec 2008 |
| Name of the company | | |
| Centrální depozitář cenných papírů, a.s. | 20 | 4,035 |
| CENTRAL COUNTERPARTY, a.s. | – | 358 |
| POWER EXCHANGE CENTRAL EUROPE, a.s. | 743 | 1,962 |
| Central Clearing Counterparty, a.s. | – | 39 |
| Total short-term receivables | 763 | 6,394 |

No inter-company receivables are past due.

3.5.4. Estimated receivables

| | CZK '000 | |
|--|------------------------------|------------------------------|
| | Balance as at 31 Dec 2009 | Balance as at 31 Dec 2008 |
| Unbilled rental services | 387 | 582 |
| Unbilled information services provided by BCPP | 48 | 5,250 |
| Estimated receivables | 435 | 5,832 |

3.6. Deferred expenses and accrued income

| | CZK '000 | |
|-------------------------------------|---------------------------|---------------------------|
| | Balance as at 31 Dec 2009 | Balance as at 31 Dec 2008 |
| Deferred expenses | 6,887 | 9,888 |
| Rental of non-residential premises | 3,457 | 3,588 |
| Insurance | 1,934 | 3,685 |
| Other | 1,496 | 2,615 |
| Accrued income | 272 | 6,719 |
| Stock exchange information | 157 | 6,624 |
| Interest | 113 | 95 |
| Other | 2 | 0 |
| Total accruals and deferrals | 7,159 | 16,607 |

3.7. Equity

3.7.1. Share capital

The Company's share capital recorded in the Commercial Register as at 31 December 2009 of TCZK 265,216 (2008: TCZK 265,216) is split into 265,216 shares of registered stock with a nominal value of CZK 1,000 per share.

3.7.2. Profit for the year 2008

The net profit for the year 2008 of TCZK 256,389 was approved and allocated by the general meeting of shareholders on 28 May 2009.

3.7.3. Statutory reserve fund

| | CZK '000 |
|---------------------------------------|---------------|
| Balance as at 31 December 2007 | 23,105 |
| Creation 2008 | 8,818 |
| Balance as at 31 December 2008 | 31,923 |
| Creation 2009 | 12,820 |
| Balance as at 31 December 2009 | 44,743 |

3.8. Provisions

| | CZK '000 | | |
|---------------------------------------|--|--|---------------|
| | Reserve for potential liability from termination of employment | Reserve life insurance and staff bonuses | Total |
| Balance as at 31 December 2007 | 981 | 630 | 1,611 |
| Creation | – | 15,010 | 15,010 |
| Balance as at 31 December 2008 | 981 | 15,640 | 16,621 |
| Creation/release | – | (14,242) | (14,242) |
| Balance as at 31 December 2009 | 981 | 1,398 | 2,379 |

As at 31 December 2009, other provisions were created for potential liabilities arising from the verdict of the Municipal Court for Prague, as the appeal court, of 28 January 2005. The Court decided that the termination of employment delivered to a former employee on 26 July 2002 was invalid.

The provision was created in amount of TCZK 981, equalling lost earnings and statutory insurance. In 2009, the legal dispute referred to above was not finalised.

Further, a provision for traditional life insurance for selected employees is being created. The provision will be used at the completion or termination of individual contracts. As at 31 December 2009, it amounts to TCZK 1,398. Further, the Company released the provision for staff bonus liability amounting to TCZK 14,500.

3.9. Short-term liabilities

Short-term liabilities have the following structure:

| Category | CZK '000 | |
|---|------------------------------|------------------------------|
| | Balance as at 31 Dec 2009 | Balance as at 31 Dec 2008 |
| Trade payables – Czech Republic | 3,516 | 11,734 |
| Trade payables – foreign countries | 139 | 480 |
| Prepayments received | 380 | 2 220 |
| Estimated payables | 1,376 | 14,051 |
| Tax liabilities | 1,813 | 19,320 |
| Payables to shareholders/ owners | 789 | – |
| Payables to employees | 8,165 | 9,055 |
| Social security and health insurance payables | 1,352 | 946 |
| Other payables | 228 | 154 |
| Total short-term payables | 17,758 | 57,960 |

No trade payables as at 31 December 2009 and 2008 are overdue.

3.9.1. Inter-company payables

CZK '000

| Name of the company | Balance as at 31 Dec 2009 | Balance as at 31 Dec 2008 |
|---|------------------------------|------------------------------|
| Centrální depozitář cenných papírů, a.s. | – | 378 |
| – payables from trading | – | – |
| – received prepayments | – | 378 |
| CENTRAL COUNTERPARTY, a.s. (formerly Centrální depozitář, a.s.) | – | 23 |
| – received unbilled prepayments | – | 23 |
| POWER EXCHANGE CENTRAL EUROPE, a.s. | – | 139 |
| – received unbilled prepayments | – | 139 |
| Central Clearing Counterparty, a.s. | – | 17 |
| – received unbilled prepayments | – | 17 |
| Energy Clearing Counterparty, a.s. | – | 14 |
| – received unbilled prepayments | – | 14 |
| Total short-term intercompany payables | – | 571 |

3.10. Deferred tax

The deferred tax asset as at 31 December 2009 is calculated at 19% (the rate enacted for 2010) depending on the period when the temporary differences are expected to reverse. Deferred tax as at 31 December 2008 was calculated at 20% (the rate enacted for 2009), 19% (the rate enacted for 2010).

The deferred tax asset can be analysed as follows:

CZK '000

| Deferred tax | Balance as at 31 Dec 2009 | Balance as at 31 Dec 2008 |
|---|------------------------------|------------------------------|
| Accumulated depreciation and amortisation of fixed assets | (837) | (259) |
| Provisions | 452 | 3,324 |
| Provision to financial investments | 667 | 310 |
| Social security and health insurance | 62 | 374 |
| Deferred tax asset | 344 | 3,749 |
| Deferred tax expense/(income) | (3,405) | (3,640) |

3.11. Income tax on ordinary activities

The charge for the year can be reconciled to the profit per the income statement, as follows:

| | CZK '000 | |
|--|---------------|---------------|
| | 31 Dec 2009 | 31 Dec 2008 |
| Profit before tax | 150,726 | 313,498 |
| Theoretical tax at tax rate of 20% (2008: 21%) | 30,145 | 65,835 |
| Tax effect of not deductible expenses | 9,938 | 6,259 |
| Tax effect of non-taxable income | (14,548) | (11,345) |
| Tax drawback | (2,565) | – |
| Current tax | 22,970 | 60,749 |
| Deferred tax | (3,405) | (3,640) |
| Total income tax on ordinary activities | 26,375 | 57,109 |

3.12. Details of revenues by principal activity

| | CZK '000 | | | | | |
|--|----------------|---------------|----------------|----------------|---------------|----------------|
| | 2009 | | | 2008 | | |
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| Stock exchange fees | 106,446 | 4,420 | 110,866 | 181,343 | 3,380 | 184,723 |
| Annual trading fees | 14,520 | – | 14,520 | 14,520 | – | 14,520 |
| Listing fees | 8,470 | 4,420 | 12,890 | 7,575 | 3,380 | 10,955 |
| Trading fees | 83,456 | – | 83,456 | 159,248 | – | 159,248 |
| Services relating to settlement | 78,225 | – | 78,225 | 88,999 | – | 88,999 |
| Services for POWER EXCHANGE CENTRAL EUROPE, a.s. | 10,198 | – | 10,198 | 11,940 | – | 11,940 |
| Other services | 14,879 | 39,290 | 54,169 | 11,341 | 43,108 | 54,449 |
| Total income from the sale of services | 209,748 | 43,710 | 253,458 | 293,623 | 46,488 | 340,111 |

3.13. Related party transactions

3.13.1. Revenues from related party transactions

CZK '000

| 2009 | | | | | |
|--|--------------------------------|-----------------|-------------------------------|-------------------------|---------------|
| Entity | Relation to the Company | Services | Other operating income | Financial income | Total |
| Centrální depozitář cenných papírů, a.s. | Subsidiary | 42 | 3,330 | – | 3,372 |
| CENTRAL COUNTERPARTY, a.s. | Subsidiary | – | 117 | 711 | 828 |
| POWER EXCHANGE CENTRAL EUROPE, a.s. | Subsidiary | 10,198 | 891 | – | 11,089 |
| Central Clearing Counterparty, a.s. | Subsidiary | – | 119 | – | 119 |
| Energy Clearing Counterparty, a.s. | Subsidiary | – | 149 | – | 149 |
| Total | | 10,240 | 4,605 | 711 | 15,557 |

CZK '000

| 2008 | | | | | |
|--|--------------------------------|-----------------|-------------------------------|-------------------------|---------------|
| Entity | Relation to the Company | Services | Other operating income | Financial income | Total |
| Centrální depozitář cenných papírů, a.s. | Subsidiary | 47 | 1,649 | – | 1,696 |
| CENTRAL COUNTERPARTY, a.s. | Subsidiary | – | 102 | 753 | 855 |
| POWER EXCHANGE CENTRAL EUROPE, a.s. | Subsidiary | 11,940 | 614 | – | 12,554 |
| Central Clearing Counterparty, a.s. | Subsidiary | – | 70 | – | 70 |
| Energy Clearing Counterparty, a.s. | Subsidiary | – | 60 | – | 60 |
| Total | | 11,987 | 2,495 | 753 | 15,235 |

The Company provides POWER EXCHANGE CENTRAL EUROPE, a.s. with services supporting electric energy trading. Other income includes the lease of non-residential premises including services related to the lease and services related to lease. Financial income includes the loan interest. Since 1 January 2008 the contract on corporation between Burza cenných papírů Praha, a.s. and Centrální depozitář cenných papírů, a.s. was concluded. As a result of this contract mutual transactions have been reduced significantly.

3.13.2. Costs from related party transactions

CZK '000

| 2009 | | |
|--|-------------------------|----------|
| Entity | Relation to the Company | Services |
| Centrální depozitář cenných papírů, a.s. | Subsidiary | 32,368 |

In 2009 the Company purchased services related to settlement of trades with securities from Centrální depozitář cenných papírů, a.s. There are no realized transactions with related parties in 2009. These services related to settlement of trades with securities are now proceeded within co-operation of Burza cenných papírů Praha, a.s. and Centrální depozitář cenných papírů, a.s.

3.14. Services

CZK '000

| | Year 2009 | Year 2008 |
|--|---------------|---------------|
| Repairs and maintenance | 927 | 7,997 |
| Travel expenses | 976 | 1,008 |
| Representation costs | 578 | 977 |
| Low value intangible assets brought into use | – | 41 |
| Rental | 16,312 | 16,041 |
| Operating leases | 1,709 | 1,904 |
| Advisory services, audit | 4,605 | 8,186 |
| Promotion | 1,566 | 5,195 |
| Other services | 14,906 | 13,319 |
| Total | 41,579 | 54,668 |

3.15. Other operating income

| | CZK '000 | |
|--|--------------|------------|
| | Year 2009 | Year 2008 |
| Contractual penalties and penalty interest | 54 | 112 |
| Impact of VAT coefficient | 2,766 | – |
| Write-offs of receivables | 13 | – |
| Sundry operating income | 11 | 14 |
| Total other operating income | 2,844 | 126 |

3.16. Other operating expenses

| | CZK '000 | |
|---|--------------|--------------|
| | Year 2009 | Year 2008 |
| Gifts | 334 | 982 |
| Write-offs of receivables and transferred receivables | – | 1,083 |
| Insurance premiums | 892 | 1,177 |
| Sundry operating expenses | 1,774 | 229 |
| Impact of VAT coefficient | 6,106 | – |
| Total other operating expenses | 9,106 | 3,471 |

3.17. Proceeds from the sale of securities and investments

| | CZK '000 | |
|---|---------------|----------------|
| Current Financial Assets (FVPL) | Year 2009 | Year 2008 |
| | Selling price | Selling price |
| Czech bonds | 30,568 | 58,040 |
| Sale of treasury shares | – | 86,565 |
| Total proceeds from the sale of securities | 30,568 | 144,605 |

3.18. Income from non-current financial assets

| | CZK '000 | |
|--------------------------------------|-----------|-----------|
| | Year 2009 | Year 2008 |
| Dividends received from subsidiaries | 20,000 | 50,000 |

3.19. Income from current financial assets

| | CZK '000 | |
|---|--------------|--------------|
| | Year 2009 | Year 2008 |
| Interest from income depository notes | 2,436 | 3,194 |
| Gains from revaluation of FVPL securities | 4,444 | 4,522 |
| Total income from financial assets | 6,880 | 7,716 |

3.20. Securities and investments sold

| | CZK '000 | |
|--|----------------|----------------|
| Current financial assets (all FVPL) | Year 2009 | Year 2008 |
| | Purchase price | Purchase price |
| Czech bonds | 30,549 | 58,087 |
| Own shares | – | 8,194 |
| Total expenses financial assets | 30,549 | 66,281 |

3.21. Interest income

| | CZK '000 | |
|---|--------------|--------------|
| | Year 2009 | Year 2008 |
| Interest on current bank accounts | 901 | 2,912 |
| Interest, accrued interest income, coupon on securities | 2,707 | 5,183 |
| Other interest received from the loan to a subsidiary | 711 | 753 |
| Total interest income | 4,319 | 8,848 |

3.22. Other financial income

| | CZK '000 | |
|------------------------|------------|------------|
| | Year 2009 | Year 2008 |
| Foreign exchange gains | 613 | 130 |
| Other | 6 | 2 |
| Total | 619 | 132 |

3.23. Other financial expenses

| | CZK '000 | |
|----------------------------------|--------------|------------|
| | 2009 | 2008 |
| Foreign exchange losses | 1,113 | 817 |
| Banking charges – bank guarantee | 155 | 120 |
| Banking charges – portfolio | 6 | 18 |
| Banking charges – other | - | 41 |
| Total | 1,274 | 996 |

4. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

4.1. Staff costs and number of employees

The following tables summarise the average number of the Company's employees and management for the years ended 31 December 2009 and 2008:

| | Average headcount – 2009 | Average headcount – 2008 |
|--------------|-----------------------------|-----------------------------|
| Employees | 41 | 38 |
| Management | 6 | 6 |
| Total | 47 | 44 |

| | CZK '000 | | | | |
|--------------|-----------|----------------|--------------------------------|--------------|------------------------|
| Year 2009 | Count | Wages costs | Social and health insurance | Other costs | Total personal cost |
| Employees | 41 | 23,548 | 4,984 | 4,557 | 43,089 |
| Management | 6 | 40,467 | 6,784 | 1,962 | 49,213 |
| Total | 47 | 64,015 | 11,768 | 6,519 | 82,302 |

| | CZK '000 | | | | |
|--------------|-----------|----------------|--------------------------------|--------------|------------------------|
| Year 2008 | Count | Wages costs | Social and health insurance | Other costs | Total personal cost |
| Employees | 38 | 35,235 | 10,072 | 6,628 | 51,935 |
| Management | 6 | 27,025 | 2,173 | - | 29,198 |
| Total | 44 | 62,260 | 12,245 | 6,628 | 81,133 |

The management includes the CEO and departmental directors. Staff costs include also social and health insurance.

4.2. Loans, borrowings and other benefits provided

During the years ended 31 December 2009 and 2008, the members of the Stock Exchange Chamber and management received the following loans and bonuses in addition to their basic salaries:

| CZK '000 | | | |
|---|------------------------|---------------|---------------|
| 2009 | Stock Exchange Chamber | Management | Total |
| Life and pension insurance contributions | – | 191 | 191 |
| Bonuses | 1,962 | 31,462 | 33,424 |
| Cars/other movable and immovable assets to be used for private purposes | – | 458 | 458 |
| Other benefits | – | 214 | 214 |
| Total | 1,962 | 32,325 | 34,287 |

| CZK '000 | | | |
|---|------------------------|---------------|---------------|
| 2008 | Stock Exchange Chamber | Management | Total |
| Life and pension insurance contributions | – | 222 | 222 |
| Bonuses | 1,948 | 19,782 | 21,730 |
| Cars/other movable and immovable assets to be used for private purposes | – | 291 | 291 |
| Other benefits | – | 125 | 15 |
| Total | 1,948 | 20,420 | 22,368 |

Supervisory board members did not receive any bonuses during the years 2009 and 2008.

4.3. Fees paid and payable to the auditor

The information relating to the fees paid and payable for services performed by the auditor is concluded in the consolidated financial statements of Burza cenných papírů Praha, a.s.

5. CONTINGENT LIABILITIES AND OFF BALANCE SHEET COMMITMENTS

Bank Guarantee

The Company received a bank guarantee provided by Komerční banka, a.s. as at 31 December 2009 in amount of CZK 3,500 thousand in favour of Burzovní Palác Investment s.r.o.

Further there is a bank guarantee up to CZK 40,000 thousand provided by Komerční banka, a.s. related to subsidiary CENTRAL COUNTERPARTY, a.s.

Legal Disputes

As at 31 December 2009 the Company was involved in no legal disputes, the outcome of which would significantly impact the Company's financial statements, except for the legal dispute with a former employee of the Company for which a provision was created (Note 3.8.).

6. POST BALANCE SHEET EVENTS

Litigation with a former employee (see 3.8.) was resolved by the court decision which became effective on 2 February 2010. The Company is obliged to pay the amount of TCZK 431 incl. court expenses. The Company will appeal in 2010. The Company will negotiate with the insurance company for compensation in respect of the insurance contract in full amount.

With effect from 14 January 2010 Wiener Börse AG (Id. No. FN 161826f) was renamed to CEESEG Aktiengesellschaft, while there was a transfer of the business entity to a newly established company, which now bears the name of Wiener Börse AG (Id No. FN 334022i).

7. VOLATILITY ON GLOBAL AND LOCAL FINANCIAL MARKETS

The ongoing global financial crisis which commenced in the middle of 2007 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and, at times, higher interbank lending rates and very high volatility in stock markets.

Prague, 15 March 2010



Ing. Petr Koblík
Chairman of the Stock Exchange Chamber



Ing. David Kučera
Member of the Stock 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.

Auditor's report to the shareholders of Burza cenných papírů Praha, a.s.

We have audited the accompanying consolidated financial statements of Burza cenných papírů Praha, a.s., which comprise the consolidated statement of financial position as of 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the notes to these consolidated 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements of Burza cenných papírů Praha, a.s. in accordance with International Financial Reporting Standards as adopted by the E.U. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 consolidated financial statements present fairly in all material respects the assets, liabilities and the financial position of Burza cenných papírů Praha, a.s. as of 31 December 2009, and its expenses, revenues and financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the E.U.

Prague
15 March 2010

KPMG Česká republika
KPMG Česká republika, s.r.o.

Consolidated Statement of Financial position as at 31 December 2009

| | Note | 31 Dec 2009 | 31 Dec 2008 |
|---|------|------------------|------------------|
| CZK '000 | | | |
| CURRENT ASSETS | | | |
| Cash | 6 | 2,712,440 | 3,426,218 |
| Trade receivables | 7 | 58,116 | 32,867 |
| Securities held for trading | 8 | 122,368 | 191,992 |
| Securities held to maturity | 9 | 189,007 | 336,170 |
| Other current assets | 10 | 290,325 | 623,378 |
| Total current assets | | 3,372,256 | 4,610,625 |
| NON-CURRENT ASSETS | | | |
| Tangible assets | 11 | 11,875 | 8,338 |
| Intangible assets | 12 | 6,162 | 9,702 |
| Other non-current assets | 13 | 5,080 | 5,140 |
| Deferred tax asset | 19 | 475 | 4,845 |
| Total non-current assets | | 23,592 | 28,025 |
| TOTAL ASSETS | | 3,395,848 | 4,638,650 |
| CURRENT LIABILITIES | | | |
| Trade payables | 14 | 238,408 | 442,279 |
| Liabilities from margin deposits | 15 | 2,582,642 | 3,264,993 |
| Other current liabilities | 16 | 80,306 | 99,800 |
| Advances received | 18 | 6,367 | 2,068 |
| Income tax liability | | – | 10,028 |
| Bank loans | 17 | – | 190,645 |
| Total current liabilities | | 2,907,723 | 4,009,813 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 20 | 2,675 | 2,121 |
| Other liabilities | 21 | – | 12,974 |
| Total non-current liabilities | | 2,675 | 15,095 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 22 | 265,216 | 265,216 |
| Share premium | 22 | – | 78,371 |
| Other funds | 22 | 63,158 | 48,975 |
| Retained earnings | 30 | 157,076 | 221,180 |
| Total shareholders' equity | | 485,450 | 613,742 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | 3,395,848 | 4,638,650 |

The notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income for 2009

| | | CZK '000 | |
|--|-----------|----------------|----------------|
| | Note | 31 Dec 2009 | 31 Dec 2008 |
| Revenues | 23 | 381,243 | 451,619 |
| Services | 24 | (99,559) | (86,899) |
| Material | 24 | (3,435) | (3,757) |
| Employee benefit expenses | 25 | (108,717) | (138,775) |
| Depreciation and amortisation expenses | 26 | (14,370) | (12,701) |
| Other net operating expenses | 27 | (8,148) | 1,314 |
| Profit from operating activities | | 147,014 | 210,801 |
| Interest income | 28 | 1,149 | 7,905 |
| Interest expense | 28 | (717) | (895) |
| Net trading income | 28 | 8,840 | 4,466 |
| Other net financial income/(expenses) | 28 | (1,605) | 5,480 |
| Net financial income | 28 | 7,667 | 16,956 |
| Profit before income tax | | 154,681 | 227,757 |
| Income tax expense | 29 | (28,366) | (71,505) |
| Profit for the period | | 126,315 | 156,252 |
| Other comprehensive income for the period | | – | – |
| Total comprehensive income for the period | | 126,315 | 156,252 |

The notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for 2009

| | Share capital | Share premium |
|---------------------------------|----------------|---------------|
| 31 December 2007 | 265,216 | – |
| Allocation of retained earnings | – | – |
| Distribution of dividends | – | – |
| Acquisition of treasury shares | – | – |
| Sale of treasury shares | – | 78,371 |
| Profit for the period | – | – |
| Other comprehensive income | – | – |
| 31 December 2008 | 265,216 | 78,371 |
| Allocation of retained earnings | – | – |
| Distribution of dividends | – | (78,371) |
| Profit for the period | – | – |
| Other comprehensive income | – | – |
| 31 December 2009 | 265,216 | – |

In 2009, dividends were paid from retained earnings and profits from sales of treasury shares realized in 2008.

In 2008, the treasury shares were reduced by redeemed shares and increased by the purchase of treasury shares. On 8 December 2008 the treasury shares were sold to Wiener Börse AG.

The notes form an integral part of these consolidated financial statements.

CZK '000

| Treasury shares | Other funds | Retained earnings | Total |
|-----------------|---------------|-------------------|----------------|
| (6,894) | 37,749 | 237,488 | 533,559 |
| – | 11,226 | (11,226) | – |
| – | – | (161,334) | –161,334 |
| (1,300) | – | – | (1,300) |
| 8,194 | – | – | 86,565 |
| – | – | 156,252 | 156,252 |
| – | – | – | – |
| – | 48,975 | 221,180 | 613,742 |
| – | 14,183 | (14,183) | 0 |
| – | – | (176,236) | (254,607) |
| – | – | 126,315 | 126,315 |
| – | – | – | – |
| – | 63,158 | 157,076 | 485,450 |

Consolidated Statement of Cash Flows for 2009

| | | CZK '000 | |
|--|-----------|------------------|--------------------|
| | Note | 31 Dec 2009 | 31 Dec 2008 |
| Profit before tax | | 154,681 | 227,757 |
| Adjustments for non-cash transactions: | | | |
| Depreciation and amortisation | | 14,370 | 12,701 |
| Increase/(decrease) in provisions | | (6,446) | (780) |
| Profit or loss on the sale of tangible and intangible fixed assets | | 61 | (232) |
| Interest income | | (1,149) | (7,905) |
| Interest expense | | 717 | 895 |
| Foreign exchange differences | | 2,637 | – |
| (Increase)/decrease in accounts receivable | | 311,176 | (578,014) |
| Decrease in securities held for trading | | 69,624 | 70,833 |
| Increase/(decrease) in accounts payable | | (819,693) | (1,915,484) |
| Net operating cash flow before taxation and interest | | (274,022) | (2,190,229) |
| Interest received | | 1,149 | 7,905 |
| Interest paid | | (717) | (895) |
| Income tax paid | | (45,701) | (84,477) |
| Net cash flow from ordinary activities | | (319,291) | (2,267,696) |
| Acquisition of tangible and intangible fixed assets | | (14,446) | (12,166) |
| Proceeds from securities held to maturity | | – | – |
| Proceeds from the sale of tangible and intangible fixed assets | | 16 | 392 |
| Net cash flow from investing activities | | (14,430) | (11,774) |
| Increase/(decrease) in bank loans | | (190,645) | 190,645 |
| Acquisition of own treasury shares | | – | (1,300) |
| Proceeds from sale of own treasury shares | | – | 86,565 |
| Dividends paid | | (254,607) | (161,334) |
| Distribution of funds to shareholders | | – | – |
| Net cash flow from financial activities | | (445,252) | 114,576 |
| Effect of exchange rate changes on cash held | | (81,968) | (33,960) |
| Net increase in cash and cash equivalents | | (860,941) | (2,198,854) |
| Cash and cash equivalents at the beginning of the year | 37 | 3,762,388 | 5,961,242 |
| Cash and cash equivalents at the end of the year | 37 | 2,901,447 | 3,762,388 |

The notes form an integral part of these consolidated financial statements.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2009

1. GENERAL INFORMATION

The principal subject of the operations of Burza cenných papírů Praha, a.s. (the “Company” or the “Prague Stock Exchange”) and its subsidiaries (together the “Group”) is to organise securities trading; trading with the rights associated with securities and associated derivative instruments in accordance with generally applicable legal regulations and stock exchange regulations on pre-determined premises and at a set daily time through authorised persons; securities trading; settlement of stock exchange trades; settlement of securities trades; settlement of derivative trades; arranging for and settlement of the supply of electricity; maintenance of securities accounts performed on behalf of the members of Centrální depozitář cenných papírů, a.s. and margin accounts on behalf of POWER EXCHANGE CENTRAL EUROPE, a.s. (the “Prague Energy Exchange” or “PXE”).

Burza cenných papírů Praha, a.s., having its registered office at Rybná 14, Prague 1, was incorporated by a Memorandum of Association dated 24 July 1992 by twelve Czechoslovak banks and five brokerage firms.

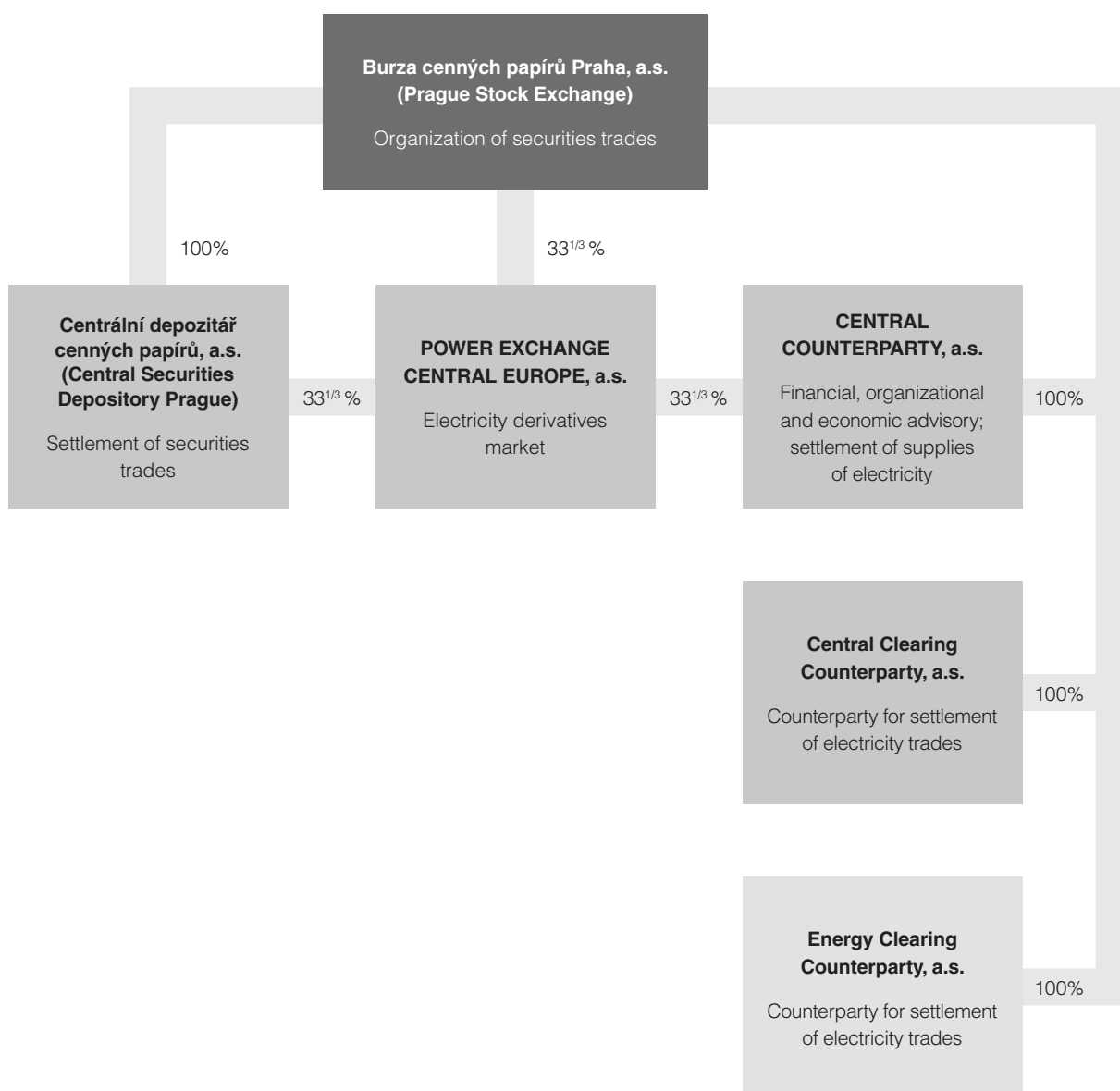
The Company was entered into the Commercial Register maintained by the District Court for Prague 1 on 24 November 1992. The Finance Ministry of the Czech Republic granted a permit to incorporate the Company on 16 October 1992. The corporate details of the Company are maintained in the Commercial Register held at the Municipal Court in Prague, File B, insert 1773.

The consolidated financial statements are prepared based on the full consolidation method and include the following companies in the consolidated Group:

| Company name | ID No. | Activity | Share in the consolidated Group | |
|--|------------|--|---------------------------------|------|
| | | | 2009 | 2008 |
| Centrální depozitář cenných papírů, a.s. (former UNIVYC, a.s.) | 250 81 489 | Settlement of securities trades | 100% | 100% |
| CENTRAL COUNTERPARTY, a.s. (former Centrální depozitář, a.s.) | 271 22 689 | Financial, organisational and economic advisory; settlement of supplies of electricity | 100% | 100% |
| Central Clearing Counterparty, a.s. | 283 81 696 | Rent of property; electroenergy – supply of electricity (branch) | 100% | 100% |
| Energy Clearing Counterparty, a.s. | 284 41 681 | Rent of property; trading with electricity | 100% | 100% |
| POWER EXCHANGE CENTRAL EUROPE, a.s. (former Energetická burza Praha, a.s.) | 278 65 444 | Electricity derivatives market | 100% | 100% |

All companies stated above have their registered office at: Praha 1, Rybná 682/14, postcode 110 05.

Structure of the Consolidated Group



2. SPECIFIC DEVELOPMENTS IMPACTING THE GROUP'S OPERATIONS DURING 2009

On 1 July 2009 Energetická burza Praha was renamed to POWER EXCHANGE CENTRAL EUROPE, a.s. (henceforth "PXE"). The Czech National Bank (henceforth "CNB") granted the license to PXE on 4 February 2009 regarding commodity derivatives market organizing (henceforth "the License"). According to novelized Act on Capital Markets regularly traded commodity derivatives are considered as investment instruments. Consequently, each subject that provides and organizes such market is supervised and licensed by CNB. The License allows PXE to provide market with physical settlement as well as financial settlement. The License is recognized in the whole European Union, which simplifies possible expansion in the Central and Eastern Europe region.

CNB extended a license for UNIVYC, a.s., that operates a settlement system for all trades concluded on PXE. UNIVYC, a.s. requested the regulatory body for the permission to perform central depository services according to Act on Capital Markets 246/2004, section 100. According to CNB's decision from 14 August 2009 the function of a central depository was granted to UNIVYC, a.s. Subsequently, UNIVYC, a.s. changed its registered name to Centrální depozitář cenných papírů, a.s. (henceforth "CDCP").

3. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the "EU") and International Financial Reporting Standards as issued by the IASB. All International Financial Reporting Standards issued by the IASB and effective at the time of preparing these consolidated financial statements have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of the International Accounting Standard IAS 39 "Financial Instruments: Recognition and Measurement". Following recommendations from the Accounting Regulatory Committee, the European Commission adopted the Regulations 2086/2004 and 1864/2005 re-

quiring the use of IAS 39, minus certain provisions on portfolio hedging of core deposits, by all listed companies from 1 January 2005.

Since the Group is not affected by the provisions regarding portfolio hedging that are not required by the EU-endorsed version of IAS 39, the accompanying financial statements comply with both International Financial Reporting Standards as adopted by the EU and International Financial Reporting Standards as issued by the IASB.

The consolidated financial statements are prepared on an accrual basis of accounting whereby the effects of transactions and other events are recognised when they occur and are reported in the financial statements of the periods to which they relate, considering the going concern assumption. The consolidated financial statements include a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements containing accounting policies and explanatory disclosures.

The consolidated financial statements have been prepared under the historical cost convention as modified by the re-measurement of financial assets and liabilities held for trading and all financial derivatives at fair value.

The accounting policies have been consistently applied by the entities in the Group.

The presentation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and their reported amounts of income and expenses during the reporting period (see Note 5). Actual results could differ from those estimates.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1. Principles of Consolidation

The consolidated financial statements present the accounts and results of the Company and of its subsidiaries.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

All inter-company balances and transactions, including inter-company profits are eliminated on consolidation. Where necessary, the accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

4.2. Cash and Cash Equivalents

Cash comprises cash in hand and cash in transit.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes. Cash equivalents are reported by class in the appropriate lines of the statement of financial position.

4.3. Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and held-to-maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Regular-way purchases and sales of financial assets at fair value through profit or loss, held to maturity are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished – that is, when the obligation is discharged, cancelled or expires.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Group establishes fair value using valuation techniques. These techniques represent recently released transactions under current market conditions, analysis of discounted cash flows and pricing models of options and other revaluation techniques commonly used by market participants.

4.3.1. Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are man-

aged together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedging instruments.

Financial assets and financial liabilities are designated at fair value through profit or loss when:

- Doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as held-or-trading and the underlying financial instruments were carried at amortised cost for such as loans and advances to customers or banks and debt securities in issue;
- Certain investments, such as equity investments, that are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis are designated at fair value through profit and loss; and
- Financial instruments, such as debt securities held, containing one or more embedded derivatives that significantly modify the cash flows, are designated at fair value through profit and loss.

All gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in 'Other net financial income/expenses'.

4.3.2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity upon initial recognition designates as available for sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

4.3.3. Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available-for-sale.

4.4. Tangible and Intangible Fixed Assets

Tangible and intangible fixed assets are stated at historical cost less depreciation and amortisation. Depreciation and amortisation are calculated on a straight-line basis to write off the cost of each asset to their residual values over their estimated useful lives. The estimated useful lives of significant classes of assets are set out below:

| Description | Depreciation/amortisation period in years |
|-------------------------|---|
| Equipment | 3–5 |
| Vehicles | 4 |
| Furniture and fixtures | 5–12 |
| Software | 3 |
| Other intangible assets | 4–10 |

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, as at each balance sheet date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

4.5. Impairment of Financial Assets

Financial assets carried at amortised cost

The Group assesses as at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- breach of contract, e.g. a delay in payments for more than 180 days after the due date;
- initiation of insolvency proceedings.

The estimated period between a loss occurrence and its identification is determined by management for each identified portfolio. In general, the periods used vary between 3 months and 12 months; in exceptional cases, longer periods are warranted.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The Group applies the following criteria for write off of financial assets:

- the final bankruptcy resolution or cancellation of bankruptcy proceedings;
- finalisation of court proceeding or declaration of distrainer about the debt being declared uncollectible.

4.6. Impairment of non-financial assets

Where the carrying amount of a non-financial asset stated at net book value or amortised cost is greater than its estimated recoverable amount as at the financial statements date, it is written down immediately to its recoverable amount. The recoverable amount is the greater of the following amounts:

- the market value which can be recovered from the sale of an asset under normal conditions, net of selling costs;
- or the estimated future economic benefits arising from the use of the asset.

The largest components of the Group's assets are periodically tested for impairment and temporary impairments are provisioned through the line "Other net operating income/(expenses)" of the statement of comprehensive income. An increased carrying amount arising from the reversal of a temporary impairment must not exceed the carrying amount that would

have been determined (net of amortisation or accumulated amortisation) had no impairment loss been recognised for the asset in prior years.

The carrying amount of a non-financial asset is written off as at the date when it may be reasonably assumed that the recoverable amount is zero, i.e. it is reasonably certain that the fair value of the asset equals zero.

4.7. Revenue recognition

Revenues are recognised on an accrual basis when the service has been provided. Exchange charges, fees from settlement of trades, fees from PXE electricity trading, income from primary issues, sales from mediation of payments of revenues from securities and sales of other services are all recognised based on the applicable service contracts. Sales from securities custody and administration are accrued on a time-apportioned basis.

4.8. Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except for those classified at fair value through profit or loss, are recognised within 'interest income' and 'interest expense' in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

4.9. Current and deferred income tax

The income tax presented in the statement of comprehensive income comprises the current year tax charge, adjusted for deferred taxation effects. Current tax comprises the tax payable calculated on the basis of the taxable income for the year, using the tax rates enacted by the balance sheet date, and any adjustment of the tax payable for previous years.

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

The estimated value of tax losses expected to be available for utilisation against future taxable income and tax deductible temporary differences are offset against the deferred tax liability within the same legal tax unit to the extent that the legal unit has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets including tax losses brought forward are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

4.10. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

4.11. Foreign Currency Translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in CZK, which is the Group's all entities' functional and presentation currency.

At each balance sheet date:

- Cash items denominated in foreign currencies are translated into CZK at the Czech National Bank ("CNB") mid-rate applicable as at the balance sheet date;
- Non-monetary items denominated in foreign currencies, which are stated at historical cost, are translated into CZK at the CNB mid-rate applicable as at the transaction date; and
- Non-cash items denominated in foreign currencies, which are measured at fair value, are translated into CZK at the CNB mid-rate applicable as at the date on which the fair value was determined.

Income and expenses denominated in foreign currencies are recorded in Czech Crowns at the exchange rate prevailing as at the date of the transaction.

Gains or losses arising from movements in exchange rates after the date of the transaction are recognised in "Other net financial income/ (expense)".

4.12. Share capital and Treasury shares

Ordinary shares are classified as equity. Where the Group purchases its own treasury shares or obtains rights to purchase share capital, the consideration paid including any attributable transaction costs is deducted from total shareholders' equity as treasury shares until they are re-

deemed/cancelled. Where such shares are subsequently sold or reissued, any consideration received is added to the shareholders' equity.

4.13. Stock Exchange Guarantee Fund, Collateral Fund and Margin Deposits fund and Obligations to the Association Participants

4.13.1. Stock Exchange Guarantee Fund

The Group administers the funds included in the Stock Exchange Guarantee Fund ("SEGF"), which is an association with non-legal entity status. The funds of the association are deposited in separate bank and asset accounts maintained in the name of Centrální depozitář cenných papírů, a.s. Pursuant to the Agreement of the SEGF Association and instructions from the SEGF Board, the associated funds are invested in the money market in the form of term deposits or by purchasing Government treasury bills and depository bills of exchange, thereby generating interest income. Since 2008 the Administration board of SEGF has decided to use repo operations. The Group is in line with SEGF rules in SEGF funds administration.

The Group changed its accounting methodology as at 1 January 2009 related to SEGF funds under administration. These funds are now recorded in the off balance sheet. For SEGF fund administration the Group obtains fees according to SEGF rules. These fees are recorded in operating revenues in the statement of comprehensive income. Interest income, reduced by administrative costs and the Group fee, is allocated to individual SEGF members according to SEGF rules. This split is recognised in the off balance sheet and does not effect the Group statement of comprehensive income. The above change in accounting methodology has no effect on the net income of the Group.

4.13.2. Collateral fund and Margin fund

In relation to stock exchange trades with securities, both the Collateral Fund and the Margin Fund that guarantee securities trades, have been recognized. The Collateral Fund holds cash collateral that has been deposited by participants who have borrowed securities lent by other participants. The Margin Fund comprises of deposits of participants who trade with derivatives.

The Group records these funds in financial assets and correspondingly in liabilities to members in association.

4.14. Margin Deposits and Clearing Fund

Both the Margin Deposit and Clearing Fund were established in connection with trading on the Prague Energy Exchange. The Margin Deposit serves as a guarantee of settlement of obligations from electricity transactions on the exchange (hereinafter "Margin Deposits"). The Group will use the Margin Deposits of a trading participant if the trading participant is in delay with the fulfilment of his obligations from power futures settlement. The trading participant is obliged to replenish his Margin Deposit on the day following the day when the Margin Deposit funds were used.

The Group records these funds in financial assets and correspondingly in liabilities to members in association.

4.15. Accounting for Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is concluded and are subsequently re-valued at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models. All derivatives are recognized as assets when fair value is positive and as liabilities when fair value is negative.

Derivatives do not meet the criteria for hedge accounting. Changes in the fair value of all derivative instruments are immediately recorded in the statement of comprehensive income within "Other net financial income/ (expenses)".

4.16. Changes in Accounting Policies arising from the Adoption of New IFRS and Amendments to existing IAS effective since 1 January 2009

During the current accounting period the Group adopted all new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting

Standards Board which relate to its line of business, are applicable to the accounting period beginning on 1 January 2009 and were adopted by the European Union.

Impact of issued but not yet effective standards and interpretations

As at the date of authorisation of these financial statements, the following standards and interpretations were issued but were not yet effective and the Group has not adopted them early:

IFRS 1, First-time Adoption of IFRS (Amendments), is effective for periods beginning on or after 1 January 2010.

IFRS 3, Business Combinations (Amendments), is effective for periods beginning on or after 1 July 2009. This amendment broadens the scope of the original standard and amends the definition of business combinations. Business combinations will be measured at fair value of the acquiree and the costs in connection with the business combination will not be included in the cost of the acquiree. The assets acquired and liabilities assumed will be measured at their fair value at the date of acquisition.

IFRS 9, Financial Instruments (phase one), is effective for periods beginning on or after 1 January 2013. The standard has not yet been endorsed by the European Union. The project to replace the current IAS 39 Financial Instruments: Recognition and Measurement has been divided into three phases. The first phase focuses on classification and measurement of financial assets. The new standard has reduced the number of measurement categories from four to two. Financial assets are classified at amortised cost or fair value on the basis of the entity's business model for managing financial assets; and on the basis of the contractual cash flow characteristics of the financial asset. All equity instruments are measured at fair value either through Other Comprehensive Income or profit or loss. IFRS 9 retains a fair value option. At initial recognition entities can elect to measure financial instruments at fair value, although they would otherwise qualify for amortised cost measurement. IFRS 9 removes the separation of embedded derivatives from host contracts and the hybrid instrument is assessed in its entirety as to whether it fulfils the above con-

ditions. The IASB's work on the second phase on impairment of financial instruments, the third phase on hedge accounting, the accounting treatment of the financial liabilities and the derecognition of financial instruments are still ongoing.

IAS 24, *Related Party Disclosures (Revised)*, is effective for periods beginning on or after 1 January 2011. The standard amends a definition of related parties and introduces a definition of government agencies. In addition, the standard requires disclosure of transactions and relationships with government agencies.

IAS 27, *Consolidated and Separate Financial Statements (Amendments)*, is effective for periods beginning on or after 1 July 2009. This amendment relates to accounting of non-controlling interests and the loss of control of a subsidiary.

IAS 32, *Financial Instruments: Presentation (Amendments)*, is effective for periods beginning on or after 1 February 2010. This amendment proposes a limited change specific to rights issues.

IAS 39, *Financial Instruments: Recognition and Measurement – Eligible Hedged Items (Amendment)*, is effective for periods beginning on or after 1 July 2009. The amendment provides additional guidance on the designation of a hedged item.

IFRIC 14, *Prepayments of a Minimum Funding Requirement (Amendments)*, is effective for periods beginning on or after 1 January 2011.

IFRIC 17, *Distributions of Non-cash Assets to Owners*, is effective for periods beginning on or after 1 July 2009. The interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends.

IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*, is effective for periods beginning on or after 1 July 2010. The interpretation addresses the accounting whereby the entity extinguishes financial liability by issuing equity shares.

The management presumes that the Group will not early adopt any of these standards and interpretations and that their ultimate adoption will not have a significant impact on the Group's financial statements at their first-time application.

4.17. Application of IFRS 7 – Financial Instruments: Disclosures

The Group's consolidated financial statements for the year ended 31 December 2009 were prepared in accordance with the standard IFRS 7 – Financial Instruments: Disclosures.

Pursuant to IAS 39 Financial Instruments: Recognition and Measurement, the Group classifies financial instruments into the categories set out below.

The Group recognises the following types of financial instruments:

Classification of categories and classes of financial instruments as at 31 December 2009.

| Categories | Loans and receivables | Securities held-to maturity |
|------------------------------------|------------------------------|------------------------------------|
| Classes | | |
| Cash | 2,712,440 | – |
| Trade receivables | 58,116 | – |
| Securities held for trading | – | – |
| Securities held to maturity | – | 189,007 |
| Other current assets | 51,319 | – |
| Other non-current assets | 5,080 | – |
| Trade payables | – | – |
| Liabilities to association members | – | – |
| Liabilities from Margin Deposits | – | – |
| Current advances received | – | – |
| Other current liabilities | – | – |
| Short-term bank loans | – | – |
| Other long-term liabilities | – | – |
| Total | 2,826,955 | 189,007 |

CZK '000

| Securities held for trading | Financial liabilities | Financial assets held for trading (derivatives) | Financial liabilities held for trading (derivatives) |
|-----------------------------|-----------------------|---|--|
| - | - | - | - |
| - | - | - | - |
| 122,368 | - | - | - |
| - | - | - | - |
| - | - | 3,666 | - |
| - | - | - | - |
| - | 238,408 | - | - |
| - | - | - | - |
| - | 2,550,608 | - | - |
| - | 6,367 | - | - |
| - | 91,643 | - | - |
| - | - | - | - |
| - | - | - | - |
| 122,368 | 2,887,026 | 3,666 | - |

Classification of categories and classes of financial instruments as at 31 Dec 2008.

| Categories | Loans and receivables | Securities held-to maturity |
|----------------------------------|-----------------------|-----------------------------|
| Classes | | |
| Cash | 3,426,218 | – |
| Trade receivables | 32,867 | – |
| Securities held for trading | – | – |
| Securities held to maturity | – | 336,170 |
| Other current assets | 21,312 | – |
| Other non-current assets | 5,019 | – |
| Trade payables | – | – |
| Liabilities from Margin Deposits | – | – |
| Other current liabilities | – | – |
| Short-term bank loans | – | – |
| Other long-term liabilities | – | – |
| Total | 3,485,416 | 336,170 |

Gains and losses by categories of financial instruments as at 31 Dec 2009.

| Categories | Loans and receivables | Securities held-to maturity |
|----------------------|-----------------------|-----------------------------|
| Interest income | 1,149 | 3,442 |
| Interest expense | – | – |
| Net financial income | 157,128 | – |
| Total | 158,277 | 3,442 |

Gains and losses by categories of financial instruments as at 31 Dec 2008.

| Categories | Loans and receivables | Securities held-to maturity |
|----------------------|-----------------------|-----------------------------|
| Interest income | 2,171 | 5,734 |
| Interest expense | – | – |
| Net financial income | 262,006 | – |
| Total | 264,177 | 5,734 |

CZK '000

| Securities held for trading | Financial liabilities | Financial assets held for trading (derivatives) | Financial liabilities held for trading (derivatives) |
|-----------------------------|-----------------------|---|--|
| - | - | - | - |
| - | - | - | - |
| 191,992 | - | - | - |
| - | - | - | - |
| - | - | 28,877 | - |
| - | - | - | - |
| - | 442,279 | - | - |
| - | 3,264,993 | - | - |
| - | 68,522 | - | 4,628 |
| - | 190,645 | - | - |
| - | - | - | - |
| 191,992 | 3,966,439 | 28,877 | 4,628 |

CZK '000

| Securities held for trading | Financial liabilities | Financial assets held for trading (derivatives) | Financial liabilities held for trading (derivatives) |
|-----------------------------|-----------------------|---|--|
| - | - | - | - |
| - | (717) | - | - |
| 8,840 | (166,404) | 90,589 | (86,360) |
| 8,840 | (167,121) | 90,589 | (86,360) |

CZK '000

| Securities held for trading | Financial liabilities | Financial assets held for trading (derivatives) | Financial liabilities held for trading (derivatives) |
|-----------------------------|-----------------------|---|--|
| - | - | - | - |
| - | (895) | - | - |
| 4,466 | (299,264) | 140,277 | (97,539) |
| 4,466 | (300,159) | 140,277 | (97,539) |

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLICATION OF ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1. Impairment losses on trade receivables

The Group reviews its trade receivables to assess impairment at least as at the balance sheet date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

In 2009, the Group had no indications that its receivables would not be paid in full and therefore no impairment has been accounted for.

Loss from impairment of trade receivables recognized in the previous years covers 100% of the nominal values of receivables because these represent receivables claimed in law suits and the probability of encashment is minimal. The Group therefore does not anticipate any change in impairment assessment of these receivables.

5.2. Held-to-maturity investments

The Group follows IAS 39 guidelines on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold

such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount or sale close to maturity – it will be required to reclassify the entire category as available-for-sale.

If all the held-to-maturity investments are tainted, the investments would therefore be measured at fair value not amortised cost and accounted into the equity reserve. The impact from revaluation into equity would be immaterial due to the short-term nature of all instruments and their fair value does not significantly differ from their carrying value.

5.3. Income taxes

The Group is subject to income taxes in the Czech Republic. Estimates are required in determining the current and deferred taxes.

The management of the Group assessed available information about future taxable profits and other potential sources of deferred tax assets utilisation. Deferred tax assets recognised in the statement of financial position represent the best estimate performed, by management of the Company, of the amount which is likely to be utilised.

Deferred tax asset from tax losses was recognised in full because the Group anticipates its full utilisation against future taxable profits.

6. CASH

Cash as at 31 December 2009 and 2008 consists of the following balances:

| | CZK '000 | |
|---|------------------|------------------|
| | 2009 | 2008 |
| Cash in hand | 218 | 414 |
| Cash at bank | 67,850 | 21,318 |
| Stock Exchange Guarantee Fund and Collateral Fund | 44,616 | 73,124 |
| Term deposits | 40,830 | 83,313 |
| Margin Deposits for trades with electricity | 2,558,926 | 3,248,049 |
| Total cash | 2,712,440 | 3,426,218 |

7. TRADE RECEIVABLES

Trade receivables as at 31 December 2009 and 2008 consist of the following balances:

| | CZK '000 | |
|--------------------------------|---------------|---------------|
| | 2009 | 2008 |
| Trade receivables* | 60,633 | 35,433 |
| Provision | (2,517) | (2,566) |
| Total receivables (net) | 58,116 | 32,867 |

* Represent mainly fee receivables from activities of members of both Burza cenných papírů Praha, a.s. and POWER EXCHANGE CENTRAL EUROPE, a.s.

Impairment provisions can be analysed as follows:

| | CZK '000 | |
|-----------------------------------|--------------|--------------|
| | 2009 | 2008 |
| Balance as at 1 January | 2,566 | 3,877 |
| Additions to provisions | – | – |
| Release of provisions | (49) | (228) |
| Use for write-offs of receivables | – | (1,083) |
| As at 31 December | 2,517 | 2,566 |

8. SECURITIES HELD FOR TRADING

| | CZK '000 | |
|--|----------------|----------------|
| | 2009 | 2008 |
| Traded debt securities and other fixed income securities | 54,240 | 127,057 |
| Traded debt securities and other variable yield securities | 68,128 | 64,935 |
| Total securities held for trading | 122,368 | 191,992 |

9. SECURITIES HELD TO MATURITY

| | CZK '000 | |
|--|----------------|----------------|
| | 2009 | 2008 |
| Depository notes issued by Czech banks | 189,007 | 336,170 |
| Total | 189,007 | 336,170 |

10. OTHER CURRENT ASSETS

| | CZK '000 | |
|--|----------------|----------------|
| | 2009 | 2008 |
| Accrued income | 528 | 6,751 |
| Estimated receivables | 297 | 9,163 |
| Positive fair value of derivatives | 3,666 | 28,877 |
| Other financial assets | 50,495 | 2,230 |
| Financial assets | 54,985 | 47,021 |
| Prepayments | 7,676 | 11,172 |
| Short term advances | 198 | 3,932 |
| Receivable from the state for VAT refund | 227,446 | 561,253 |
| Non-financial assets | 235,340 | 576,357 |
| Total | 290,325 | 623,378 |

11. TANGIBLE FIXED ASSETS

| 2009 | Equipment | Vehicles |
|---------------------------------|---------------|-----------|
| Cost | | |
| As at 1 January 2009 | 65,243 | 14 |
| Additions | 12,568 | 0 |
| Disposals | (10,901) | 0 |
| As at 31 December 2009 | 66,910 | 14 |
| Accumulated depreciation | | |
| As at 1 January 2009 | 60,298 | 14 |
| Depreciation charge | 7,749 | – |
| Disposals | (10,901) | – |
| As at 31 December 2009 | 57,146 | 14 |
| Net book value | | |
| As at 1 January 2009 | 4,945 | – |
| As at 31 December 2009 | 9,764 | – |

| 2008 | Equipment | Vehicles |
|---------------------------------|---------------|-----------|
| Cost | | |
| As at 1 January 2008 | 64,912 | 1,345 |
| Additions | 3,439 | – |
| Disposals | (3,109) | (1,331) |
| As at 31 December 2008 | 65,243 | 14 |
| Accumulated depreciation | | |
| As at 1 January 2008 | 55,191 | 1,345 |
| Depreciation charge | 8,216 | – |
| Disposals | (3,109) | (1,331) |
| As at 31 December 2008 | 60,298 | 14 |
| Net book value | | |
| As at 1 January 2008 | 9,721 | – |
| As at 31 December 2008 | 4,945 | – |

Tangible fixed assets of the Group predominantly include computers necessary to secure trading and data store. In 2009 hardware used by the Group was appreciated by TCZK 9,981.

CZK '000

| Fixtures and fittings | Other | Fixed assets under construction | Total |
|-----------------------|---------------|---------------------------------|---------------|
| 7,942 | 12,450 | – | 85,649 |
| 212 | 471 | 39 | 13,290 |
| (157) | (90) | – | (11,148) |
| 7,997 | 12,831 | 39 | 87,791 |
| 6,914 | 10,084 | – | 77,310 |
| 541 | 1,390 | – | 9,680 |
| (158) | (15) | – | (11,074) |
| 7,297 | 11,459 | – | 75,916 |
| 1,028 | 2,366 | – | 8,339 |
| 700 | 1,372 | 39 | 11,875 |

CZK '000

| Fixtures and fittings | Other | Total |
|-----------------------|---------------|---------------|
| 9,364 | 12,802 | 88,423 |
| 892 | 1,117 | 5,448 |
| (2,314) | (1,469) | (8,222) |
| 7,942 | 12,450 | 85,649 |
| 9,086 | 10,435 | 76,057 |
| 142 | 1,119 | 9,477 |
| (2,314) | (1,470) | (8,224) |
| 6,914 | 10,084 | 77,310 |
| 278 | 2,367 | 12,366 |
| 1,028 | 2,366 | 8,339 |

12. INTANGIBLE ASSETS

| | | | CZK '000 |
|---------------------------------|---------------|--------------|---------------|
| 2009 | Software | Other | Total |
| Cost | | | |
| As at 1 January 2009 | 42,309 | 5,677 | 47,986 |
| Additions | 980 | 1,304 | 2,284 |
| Disposals | (152) | (1,136) | (1,288) |
| As at 31 December 2009 | 43,137 | 5,845 | 48,982 |
| Accumulated amortisation | | | |
| As at 1 January 2009 | 37,589 | 695 | 38,284 |
| Amortisation charge | 2,583 | 2,105 | 4,688 |
| Disposals | (152) | – | (152) |
| As at 31 December 2009 | 40,020 | 2,800 | 42,820 |
| Net book value | | | |
| As at 1 January 2009 | 4,720 | 4,982 | 9,702 |
| As at 31 December 2009 | 3,117 | 3,045 | 6,162 |

| | | | CZK '000 |
|---------------------------------|---------------|--------------|---------------|
| 2008 | Software | Other | Total |
| Cost | | | |
| As at 1 January 2008 | 40,376 | 1,914 | 42,290 |
| Additions | 2,954 | 4,122 | 7,076 |
| Disposals | (1,021) | (359) | (1,380) |
| As at 31 December 2008 | 42,309 | 5,677 | 47,986 |
| Accumulated amortisation | | | |
| As at 1 January 2008 | 35,661 | 260 | 35,921 |
| Amortisation charge | 2,950 | 435 | 3,385 |
| Disposals | (1,022) | – | (1,022) |
| As at 31 December 2008 | 37,589 | 695 | 38,284 |
| Net book value | | | |
| As at 1 January 2008 | 4,715 | 1,654 | 6,369 |
| As at 31 December 2008 | 4,720 | 4,982 | 9,702 |

The Group's intangible fixed assets predominantly include the operating system, development applications and software applications required to secure trading.

13. OTHER NON-CURRENT ASSETS

| | CZK '000 | |
|---------------------------|-----------------|-------------|
| | 2009 | 2008 |
| Non-current advances paid | 5,080 | 5,140 |

Other non-current assets include long-term advances issued according to contracts and will be settled on expiration date of the contractual arrangements.

Since 2007, a long-term advance – an escrow deposit of CZK 5,000 thousand is issued to OTE (electricity market operator) according to the Contract on the settlement of variances and pursuant to business terms and conditions.

14. TRADE PAYABLES

| | CZK '000 | |
|---|-----------------|----------------|
| | 2009 | 2008 |
| Trade payables from electricity trading | 232,137 | 421,638 |
| Other trade payables | 6,271 | 20,641 |
| Total | 238,408 | 442,279 |

Overdue status of trade payables was as follows:

| Year | Category | Before due date | 0–90 days | 91–180 days |
|------|----------|-----------------|-----------|-------------|
| 2009 | Current | 238,408 | – | – |
| 2008 | Current | 442,279 | – | – |

15. LIABILITIES FROM MARGIN DEPOSITS

| | CZK '000 | |
|--|------------------|------------------|
| | 2009 | 2008 |
| Financial liabilities | | |
| Liabilities from electricity and derivatives trading (Margin Deposits) | 2,582,642 | 3,264,993 |
| Total | 2,582,642 | 3,264,993 |

16. OTHER LIABILITIES

| | CZK '000 | |
|---|---------------|---------------|
| | 2009 | 2008 |
| Accrued expenses | 604 | 4,803 |
| Estimated payables | 3,197 | 22,667 |
| Payables from received guarantees for lent securities (Collateral Fund) | 53,862 | 41,052 |
| Negative fair value of derivatives | – | 4,628 |
| Other payables | 1,946 | – |
| Financial liabilities | 59,609 | 73,150 |
| Payables to staff | 15,126 | 22,381 |
| Social security and health insurance payables | 2,375 | 1,569 |
| Other payables | 3,196 | 2,700 |
| Non-financial liabilities | 20,697 | 26,650 |
| Other current liabilities | 80,306 | 99,800 |

| | | | | | CZK '000 |
|-------------------------|-----------|------------------|-------------------------|---|----------------|
| Overdue 181–360 days | 1–2 years | 2 years and more | Total after due date | | Total |
| – | – | – | – | – | 238,408 |
| – | – | – | – | – | 442,279 |

Accrued expenses principally comprise of unsettled services related to the lease of the Stock Exchange Palace building.

17. BANK LOANS

The Group has a general agreement with Komerční banka, a.s. for providing a credit line in the amount of CZK 300,000 thousand. The Group did not draw down any credit lines as at 31 December 2009 (2008: CZK 190,645 thousand).

18. SHORT-TERM ADVANCES RECEIVED

As at 31 December 2009, the Group recognized short-term advances received amounting to CZK 5,974 thousand which were used to cover time discrepancy between due dates of Securities centre's ("SCP") invoices and encashment of payments by securities brokers. In 2008 these advances were of a long-term character and therefore were reported in long-term advances received (Note 21).

19. DEFERRED TAX

Deferred income tax is recognised on all temporary differences between the accounting and tax carrying amount of an asset or liability using the tax rates that have been enacted and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are attributable to the following items arising from temporary differences:

| | CZK '000 | |
|---------------------------|-----------------|--------------|
| | 2009 | 2008 |
| Fixed assets | (937) | (39) |
| Provisions | 452 | 3,774 |
| Other | 960 | 1,110 |
| Deferred tax asset | 475 | 4,845 |

The movement on the deferred income tax account can be analysed as follows:

| | CZK '000 | |
|--|-----------------|--------------|
| | 2009 | 2008 |
| As at 1 January | 4,845 | 4,481 |
| Tax credit per the statement of comprehensive income (Note 29) | (4,370) | 364 |
| As at 31 December | 475 | 4,845 |

20. PROVISIONS

The Group set aside provisions which may be structured into the following items:

| | CZK '000 | |
|--|-----------------|--------------|
| | 2009 | 2008 |
| Litigation | 981 | 981 |
| Endowment Life Assurance | 1,398 | 1,140 |
| Income tax provision | 296 | – |
| Total | 2,675 | 2,121 |
| Impact on profit (creation)/release | 16,492 | 8,672 |

These provisions will be used/released after the end of the lawsuit and at the moment of the expiration or cancellation of individual Endowment Life Assurance contracts.

21. LONG-TERM LIABILITIES

Time discrepancy regularly arises between due dates of Securities centre's invoices and encashment of payments by securities brokers. This is covered by collected long-term advances from the securities brokers amounting to CZK 5,974 thousand as at 31 December 2008. In 2009 these advances are of short-term character and are reported in short-term advances received in amount of CZK 5,974 thousand (Note 18).

As at 31 December 2009 other long-term payables do not include any payables to employees and any Group's financial lease payables.

In 2008 other long-term payables comprised payables to employees in relation to bonuses which are to be paid in 2010 in amount of CZK 7,000 thousand.

22. SHARE CAPITAL AND SHAREHOLDERS' FUNDS

Share capital

The balance of the Group's share capital recorded in the Commercial Register comprises 265,216 registered common shares in nominal value of CZK 1,000 per share as at 31 December 2009 and 2008.

Treasury shares and share premium

The transferability of the Company's shares is restricted as they may be transferred to third parties solely subject to the prior approval of the Stock Exchange Chamber. The approval is subject to the consent of a qualified two-thirds majority of the Stock Exchange Chamber members in attendance.

The Company is obliged to repurchase treasury shares if the Stock Exchange Chamber does not approve the transfer to another party. The Company is required to dispose of repurchased treasury shares within a three-year period. If the treasury shares are not resold within that time limit, the Company is required to cancel the shares and reduce its share capital by their nominal value.

Set out below is the development and structure of the Company's treasury shares purchased from and sold to the shareholders during 2009 and 2008.

| Period | Nominal value of shares | CZK '000 | |
|---------------------------------------|-------------------------|----------------------------|--|
| | | Acquisition cost of shares | |
| Balance as at 1 January 2008 | 4,500 | 6,894 | |
| Purchases | 500 | 1,300 | |
| Sale | (5,000) | (8,194) | |
| Balance as at 31 December 2008 | – | – | |
| Purchases | – | – | |
| Sale | – | – | |
| Balance as at 31 December 2009 | – | – | |

Recognised share premium represents the excess of selling price over the acquisition cost of treasury shares resulting from their sale to Wiener Börse AG on 8 December 2008.

Other funds

| | CZK '000 | |
|------------------------|------------------|------------------|
| | 31 December 2009 | 31 December 2008 |
| Other capital funds | 9,900 | 9,900 |
| Statutory reserve fund | 53,258 | 39,075 |
| Total | 63,158 | 48,975 |

Other capital funds represent part of the share capital of the subsidiary Centrální depozitář cenných papírů a.s. of CZK 9,900 thousand was increased in the previous accounting periods by a bonus issue.

Individual companies of the Group are obliged in accordance with the Commercial Code to allocate 5 % percent of their net profit to the statutory reserve fund until the level of 20 % of share capital is achieved. This reserve can be used exclusively to cover losses. The POWER EXCHANGE CENTRAL EUROPE, a.s. was not subject to this duty in 2008.

23. REVENUES

The following table sets out the structure of revenues:

| | 2009 | | 2008 | | CZK '000 |
|---|----------------|--------------|----------------|--------------|----------|
| | Volume | Structure % | Volume | Structure % | |
| Exchange charges | 153,220 | 40.2 | 230,398 | 51.0 | |
| of which: | | | | | |
| membership fees | 14,520 | 3.8 | 14,520 | 3.2 | |
| listing charges | 12,890 | 3.4 | 10,955 | 2.4 | |
| dealing charges | 83,444 | 21.9 | 159,218 | 35.3 | |
| dealing charges – derivatives | 12 | 0.0 | 30 | 0.0 | |
| information services | 42,354 | 11.1 | 45,675 | 10.1 | |
| Revenues from settlement of trades | 120,347 | 31.6 | 137,858 | 30.5 | |
| Revenues of PXE from electricity trading | 55,716 | 14.6 | 54,578 | 12.1 | |
| Income from primary issues | 339 | 0.1 | 185 | 0.0 | |
| Revenues from securities custody and administration | 41,956 | 11.0 | 19,711 | 4.4 | |
| Revenues from mediation of payments of revenues from securities | 69 | 0.0 | 92 | 0.0 | |
| Revenues from other services | 9,597 | 2.5 | 8,797 | 1.9 | |
| Total revenues | 381,243 | 100.0 | 451,619 | 100.0 | |

Revenues from other services principally comprise fees for the provision of information to third parties and other fees.

24. COST OF SERVICES AND MATERIAL

The following table sets out the structure of services:

| | CZK '000 | |
|--|------------------|-----------------|
| | 2009 | 2008 |
| Consumed material | (3,435) | (3,757) |
| Total material used | (3,435) | (3,757) |
| Rent | (20,079) | (23,325) |
| Outsourcing (security, wages) | (1,103) | (1,405) |
| Custody | (31,769) | (569) |
| Other services (member fees to associations, information services, carriage) | (15,344) | (11,271) |
| Professional advisory services (tax and legal) | (11,823) | (20,270) |
| Audit services | (2,183) | (3,302) |
| Repairs and maintenance | (966) | (10,663) |
| Advertising and promotion | (9,286) | (12,164) |
| Travel and representation expenses | (4,052) | (3,930) |
| Total services used | (99,559) | (86,899) |
| Total | (102,994) | (90,656) |

The audit company KPMG Česká republika, s.r.o. and PricewaterhouseCoopers Audit, s.r.o. did not provide to the Group any other services than statutory audit.

25. EMPLOYEE BENEFIT EXPENSES

| | CZK '000 | |
|--|------------------|------------------|
| | 2009 | 2008 |
| Short-term employee benefits | (98,749) | (112,205) |
| of which: Key management personnel | (66,413) | (42,058) |
| Remuneration to members of Exchange Chambers, Boards of Directors and Supervisory Boards | (3,212) | (2,942) |
| Other short-term employee benefits | – | (9,750) |
| Other long-term employee benefits | – | (7,000) |
| Other expenses | (6,757) | (6,878) |
| Total | (108,718) | (138,775) |

Mandatory social and health insurance contribution paid during 2009 of CZK 19,408 thousand (2008: CZK 19,530 thousand) is included in staff cost.

In 2008 the balance of Other employee benefits amounting to CZK 16,750 thousand comprised of contractual bonuses which will be paid in 2009 (long term: CZK 9,750 thousand and short term: CZK 7,000 thousand). Payment of benefits was subject to fulfilment of contractual agreements.

Key management personnel consist of the Chief executive officer and chiefs of departments of the Group companies.

In 2009 and 2008 members of the Exchange Chambers, Boards of Directors and key management personnel obtained the following bonuses and perks in addition to the contractual salary:

| CZK '000 | | | |
|---|--|-------------------------------|-------------------------------------|
| 2009 | Exchange Chambers and Boards of Directors | Supervisory Boards | Key management personnel |
| Contributions to life and pension insurance | – | – | 299 |
| Bonuses | 2,397 | 35 | 31,462 |
| Cars/Other movables and real estate available for private use | – | – | 695 |
| Other benefits | – | – | 214 |
| Total | 2,397 | 35 | 32,670 |

| CZK '000 | | | |
|---|--|-------------------------------|-------------------------------------|
| 2008 | Exchange Chambers and Boards of Directors | Supervisory Boards | Key management personnel |
| Contributions to life and pension insurance | – | – | 316 |
| Bonuses | 2,311 | 31 | 20,176 |
| Cars/Other movables and real estate available for private use | – | – | 524 |
| Other benefits | – | – | 125 |
| Total | 2,311 | 31 | 21,141 |

26. DEPRECIATION AND AMORTISATION EXPENSES

| | CZK '000 | |
|---|-----------------|-----------------|
| | 2009 | 2008 |
| Depreciation of tangible fixed assets (Note 11) | (9,680) | (9,352) |
| Amortisation of intangible fixed assets (Note 12) | (4,690) | (3,349) |
| Total | (14,370) | (12,701) |

27. OTHER NET OPERATING REVENUES/EXPENSES

Other operating income/ (expenses) are as follows:

| | CZK '000 | |
|---|----------------|----------------|
| | 2009 | 2008 |
| Other operating income | 15,480 | 24,018 |
| Change in operating provisions and allowances (Note 7 and 18) | (208) | 801 |
| Write-off of receivables | – | (1,288) |
| Insurance | (2,603) | (2,833) |
| Gifts | (347) | (993) |
| Non-claim of VAT | (8,166) | – |
| Gains from the sale of fixed assets and raw material | (61) | 250 |
| Other taxes and fees | (286) | (392) |
| Other operating expenses | (11,958) | (18,249) |
| Total | (8,148) | (1,314) |

Other operating income consisted primarily of fees for suspended and unsettled trades of CZK 4,735 thousand (2008: CZK 13,963 thousand) and fees for inter-bank payments of CZK 3,367 thousand (2008: CZK 3,877 thousand). Another item of other operating income is represented by the impact of VAT coefficient amounting to CZK 2,766 thousand as at 31 December 2009. The balance also includes recognized membership fees of CDCP totalling CZK 1,200 thousand (2008: CZK 1,200 thousand).

Other operating expenses constitute primarily the costs for administra-

tion of foreign securities in the amount of CZK 6,876 thousand (2008: CZK 11,742 thousand). Another significant amount is represented by fees for giro payments to CNB of CZK 1,746 thousand (2008: CZK 1,972 thousand). The balance also includes expenses for membership fees of associations of CZK 1,188 thousand (2008: CZK 1,048 thousand). In 2008 the amount of CZK 1,288 thousand represented receivables written off in bankruptcy proceedings for which the municipal court decided on the final distribution of assets converted into cash.

Effective from 1 January 2009, Burza cenných papírů Praha, a.s., POWER EXCHANGE CENTRAL EUROPE, a.s. and Centrální depozitář cenných papírů, a.s. (henceforth "the Group"), created a Value Added Tax (henceforth "VAT") group according to Act nr. 235/2004. Hereafter the Group is registered under a joint VAT identification number. Based on the Group Registration the Group claimed 40 % of the VAT as deductible in the VAT return and 60 % of the VAT group as shown in the cost of non-VAT. The Group recognized this in other operating expenses as non-claimed VAT totaling CZK 8,166 thousand.

28. NET FINANCIAL INCOME/ EXPENSES

Net financial income/ expenses is made up as follows:

| | CZK '000 | |
|---|-----------------|---------------|
| | 2009 | 2008 |
| Net trading income | 8,840 | 4,466 |
| Interest income | 1,149 | 7,905 |
| Interest expense | (717) | (895) |
| Net result from transactions with derivatives | 4,229 | 42,738 |
| Other financial income/ (expense) | (5,834) | (37,258) |
| Net financial income | 7,667 | 16,956 |

Other financial income/ expenses are represented by revenues from depository notes, FX differences and bank fees.

29. INCOME TAX EXPENSE

Income tax expense can be analysed as follows:

| | CZK '000 | |
|---|---------------|---------------|
| | 2009 | 2008 |
| Income tax payable – current period | 28,377 | 71,869 |
| Deferred tax (Note 19) | 4,371 | (364) |
| Additional corporate income tax payment/ (refund) | (4,382) | – |
| Total income tax | 28,366 | 71,505 |

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

| | CZK '000 | |
|--|----------------|----------------|
| | 2009 | 2008 |
| Profit before tax | 154,681 | 227,757 |
| Theoretical tax calculated at a tax rate of 20% (2008: 21%) | 30,936 | 47,829 |
| Permanent differences from taxation of sale of treasury shares | – | 16,457 |
| Income not subject to tax | (95) | (11,528) |
| Expenses not deductible for tax purposes | 32,112 | 7,587 |
| Other | 34,587 | 11,160 |
| Income tax expense | 28,366 | 71,505 |
| Additional income tax payments | – | – |
| Total income tax expense | 28,366 | 71,505 |

30. RETAINED EARNINGS

| | CZK '000 | |
|--|----------------|----------------|
| | 2009 | 2008 |
| Retained earnings from prior years | 221,180 | 237,488 |
| Profit for the period | 126,315 | 156,252 |
| Dividends paid | (176,236) | (161,334) |
| Allocations to other funds | (14,183) | (11,226) |
| Retained earnings as at 31 December | 157,076 | 221,180 |

31. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value of financial instruments is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, fair value estimates are made based on quoted market prices. However, no readily available market prices exist for a significant portion of the Group's financial instruments. In circumstances where the quoted market prices are not readily available, the fair value is determined using estimates, discounted cash flow models or other pricing models as appropriate. Changes in underlying assumptions, including discount rates and estimated future cash flows, significantly affect the estimates.

In estimating the fair value of the Group's financial instruments, the following methods and assumptions were used.

| Classes of financial instruments according to IFRS 7 | Methods applied and fair value estimates |
|--|--|
| Cash | The carrying amounts of the instruments are generally deemed to approximate their fair value. |
| Trade receivables | The carrying amounts of the instruments are generally deemed to approximate their fair value. |
| Securities at fair value | Revaluation of the book value to the fair value as at the balance sheet date according to the market price recorded by Investiční společnost Komerční banky (portfolio manager). |
| Securities held to maturity | The carrying amounts of the instruments (depository short-term bills and short-term treasury bills) are generally deemed to approximate their fair value. |
| Other current assets | The carrying amounts of the instruments are generally deemed to approximate their fair value. |
| Trade payables | The carrying amounts of the instruments are generally deemed to approximate their fair value. |
| Short-term advances received | The carrying amounts of the instruments are generally deemed to approximate their fair value. |
| Other payables | The carrying amounts of the instruments are generally deemed to approximate their fair value. |
| Payables from margin deposits | The carrying amounts of the instruments are generally deemed to approximate their fair value. |

32. MANAGEMENT OF CREDIT RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group actively reduces the credit risk, which arises mainly on the settlement of trades with securities and derivatives. In order to reduce the credit risk, the market participants are obliged to contribute to the Stock Exchange Guarantee Fund, Collateral Fund and Margin Fund and give to the Group direct debit authorisation for their current accounts.

The Group actively reduces the credit risk of its investments in securities. Management of the securities' portfolio was outsourced and is performed by an external contractor, who is bound under the contract to purchase only high credit quality securities and keep the portfolio diversified from the market risk point of view. The investment strategy is aimed at obtaining optimum returns on funds entrusted to the external contractor for a minimum period of six months. As the purpose is to increase the portfolio value, the funds are invested in bonds of the main, subsidiary as well as open market of the Prague Stock Exchange, into mortgage bonds of Czech issuers, bonds traded in the markets of the OECD member states denominated in Czech crowns and to the money market instruments so that the maximum volume of funds invested in individual instruments does not exceed the limits set out below:

| Instrument type | Share in portfolio |
|---|--------------------|
| Money market instruments (deposits, bonds with a fixed coupon denominated in CZK and with a residual maturity of up to 1 year, bonds with a variable coupon denominated in CZK) | Maximum 100 % |
| Bonds with a fixed coupon denominated in CZK and with a residual maturity of 1 to 2 years | Maximum 80 % |
| Bonds with a fixed coupon denominated in CZK and with a residual maturity of 2 to 6 years | Maximum 40 % |

Maximum exposure to credit risk and the quality of assets

| | CZK '000 | |
|-----------------------------|------------------|------------------|
| | 2009 | 2008 |
| Cash | 2,712,440 | 3,426,218 |
| Trade receivables | 58,116 | 32,867 |
| Securities held for trading | 122,368 | 191,992 |
| Securities held to maturity | 189,007 | 336,170 |
| Other current assets | 54,985 | 47,021 |
| Other non-current assets | 5,080 | 5,140 |
| Total | 3,141,996 | 4,039,408 |

Quality of financial assets which are not overdue or impaired

| | CZK '000 | | | | | |
|-----------------------------|-----------------|-------------------|-----------------|------------|------------------|------------------|
| 2009 | AAA | AA- to AA+ | A- to A+ | BBB | No rating | Total |
| Securities held for trading | 42,690 | – | 79,678 | – | – | 122,368 |
| Securities held to maturity | – | – | 189,007 | – | – | 189,007 |
| Cash | – | 1,204 | 152,092 | – | 2,559,144 | 2,712,440 |
| Trade receivables | – | – | – | – | 58,116 | 58,116 |
| Other financial assets | – | – | – | – | 54,985 | 54,985 |
| Other non-current assets | – | – | – | – | 5,080 | 5,080 |
| Total | 42,690 | 1,204 | 376,161 | – | 2,721,941 | 3,141,996 |

| | CZK '000 | | | | | |
|-----------------------------|-----------------|-------------------|------------------|------------|------------------|------------------|
| 2008 | AAA | AA- to AA+ | A- to A+ | BBB | No rating | Total |
| Securities held for trading | 40,485 | – | 151,507 | – | – | 191,992 |
| Securities held to maturity | – | – | 336,170 | – | – | 336,170 |
| Cash | – | – | 3,423,991 | – | 2,227 | 3,426,218 |
| Trade receivables | – | – | – | – | 32,867 | 32,867 |
| Other financial assets | – | – | – | – | 50,189 | 50,189 |
| Other non-current assets | – | – | – | – | 5,140 | 5,140 |
| Total | 40,485 | – | 3,911,668 | – | 90,423 | 4,042,576 |

The Group deposited its financial resources in the following banks and with following rating and participation:

2009

| | |
|---|---|
| Komerční banka, a.s. | A |
| Československá obchodní banka, a.s. | A |
| Česká spořitelna, a.s. | A |
| UniCredit Bank Czech Republic, a.s. | Rating not available, though 100% shareholder Bank Austria Creditanstalt AG, Österreich, has rating A |
| Citibank Europe plc, organizační složka | A+ |

2008

| | |
|---|--|
| Komerční banka, a.s. | A+ |
| Československá obchodní banka, a.s. | A+ |
| Česká spořitelna, a.s. | A |
| UniCredit Bank Czech Republic, a.s. | Rating not available, though 100% shareholder Bank Austria Creditanstalt AG, Österreich, has rating A+ |
| Citibank Europe plc, organizační složka | A+ |

Trade receivables arise mainly from fees for services that the Group provides to the participants of trade and settlement. The Company does not have any minimum criteria for credit risk management of its participants. All participants are treated equally and are generally accepted as highly credible counterparties.

Individually impaired financial assets

The Group owns individually impaired receivables in the amount of CZK 2,517 thousand (2008: CZK 2,566 thousand). 100% allowance was created for these receivables totalling CZK 2,517 thousand (2008: CZK 2,566 thousand). These receivables are not secured.

Out of these receivables there is claimed:

- at the Court as at 31 December 2009 CZK 1,217 thousand (2008: CZK 1,249 thousand);
- under forced administration as at 31 December 2009 CZK 1,300 thousand (2008: CZK 1,317 thousand).

Overdue financial assets, not impaired

The Group records past due receivables of CZK 411 thousand as at 31 December 2009 (2008: CZK 427 thousand).

CZK '000

| Year | Aging structure – overdue financial assets | | | | | | Total |
|------|--|---------------|----------------|----------------|---------------|------------------|-------|
| | up to 60 days | up to 90 days | up to 180 days | up to 360 days | up to 2 years | 2 years and more | |
| 2009 | 130 | 50 | 95 | 135 | 1 | 0 | 411 |
| 2008 | 0 | 338 | 89 | 0 | 0 | 0 | 427 |

33. MANAGEMENT OF LIQUIDITY RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

Liquidity risk is a measure of the extent to which the Group may be required to raise funds to meet its commitments associated with financial instruments.

The Group is exposed to limited liquidity risk since it is refinanced mainly by its shareholders' equity. The Group uses a bank credit line for bridging over the lack of financial resources blocked for excessive tax deduction from value added tax.

The Group reinvests funds that are temporarily free from the Stock Exchange Guarantee Fund, Collateral Fund and Margin Deposits in short-term, highly liquid securities.

In view of the fact that most financial assets and liabilities are not interest-bearing and are recognised in the nominal value, the actual residual maturity corresponds to the timing of the expected future cash flows.

Trade payables as at 31 December 2009 and 2008 have mature within 3 months.

Liabilities from margin deposits in the amount of CZK 2,582,642 thousand represent payables from the settlement of trades with electricity and financial derivatives (2008: CZK 3,264,993 thousand). These payables are due within 1 month.

Other financial liabilities comprise mostly of received guarantees related to borrowed securities in amount of CZK 59,609 thousand (2008: CZK 73,123 thousand). These payables are due within 3 months.

Derivatives

The Group has concluded derivative contracts with ČEZ, a.s. as at 31 December 2009.

| Purchase of EUR | Payment (CZK'000) | Receipt (EUR'000) | Settlement date | Fair value of derivatives as at 31 December 2009 (CZK'000) |
|---|----------------------|----------------------|-----------------|---|
| FX forward | 105,168 | 4,030 | 25 January 2010 | 1,560 |
| Purchase of EUR | Payment (CZK'000) | Receipt (EUR'000) | Settlement date | Fair value of derivative as at 31 December 2009 (CZK'000) |
| FX swap – forward | 92,447 | 3,571 | 25 January 2010 | 2,106 |
| Positive fair value of derivatives | | | | 3,666 |

The Group has concluded derivative contracts with ČEZ, a.s. and Komerční banka, a.s. as at 31 December 2008.

| Purchase of EUR | Payment (CZK'000) | Receipt (EUR'000) | Settlement date | Fair value of derivatives as at 31 December 2008 (CZK'000) |
|---|----------------------|----------------------|-----------------|---|
| | 95,890 | 3,646 | 26 January 2009 | (2,340) |
| | 47,336 | 1,800 | 21 January 2009 | (1,148) |
| | 47,336 | 1,800 | 9 January 2009 | (1,140) |
| Negative fair value of derivatives | | | | (4,628) |

| Purchase of EUR | Payment (CZK'000) | Receipt (EUR'000) | Settlement date | Fair value of derivatives as at 31 December 2008 (CZK'000) |
|---|----------------------|----------------------|-----------------|---|
| | 298,723 | 11,856 | 26 January 2009 | 20,632 |
| | 263,565 | 10,090 | 26 January 2009 | 8,245 |
| Positive fair value of derivatives | | | | 28,877 |

Fair value of these derivatives at the balance sheet date was calculated based on market values using valuation techniques such as discounted future cash-flow models.

34. MANAGEMENT OF MARKET RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group is exposed to the market risk of interest rate fluctuations, which affect the fair value of securities in the portfolio of securities assessed at a fair value through profit or loss.

The Group hedges against the currency risk arising especially from trades on the energy exchange through concluding fixed term operations (forwards and swaps). It uses derivatives to hedge cash flows from recognised liabilities.

Sensitivity analysis to measure foreign exchange risk

The Group is exposed to foreign currency risk because of the excessive value added tax deducted in connection with electrical energy trading with participants who pay the value added tax outside the Czech Republic. It results in time discrepancy of cash flows and currencies between receiving the VAT tax refund in the Czech currency and meeting its obligations regarding payments to electricity suppliers in a foreign currency, i.e. in EUR.

In order to cover these EUR currency needs and thus be able to meet its obligations to suppliers of electricity, the Group uses hedging derivatives.

The Group uses only EUR as a foreign currency.

For internal risk management the Group defined two scenarios of possible EUR currency trends in 2010. The first scenario assumes an increase in the rate (depreciation of CZK) by CZK 3 and the second assumes a decrease in the rate (appreciation of CZK) by CZK 3.5.

- **Sensitivity analysis of foreign currency (EUR) derivatives:**

Depreciation scenario: If the exchange rate of EUR to CZK increases by CZK 3 as at 31 December 2009, the financial profit increases by CZK 22,798 thousand with respect to derivatives with a corresponding increase in profit before tax for 2009.

Appreciation scenario: If the exchange rate of EUR to CZK decreases by CZK 3.50 as at 31 December 2009, the financial profit decreases by CZK 26,598 thousand with respect to derivatives with a corresponding decrease in profit before tax for 2009.

- **Sensitivity analysis of foreign currency (EUR) financial assets and liabilities (excluding derivatives):**

Depreciation scenario: If the exchange rate of EUR to CZK increases by CZK 3 as at 31 December 2009, the financial profit decreases by CZK 14,396 thousand with respect to translation of assets and liabilities denominated in EUR with a corresponding decrease in profit before tax for 2009.

Appreciation scenario: If the exchange rate of EUR to CZK decreases by CZK 3.5 as at 31 December 2009, the financial profit increases by CZK 16,799 thousand with respect to translation of assets and liabilities denominated in EUR with a corresponding increase in profit before tax for 2009.

The following table shows the currency position of the Group as at 31 December 2009:

| | CZK '000 | | | |
|---|------------------|------------------|--------------|------------------|
| | CZK | EUR | USD | Total |
| Assets | | | | |
| Cash | 2,653,008 | 59,420 | 12 | 2,712,440 |
| Trade receivables (net) | 15,242 | 42,874 | – | 58,116 |
| Advance payments made and other current assets | 282,823 | 3,837 | – | 286,660 |
| Receivables from derivatives | 3,665 | – | – | 3,665 |
| Securities held for trading at fair value | 122,368 | – | – | 122,368 |
| Securities held to maturity | 189,007 | – | – | 189,007 |
| Tangible assets | 11,875 | – | – | 11,875 |
| Intangible assets | 6,162 | – | – | 6,162 |
| Other non-current assets | 5,080 | – | – | 5,080 |
| Deferred tax asset | 475 | – | – | 475 |
| Total assets | 3,289,705 | 106,131 | 12 | 3,395,848 |
| Liabilities | | | | |
| Trade payables | 5,109 | 233,160 | 139 | 238,408 |
| Taxes and other payables | 2,662,948 | – | – | 2,662,948 |
| Current advances received | 6,188 | 179 | – | 6,367 |
| Provisions | 2,675 | – | – | 2,675 |
| Shareholders' equity | 485,450 | – | – | 485,450 |
| Total liabilities | 3,162,370 | 233,339 | 139 | 3,395,848 |
| Net currency position as at 31 December 2009 | 127,335 | (127,208) | (127) | – |

Open currency position relating to trade receivables and payables is partially hedged by currency derivatives.

The following table shows the currency position of the Group as at 31 December 2008:

| | CZK '000 | | | |
|---|------------------|------------------|------------|------------------|
| | CZK | EUR | USD | Total |
| Assets | | | | |
| Cash | 173,479 | 3,252,725 | 14 | 3,426,218 |
| Trade receivables (net) | 22,985 | 9,882 | – | 32,867 |
| Advance payments made and other current assets | 594,501 | – | – | 594,501 |
| Receivables from derivatives | 28,877 | – | – | 28,877 |
| Securities held for trading at fair value | 191,992 | – | – | 191,992 |
| Securities held to maturity | 336,170 | – | – | 336,170 |
| Tangible assets | 8,338 | – | – | 8,338 |
| Intangible assets | 9,702 | – | – | 9,702 |
| Other non-current assets | 5,140 | – | – | 5,140 |
| Deferred tax asset | 4,845 | – | – | 4,845 |
| Total assets | 1,376,029 | 3,262,607 | 14 | 4,638,650 |
| Liabilities | | | | |
| Trade payables | 18,169 | 424,110 | – | 442,279 |
| Taxes and other payables | 150,243 | 3,232,924 | – | 3,383,167 |
| Current bank loans | 190,645 | – | – | 190,645 |
| Payables from derivatives | 4,628 | – | – | 4,628 |
| Current advances received | 2,068 | – | – | 2,068 |
| Provisions | 2,121 | – | – | 2,121 |
| Shareholders' equity | 613,742 | – | – | 613,742 |
| Total liabilities | 981,616 | 3,657,034 | – | 4,638,650 |
| Net currency position as at 31 December 2008 | 394,413 | (394,427) | 14 | – |

Open currency position relating to trade receivables and payables is partially hedged by currency derivatives.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument, therefore, indicates to what extent it is exposed to interest rate risk. The table below provides information on the extent of the Group's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments that re-price to a market rate of interest before maturity, the next re-pricing date. Those assets and liabilities that are not interest-bearing are grouped in the "Undefined" category.

Interest rate sensitivity analysis

The Group determined two possible scenarios of development of PRIBOR interest rate in which the interest yield curve moves by 100 basis point up or down.

The Group did not calculate the sensitivity on EUR interest rates due to the short-term character of all financial assets and liabilities and more or less compensated interest position in EUR.

If the PRIBOR interest rate decreases by 100 basis points as at 31 December 2009, profit before tax for 2009 increases by CZK 792 thousand.

If the PRIBOR interest rate increases by 100 basis points as at 31 December 2009, profit before tax for 2009 decrease by CZK 191 thousand.

Interest rate sensitivity as at 31 December 2009

| | CZK '000 | | | | |
|---|------------------|--------------------|---------------|------------------|------------------|
| | Up to 3 months | 3 months to 1 year | 1 to 5 years | Not specified | Total |
| Assets | | | | | |
| Cash | 2,712,440 | – | – | – | 2,712,440 |
| Trade receivables | – | – | – | 58,116 | 58,116 |
| Advance payments made and other current assets | – | – | – | 290,325 | 290,325 |
| Securities held for trading at fair value | 68,128 | 9,802 | 44,438 | – | 122,368 |
| Securities held to maturity | 189,007 | – | – | – | 189,007 |
| Tangible assets | – | – | – | 11,875 | 11,875 |
| Intangible assets | – | – | – | 6,162 | 6,162 |
| Other non-current assets | – | – | – | 5,080 | 5,080 |
| Deferred tax asset | – | – | – | 475 | 475 |
| Total assets | 2,969,575 | 9,802 | 44,438 | 372,033 | 3,395,848 |
| Liabilities | | | | | |
| Trade payables | 238,408 | – | – | – | 238,408 |
| Taxes and other payables | 2,550,608 | – | – | 112,340 | 2,662,948 |
| Current advances received | – | – | – | 6,367 | 6,367 |
| Current bank loans | – | – | – | – | – |
| Provisions | – | – | – | 2,675 | 2,675 |
| Shareholders' equity | – | – | – | 485,450 | 485,450 |
| Total liabilities and equity | 2,789,016 | – | – | 606,832 | 3,395,848 |
| Net interest risk as at 31 December 2009 | 180,559 | 9,802 | 44,438 | (234,799) | – |

Interest rate sensitivity as at 31 December 2008

| | CZK '000 | | | | |
|---|------------------|--------------------|--------------|-----------------|------------------|
| | Up to 3 months | 3 months to 1 year | 1 to 5 years | Not specified | Total |
| Assets | | | | | |
| Cash | 3,426,218 | – | – | – | 3,426,218 |
| Trade receivables | – | – | – | 32,867 | 32,867 |
| Advance payments made and other current assets | – | – | – | 623,378 | 623,378 |
| Securities held for trading at fair value | 82,046 | 109,946 | – | – | 191,992 |
| Securities held to maturity | 336,170 | – | – | – | 336,170 |
| Tangible assests | – | – | – | 8,338 | 8,338 |
| Intangible assets | – | – | – | 9,702 | 9,702 |
| Other non-current assets | – | – | – | 5,140 | 5,140 |
| Deferred tax asset | – | – | – | 4,845 | 4,845 |
| Total assets | 3,844,434 | 109,946 | – | 684,270 | 4,638,650 |
| Liabilities | | | | | |
| Trade payables | 442,279 | – | – | – | 442,279 |
| Taxes and other payables | 3,232,924 | – | – | 154,871 | 3,387,795 |
| Current advances received | 0 | – | – | 2,068 | 2,068 |
| Current bank loans | 190,645 | – | – | – | 190,645 |
| Provisions | – | – | – | 2,121 | 2,121 |
| Shareholders' equity | – | – | – | 613,742 | 613,742 |
| Total liabilities and equity | 3,865,848 | – | – | 772,802 | 4,638,650 |
| Net interest risk as at 31 December 2008 | (21,414) | 109,946 | – | (88,532) | – |

35. CAPITAL MAINTENANCE

The Group understands under capital its equity in compliance with the applied accounting principles. Individual items included in equity are presented in the Statement of changes in equity.

The objectives of the Group when managing equity are as follows:

- to be in compliance with laws of the Czech Republic;
- to ensure the ability of the Group to meet conditions of going concern so as to generate profit from the investments of shareholders and in favour to stakeholders;
- to maintain a strong capital position that would help to develop the business.

The business objective of the Group is firstly to ensure the smooth conclusion of trades on the stock exchange and their settlement. For the purposes of effective settlement and reducing credit risk (settlement risk), the Group accepts financial contributions from the participants to the Stock Exchange Guarantee Fund, Collateral Fund and Margin Deposits of the Prague Stock Exchange and fees for services provided. Financial resources of the above-mentioned funds and own free financial resources are invested in short-term highly liquid securities of high credibility in order to increase their value.

Dividend policy is the main tool of management of the capital level.

36. RELATED PARTIES

Effective from 8 December 2008, CEESEG Aktiengesellschaft (former Wiener Börse, AG) became the parent company of the Group with controlling interest.

As at 31 December 2009 the Group has revenues amounting to CZK 156 thousand from Wiener Börse, AG, based on the Cooperation agreement related to sale of information, effective from 1 October 2009 to 31 December 2009.

In the period 1 January – 7 December 2008, the company Patria Finance, a.s. had significant influence over the Group, holding 24.83% of the shares. The remaining 75.17% of the shares were held by various minority shareholders.

As at 31 December 2009 and 2008, the Group does not have any receivables from Patria Finance, a.s. and its direct subsidiaries.

37. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition.

| | CZK '000 | |
|---------------------------------------|------------------|------------------|
| | 2009 | 2008 |
| Cash and balances with banks (Note 6) | 2,712,440 | 3,426,218 |
| Depository bills of exchange (Note 9) | 189,007 | 336,170 |
| Total | 2,901,447 | 3,762,388 |

38. SUBSEQUENT EVENTS

As at 1 February 2010 the company POWER EXCHANGE CENTRAL EUROPE, a.s. successfully commenced the trading with futures with financial settlement. To existing products with physical settlement were added products that are not physically delivered, but only financially settled against the future spot price.

Centrální depozitář cenných papírů, a.s., in accordance with the authorization of the business of the central depository under § 100 of Act. No 256/2004Sb., on capital markets, will take over registration of the securities centre in 2010. This will include new core business activities of the

Centrální depozitář cenných papírů, a.s., as keeping a central register of registered securities issued in the Czech Republic and the assigning of identification sign (ISIN) to investment instruments.

39. CURRENT VOLATILITY ON GLOBAL AND CZECH FINANCIAL MARKETS

The ongoing global liquidity crisis which commenced in the middle of 2007 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and, at times, higher interbank lending rates and very high volatility in stock markets.

Prague, 15 March 2010



Ing. Petr Kobic
Chairman of the Stock Exchange Chamber



Ing. David Kučera
Member of the Stock Exchange Chamber

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A trait Austrian, Czechs, Hungarians and Slovenians share is the pleasure they take in enjoyment and sports. We have selected a few unusual, little-known facts relating to these areas.

Editorial Information

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We have prepared this report with the utmost care and have checked the data. Nonetheless, rounding, typographic and printing errors cannot be ruled out. Computational differences may occur due to the use of automated calculators when obtaining sums of rounded amounts and percentages.

We would explicitly like to point out that the data and calculations given in this report are historic values and do not permit any conclusions to be drawn regarding future developments or value stability. No claim is made to completeness.

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