



cee stock exchange group



2013: Annual Report



ENERGY CLEARING COUNTERPARTY

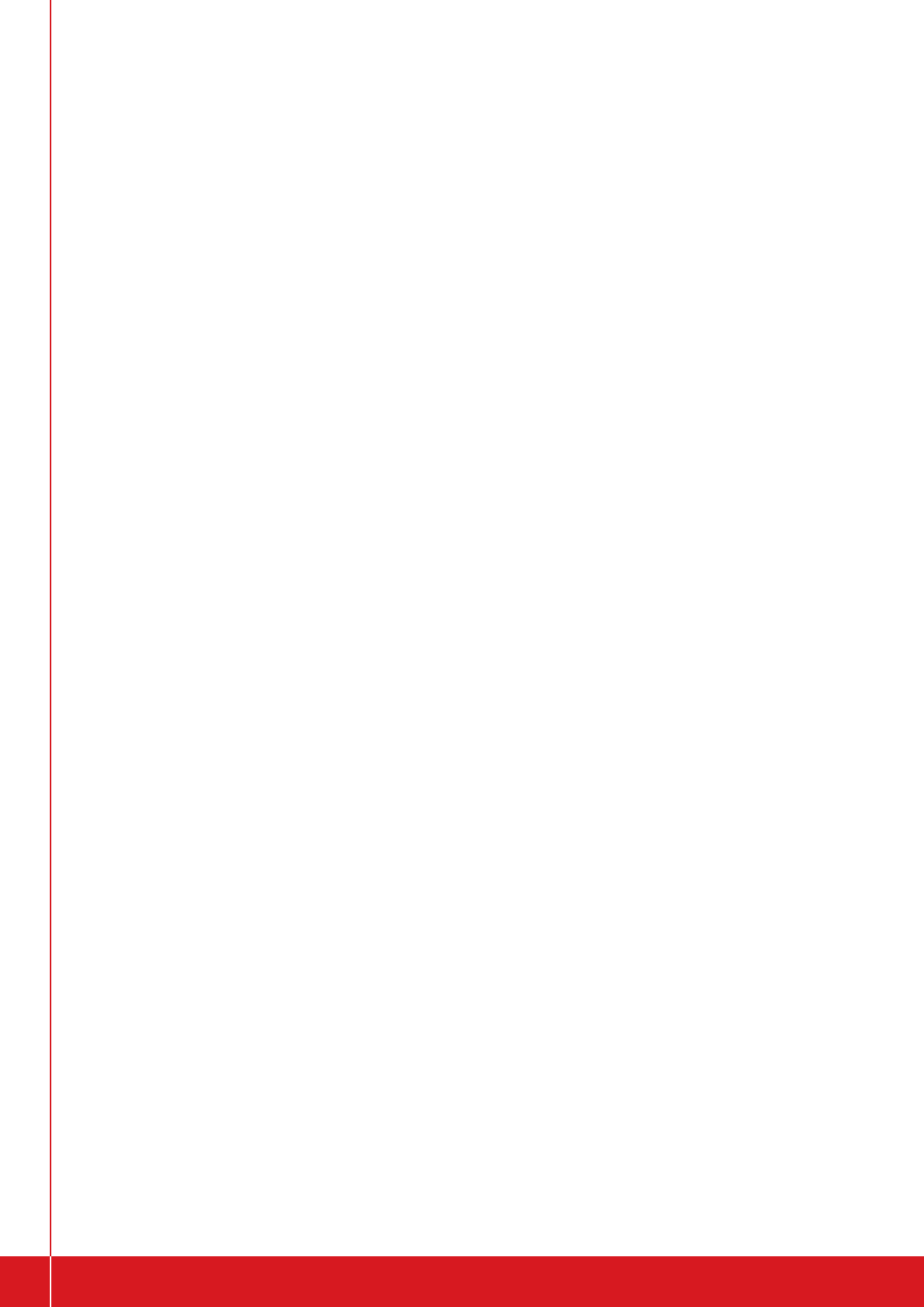


Table of Contents

Company Profile	2
Activity	3
Financial Results	5
Report of the Supervisory Board	6
Report on Relationships	8
Financial Section	11
Auditor's Report regarding the Annual Report	28
Contact	31

Company Profile

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

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

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

The main advantages of the central counterparty are:

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

Activity

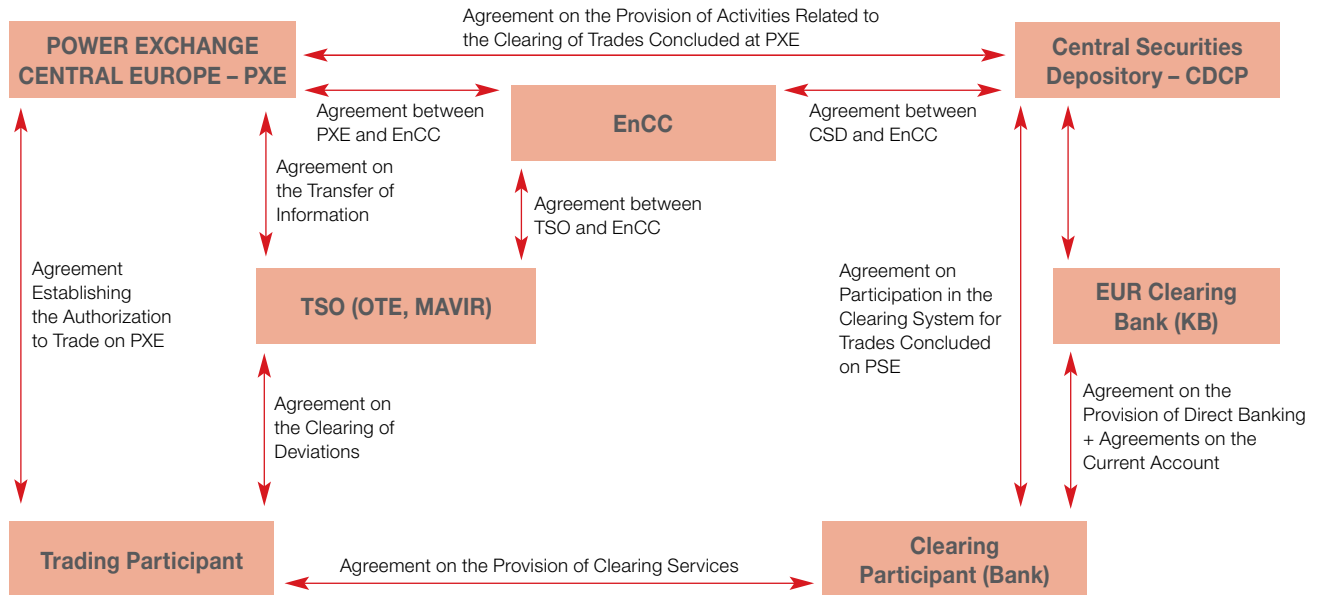
Until the end of August 2013, EnCC pursued its main activity commenced in 2008 as a central counterparty for Hungarian futures products with physical delivery. On 2 September 2013, European Commodity Clearing AG (ECC) took over clearing and settlement services for all futures trades concluded on the PXE. EnCC continues to serve as the central counterparty for spot OTE trades concluded via PXE.

On 8 October 2013, there was adopted a decision of a sole shareholder of EnCC on a merger of Central Clearing Counterparty (CCC) and CENTRAL COUNTERPARTY (CCP) in EnCC as a successor company. The merger came into effect on 20 January 2014 and the purpose of the merger was simplification of the organizational structure of the holding and increasing the efficiency.

Anticipated future development

EnCC will continue to act as a central counterparty exclusively for spot trades concluded by PXE participants on the daily OTE market.

Contractual relationships of EnCC acting as the central counterparty with PXE trading participants (until 31 August 2013)



Financial Results

Income Statement

(in CZK thousand)	2013	2012	2011
Revenues from business activities	1,348	1,109	1,032
Operating expenses	616	715	857
Operating profit (+)/loss (-)	732	394	175
Net financial expense (-)	(3,467)	(40)	(3,814)
Profit (+)/loss (-) before income tax	(2,735)	354	(3,639)
Net profit (+)/loss (-)	(2,735)	354	(3,639)

Statement of Changes in Equity and Financial Position

(in CZK thousand)	2013	2012	2011
Share capital	2,000	2,000	2,000
Shareholder's equity	(735)	820	(1,534)
Other capital funds	6,180	5,000	3,000
Reserve fund	71	-	-
Accumulated losses	(8,986)	(6,180)	(6,534)

Annotation:

As at 31 December 2013 the company Energy Clearing Counterparty, a.s. reported negative equity in the amount of TCZK 735, which as a result of the merger with the companies listed below, and the positive equity that as at 31 December 2013 was held by the parties to the merger

- CENTRAL COUNTERPARTY, a.s. in the amount of TCZK 3,501,
- Central Clearing Counterparty, a.s. in the amount of TCZK 888,

will as at 1 January 2014, the decisive date of the merger, be reported as positive equity in the amount of TCZK 3,654.

Minutes of the Meeting of the Supervisory Board of Energy Clearing Counterparty, a.s. on 11 April 2014

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

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

1. The Supervisory Board prepared this Report on the Activities of the Supervisory Board for 2013 and will submit it to Burza cenných papírů Praha, a.s., as the sole shareholder. The Supervisory Board met twice in 2013: see the Minutes of the Supervisory Board Meeting of 16 April 2013 and 27 August 2013.
2. The Supervisory Board of Energy Clearing Counterparty, a.s. reviewed the Report of the Board of Directors on Relationships between Affiliated Undertakings in Fiscal Year 2013, in which Burza cenných papírů Praha, a.s. (Prague Stock Exchange) is stated as the controlling undertaking and Energy Clearing Counterparty, a.s. as the controlled undertaking. The affiliated undertakings include POWER EXCHANGE CENTRAL EUROPE, a.s., Centrální depozitář cenných papírů, a.s. (Central Securities Depository Prague), CENTRAL COUNTERPARTY, a.s. and Central Clearing Counterparty, a.s. The Supervisory Board did not identify any circumstances that would suggest that during fiscal year 2013 Energy Clearing Counterparty, a.s. acted - in relation to the controlling undertaking or other affiliated undertakings - in conflict with the generally binding legal regulations, the Articles of Association or the decisions of the sole shareholder, and the Supervisory Board therefore recommends that Burza cenných papírů Praha, a.s., acting as the sole shareholder of Energy Clearing Counterparty, a.s., approve the report.
3. The Supervisory Board discussed the Report on Financial Results for 2013. The Supervisory Board also studied the auditor's methods and the Auditor's Report for the Shareholders of Energy Clearing Counterparty, a.s. prepared by KPMG Česká republika Audit, s.r.o. The Supervisory Board recommends that the report be approved by Burza cenných papírů Praha, a.s. as the sole shareholder. The Supervisory Board also recommends the approval of the regular Financial Statements and the Board of Directors' proposal for the settlement of losses for 2013 in the amount of CZK 2,735,000. The Supervisory Board recommends that the losses be settled using future revenues.

Proposal by the Board of Directors:

The financials result for 2013 is a loss yet to be approved, and a decision is to be made about its settlement in the amount of CZK 2,735,000.

It is proposed that the loss for the year 2013 in the amount of CZK 2,735,000:

- *be transferred in 2014 to accumulated loss from previous years.*

After transferring the 2013 loss, the accumulated loss will amount to CZK 8,986,000.

As of 1 January 2014, the loss from previous years had been partially settled as a result of the merger by acquisition with CENTRAL COUNTERPARTY, a.s. and Central Clearing Counterparty, a.s.

It is proposed that the remainder of the accumulated loss from previous years in the amount CZK 4,597,000 recognised as of the record date of the merger, i.e. 1 January 2014, be settled in the years to come from the future revenues of Energy Clearing Counterparty, a.s.

As at 31 December 2013 the company Energy Clearing Counterparty, a.s. reported negative equity in the amount of TCZK 735, which as a result of the merger with the companies listed below, and the positive equity that as at 31 December 2013 was held by the parties to the merger:

- *in the amount of CZK 3,501,000 in CENTRAL COUNTERPARTY, a.s., and*
- *in the amount of CZK 888,000 in Central Clearing Counterparty, a.s.,*

*will as at 1 January 2014, the decisive date of the merger, be reported as **positive equity in the amount of TCZK 3,654.***

The Supervisory Board states that the company has become a shareholder of PXE and, as such, will be entitled to the likely payment of dividends. It can therefore be expected beyond any doubt that a share in the ownership interest will be paid, which payment will increase the equity. The ownership interest of one third pertaining to EnCC corresponds to PXE's profit of approximately CZK 5 million. Even if the dividend from PXE is not paid, the company's ownership interest in PXE is of considerable value; therefore, trouble-free coverage of the accumulated loss may be expected.

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

Prague, on 11 April 2014



Ing. Petr Koblík

Chairperson of the Supervisory Board

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

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

Company ID No.: **28441681**

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

Report on Relationships between Controlling and Controlled Undertaking and Relationships between Controlled Undertaking and other Undertakings Controlled by the Same Controlling Undertaking in Fiscal Year 2013

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

Controlling Undertaking **Burza cenných papírů Praha, a.s.**, with its registered office at Rybná 14/682, Prague 1, ID 47115629, entered in the Commercial Register kept on file at the Municipal Court in Prague, Section B, Insert 1773 (hereinafter the „Controlling Undertaking“ or „Prague Stock Exchange“)

and

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

for the 2013 fiscal year.

Parent company of the Controlling Undertaking is the company **CEESEG Aktiengesellschaft**, with a seat at 1010 Wien, Wallnerstraße 8, registered in the Commercial Register kept by Handelsgericht Wien, FN 161826f. The author of this report is not aware of any contractual relationship between EnCC and the parent company of the Controlling Undertaking in the year 2013, or any payment based upon another reason.

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

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

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

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

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

The Controlling Undertaking holds a 100% stake in the Controlled Undertaking and in CCP, CCC and the Central Securities Depository. The Controlling Undertaking holds a 33.33% stake in the company PXE, indirectly another 66.67 % (33.33 % via Central Securities Depository and 33.33 % via CCP).

The report provides a list of agreements entered into between these undertakings during the 2013 fiscal year, other legal steps between the affiliated undertakings in their interest, and a

list of all measures adopted or executed by the Controlled Undertaking in the interest of or upon request from such undertakings.

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

Agreements

The business relationships between the Controlling and Controlled Undertakings were regulated by the following agreements during the 2013 fiscal year; on the basis of the agreements the following payments were made to the Controlling Undertaking:

Agreement entered into on	Agreement title	Description	Payments (including VAT)
31 December 2008	Agreement on the Sublease of Non-Residential Premises, in the wording of Amendment No. 4 dated 27 th December 2013	The sublease of non-residential premises which the Prague Stock Exchange leases from Burzovní Palác Investment s.r.o.	Total payment of TCZK 142
30 March 2009	Loan Agreement	Provision of a short-term revolving loan for the purpose of payment of VAT to the suppliers of electrical power to PXE, up to the amount of MCZK 150, with the solidarity of the creditors Central Securities Depository, PXE and Prague Stock Exchange. Shares of PXE – credit line of MCZK 120	Annual PRIBOR (EURIBOR) + 0.75 % p.a. – interest paid of TCZK 16

In addition, expenses were re-invoiced between these two entities for consultancy services, insurance of the statutory bodies and liability arising from activities, insurance of cybernetic risks and the use of a time stamp provided by the Prague Stock Exchange. The re-invoiced expenses amounted to TCZK 16.

As of December 31st, 2013, EnCC has a receivable from Prague Stock Exchange amounting TCZK 6,998, representing tax deduction from the VAT claim for December 2013.

The business relationships between PXE and the Controlled Undertaking were regulated by the following agreements during the 2013 fiscal year; on the basis of the agreements the following payments were made:

Agreement entered into on	Agreement title	Description	Payments (including VAT)
27 February 2009	Agreement on the Provision of Services of the Central Counterparty in Connection with Trades Concluded at the Prague Energy Exchange, terminated as of 31 st August 2013	Provision of Central Counterparty services. EnCC claims a share of selected fees collected by PXE for the registration of daily diagrams with TSO, and EUR 100 for each participant in spot trading on the Czech market, and a reimbursement of expenses incurred in connection with the implementation of trades on the Day-ahead Market of OTE a PXE	TCZK 625 Reimbursement of expenses incurred in connection with the implementation of trades on the Day-ahead Market of OTE and PXE, TCZK 368
30 August 2013	Agreement on the Provision of Services of the Central Counterparty in Connection with Trades Concluded at the market of PXE, effective as of 1 st September 2013	Provision of Central Counterparty services.	In the total amount of TCZK 237 Reimbursement of expenses incurred in connection with the implementation of trades on the Day-ahead Market of OTE and PXE, TCZK 168

30 March 2009	Loan Agreement	Provision of a short-term revolving loan for the purpose of payment of VAT to the suppliers of electrical power to PXE, up to the amount of MCZK 150, with the solidarity of the creditors Central Securities Depository, PXE a Prague Stock Exchange. Share of PXE – credit line of MCZK 15	Annual PRIBOR (EURIBOR) + 0.75 % p.a. - interest paid of TCZK 520
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The business relationships between the Central Securities Depository and the Controlled Undertakings were regulated by the following agreements during 2013 fiscal year:

Agreement entered into on	Agreement title	Description	Payments (including VAT)
30. March 2009	Loan Agreement	Provision of a short-term revolving loan for the purpose of payment of VAT to the suppliers of electrical power to PXE, up to the amount of MCZK 150, with the solidarity of the creditors Central Securities Depository, PXE and Prague Stock Exchange. Share of PXE – credit line of MCZK 15	The loan has not been drawn.

The Central Securities Depository has invoiced EnCCC a fee for LEI assignment in the amount of TCZK 2.

No agreements were entered into between EnCC and CCP or CCC during the 2013 fiscal year.


Legal Acts and other Measures

On 22 April 2013 the Controlling Undertaking approved by a decision of a sole shareholder, acting in the capacity of the General Meeting of Shareholders held pursuant to Art. 190 (1) of ComCo, the 2012 Financial Statements of the company, a proposal for the settlement of the loss generated in 2012, provision of a contribution outside the registered capital amounting to TCZK 1,180, appointment of the Audit company and re-appointment of Ing. Helena Čacká for another office period of a member of the board of directors. .

On 8th October 2013, the Controlling Undertaking adopted a decision of a sole shareholder, acting in the capacity of the General Meeting of Shareholders held pursuant to Art. 190 (1) of ComCo, decided on a merger of CCC and CCP in the Controlled Undertaking as a successor company in accordance with the project of merger. The purpose of the merger was simplification of the organizational structure of the holding, increasing the efficiency of the portfolio of controlled companies and the reduction of operational expenses.

The member of the Board of Directors of EnCC declares on behalf of the Board of Directors that the Controlled Undertaking did not suffer any detriment from the agreements specified above, other measures and steps, or from any other fulfillments accepted or provided.

Prague, on 28 March 2014



 Helena Čacká
 Member of the Board of Directors

Financial Section

Balance Sheet as at 31 December 2013	12
Income Statement for the year ended 31 December 2013	14
Statement of Changes in Equity for the year ended 31 December 2013	15
Notes to the Financial Statements for the year ended 31 December 2013	16

Note:

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

Balance Sheet as at 31 December 2013

(in CZK thousand)

		31 December 2013		31 December 2012
		Gross amount	Adjustment	Net amount
TOTAL ASSETS		111,026	(304)	110,722
B.	Fixed assets	608	(304)	304
I.	Intangible fixed assets	608	(304)	304
	3. Software	1	(1)	–
	6. Other long-term intangible assets	607	(303)	304
C.	Current assets	110,401	–	110,401
III.	Short-term receivables	94,693	–	94,693
	1. Trade receivables	54,068	–	54,068
	4. Receivables from associated companies	–	–	–
	6. State – tax receivables	33,765	–	33,765
	8. Estimated receivables	4	–	4
	9. Other receivables	6,856	–	6,856
IV.	Current financial assets	15,708	–	15,708
	1. Cash in hand	1	–	1
	2. Cash at bank	15,707	–	15,707
D. I.	Accruals and Deferrals	17	–	17
	1. Prepaid expenses	17	–	17

(in CZK thousand)

	31 December 2013	31 December 2012
TOTAL EQUITY AND LIABILITIES	110,722	137,945
A. Equity	(735)	820
I. Share capital	2,000	2,000
1. Share capital	2,000	2,000
II. Statutory and other funds	6,180	5,000
2. Other capital funds	6,180	5,000
III. Reserve funds, undistributable funds and other funds from profit	71	-
1. Statutory reserve fund/Undistributable funds	71	-
IV. Retained earnings	(6,251)	(6,534)
2. Accumulated losses	(6,251)	(6,534)
V. Profit/(loss) for the current period	(2,735)	354
B. Liabilities	111,457	137,125
III. Short-term liabilities	111,007	137,125
1. Trade payables	58,000	95,242
2. Liabilities to controlling and managing entity	6,998	-
5. Liabilities to employees	3	3
6. Liabilities for social security and health insurance	4	4
7. State – tax payables	2	2
10. Estimated payables	5	63
11. Other payables	45,995	41,811
IV. Bank loans and overdrafts	450	-
2. Short-term bank loans	450	-
C. I. Accruals and deferrals	-	-

Income Statement for the year ended 31 December 2013

(in CZK thousand)

	Year ended 31 December 2013	Year ended 31 December 2012
II. Revenue from production	862	207
1. Revenue from own products and services	862	207
B. Cost of sales	396	339
1. Materials and consumables	3	2
2. Services	393	337
+ Added value	466	(132)
C. Staff costs	141	165
1. Wages and salaries	48	66
2. Remuneration of board members	60	60
3. Social security and health insurance costs	33	39
D. Taxes and charges	4	–
E. Depreciation of intangible and tangible fixed assets	60	69
IV. Other operating revenues	486	902
H. Other operating charges	15	142
* Operating profit (loss)	732	394
X. Interest revenues	2	4
N. Interest expense	513	919
XI. Other financial income	11,266	9,692
O. Other financial expenses	14,222	8,817
* Profit (loss) from financial operations	(3,467)	(40)
** Loss on ordinary activities after taxation	(2,735)	354
*** Loss for the period	(2,735)	354
**** Loss before tax	(2,735)	354

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

(in CZK thousand)

	Share capital	Other capital funds	Reserve funds, undistributable funds and other funds from profit	Accumulated losses	Profit/(loss) for the current period	Total equity
As at 31 December 2011	2,000	3,000	–	(2,895)	(3,639)	(1,534)
Settlement of 2011 loss	–	–	–	(3,639)	3,639	–
Shareholder's contribution to equity	–	2,000	–	–	–	2,000
Loss for the current period	–	–	–	–	354	(354)
As at 31 December 2012	2,000	5,000	–	(6,534)	354	(820)
Distribution of 2012 profit	–	–	71	(283)	(354)	–
Shareholder's contribution to equity	–	1,180	–	–	–	1,180
Loss for the current period	–	–	–	–	(2,735)	(2,735)
As at 31 December 2013	2,000	6,180	71	(6,251)	(2,735)	(735)

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

1. GENERAL INFORMATION

1.1. Incorporation and description of the business

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

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

Principal activities

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

Share capital

Share capital as at 31 December 2013 consists of 2,000 registered shares in documentary form, amounting to a total of TCZK 2,000. The shares have a nominal value of TCZK 1 each and have restricted transferability.

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

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

Founder:

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

Balance sheet date

The financial statements were prepared as at 31 December 2013.

Changes in the Commercial Register in 2013

No changes in the Commercial Register were made in 2013.

1.2. Board of Directors and Supervisory Board as at 31 December 2013

	Position	Name
Board of Directors	Member	Helena Čacká
Supervisory Board	Member	Petr Koblíček
	Member	Petr Horáček
	Member	Radan Marek

1.3. Participation interest

The Company does not own any participation interest.

1.4. Organizational structure

The statutory body is formed by the Board of Directors.

2. ACCOUNTING POLICIES

Basis of preparation

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

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

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

2.1. Intangible fixed assets

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

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

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

	Number of years
Software	3
Licence	According to validity

Method for creating provisions

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

2.2. Receivables

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

2.3. Cash and cash equivalents

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

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

2.4. Foreign currency translation

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

Cash, receivables and liabilities denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on cash, receivables and liabilities are recorded in the income statement.

2.5. Deferred taxation

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

2.6. Related parties

The Company's related parties comprise the following:

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

Significant transactions and balances with related parties are disclosed in Note 3.15.

2.7. Revenues

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

2.8. Interest expenses

All interest expenses are accrued.

2.9. Group VAT registration

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

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

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

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

2.10. Subsequent events

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

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

2.11. Changes in the accounting methods and procedures

The Company has not changed any accounting methods and procedures in 2013 or 2012.

3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND INCOME STATEMENT

3.1. Fixed assets

3.1.1. Intangible fixed assets

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

– data box software – co-owner TCZK 1.

– Licence for limited trading in electric power issued on 29 October 2009 by the Hungarian Energy Regulatory Authority (Magyar Energia Hivatal) with validity for 10 years. The value of this licence is TCZK 607. The asset was acquired in 2008 and was put into use in January 2009.

(in CZK thousand)

Acquisition cost	1 January 2013	Additions	Disposals	31 December 2013
Software	24	–	23	1
Other intangible fixed assets	607	–	–	607
Total	631	–	23	608

(in CZK thousand)

Accumulated depreciation	1 January 2013	Additions	Disposals	31 December 2013
Software	23	–	22	1
Other intangible fixed assets	243	60	–	303
Total	266	60	22	304

(in CZK thousand)

Net book value	31 December 2012	31 December 2013
Software	1	–
Other intangible fixed assets	364	304
Total	365	304

Amortization of intangible assets charged to income amounted to:

(in CZK thousand)

Amortization	
2012	69
2013	60

In 2013 and 2012 no impairment of intangible fixed assets was recognized.

3.1.2. Leased assets

The Company has the following contractual payables from rent and operative leases:

(in CZK thousand)

	As at 31 December 2013	As at 31 December 2012
Due within 1 year	60	109
Due in 1 to 5 year	514	403
Due in more than 5 years	0	120
Total	574	632

As at 31 December 2013 the Company has concluded an agreement for rent of the office premises. The total amount of rent paid in 2013 was TCZK 111 (2012: TCZK 106).

3.2. Short-term financial assets

(in CZK thousand)

	As at 31 December 2013	As at 31 December 2012
Cash	1	2
Bank accounts	15,707	11,459
Total	15,708	11,461

3.3. Short-term receivables

3.3.1. Trade receivables

As at 31 December 2013, the Company recognized trade receivables amounting to TCZK 54,068 (2012: TCZK 63,572). These trade receivables result predominantly from the settlement of physical supplies of electric power which were not paid as at 31 December 2013. No trade receivables are overdue.

3.3.2. Receivables from shareholders and members of the association

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

As at 31 December 2013, the Company did not recognize receivables arising from excess VAT. The amount of the excess VAT deduction as at 31 December 2012 was TCZK 18,280.

3.3.3. State – tax receivable

There is a balance of VAT from invoices received from Czech payers after 31 December 2013 and which apply to 2013 in the amount of TCZK 33,765 (2012: TCZK 36,272).

3.3.4. Deferrals

An estimate of the overpayment of rent for 2013 in the amount of TCZK 4 (2012: TCZK 0).

As at 31 December 2012 the Company has recognized an estimated receivable from POWER EXCHANGE CENTRAL EUROPE, a.s. in the amount of TCZK 49, concerning unpaid expenses, which were incurred by the Company in 2012 due to the financing of the payables from business activities on the spot market in the Czech Republic.

3.3.5. Other receivables

As at 31 December 2013 the Company recognized a receivable of TEUR 250 which at the rate published by the CNB as at 31 December 2013 translates into TCZK 6,856. The receivable represents disposable financial hedging for the settlement of a physical delivery of spot hours traded at the common spot market PXE and OTE, a.s.

As at 31 December 2012, the Company recognized a receivable from Centrální depozitář cenných papírů, a.s. in the amount of EUR 310,897 which at the rate published by the CNB as at 31 December 2012 translates into TCZK 7,816 concerning deferred VAT collected from customers and not paid to suppliers during the settlement of the physical deliveries of electricity for the Hungarian market. These funds are held on the account of Centrální depozitář cenných papírů, a.s., which is used for the settlement with clearing banks of the traders.

As at 31 December 2012, the Company recognized a receivable from Centrální depozitář cenných papírů, a.s. concerning interest due from financial means held in a bank account of CDCP. The interest due amounted to EUR 3,172, i.e. TCZK 80 after translation at the rate published by the CNB as at the balance sheet date.

3.4. Deferred tax asset

The Company recognized a deferred tax asset in the amount of TCZK 1,545 (2012: TCZK: 874) as at 31 December 2013 due to tax losses from previous periods. The Company does not claim this receivable since the Company does not expect to apply it.

3.5. Deferrals

As at the balance sheet date, the Company recognized prepaid expenses in the amount of TCZK 17 (2012: TCZK 50) concerning expenses for rent and services for the rent related to 2014.

3.6. Equity

The fully paid share capital recorded in the Commercial Register as at 31 December 2013 amounts to TCZK 2,000 (2012: TCZK 2,000).

The Company created a statutory reserve fund in the amount of TCZK 71 since it recorded a net profit in the financial statements for 2012 in the amount of TCZK 354. It followed the instructions stated in the Founding Contract regarding the creation of a reserve fund.

The Company recorded a loss for the 2013 financial period amounting to TCZK 2,735 (2012: profit in the amount of TCZK 354).

The distribution of the net profit in the amount of TCZK 354 was approved by the shareholder of the Company. The net profit was used to create a reserve fund (TCZK 71) and to decrease accumulated losses (TCZK 283).

Due to the negative value of equity of the Company, a decision of the sole shareholder was made on 22 April 2013 to increase equity in the amount of TCZK 1,180 (2012: TCZK 2,000), which was entered in writing on 30 April 2013.

As at 31 December 2013 the Company reported negative equity in the amount of TCZK 735 (2012: positive equity of TCZK 820), which as a result of the merger described in point 8, and the positive equity that as at 31 December 2013 was held by the parties to the merger

- CENTRAL COUNTERPARTY, a.s. in the amount of TCZK 3,501
- Central Clearing Counterparty, a.s. in the amount of TCZK 888

will as at 1 January 2014, the decisive date of the merger, be reported as positive equity in the amount of TCZK 3,654.

3.7. Short-term liabilities

Short-term liabilities have not been secured.

3.7.1. Trade payables

As at 31 December 2013, the Company recognized trade payables amounting to TCZK 58,000 (2012: TCZK 95,242). These payables relate to physical settlement of electric power supplies which were not paid as at 31 December 2013.

No trade payables are overdue.

3.7.2. Payables to employees

Payables to employees represent unpaid wages for December 2013 of TCZK 3 (2012: TCZK 3).

3.7.3. Payables to social security and health insurance

The Company recognized payables to social security and health insurance relating to wages for December 2013. The amount as at 31 December 2013 is TCZK 4 (2012: TCZK 4). No payables to social security and health insurance are overdue.

3.7.4. Tax liabilities

The Company recognized a payable resulting from tax advances and withholding tax related to wages for December 2013 of TCZK 2 (2012: TCZK 3). No tax liabilities are overdue.

3.7.5. Other payables

Other payables in the amount of TCZK 45,995 (2012: TCZK 41,811) include:

- Unpaid loans from POWER EXCHANGE CENTRAL EUROPE, a.s. in the amount of TCZK 45,991 (2012: TCZK 41,807).
- Payable to the statutory body for December 2013 of TCZK 4 (2012: TCZK 4).

3.8. Short-term bank loans

As at 31 December 2013, the company realised an overdraft on an account held in UniCredit Bank Czech Republic and Slovakia, a.s. in the amount of TCZK 450. Overdraft limit is TEUR 3,000.

3.9. Income tax

In 2012, the Company incurred a tax profit in the amount of TCZK 354. No tax advances were paid during 2013 as the Company claimed tax losses from the previous years.

In 2013, the Company realized a loss in the amount of TCZK 2,735.

3.10. Revenue from own products and services

(in CZK thousand)

	2013	2012
	Czech Republic	Czech Republic
Central counterparty services (for PXE)	862	207
Total	862	207

3.11. Services

(in CZK thousand)

	2013	2012
Office supplies	3	2
Rent BCPP	111	106
Rent related services BCPP	47	60
Audit	135	135
Notarial services	14	–
Other services	86	36
Total	396	339

3.12. Other operating expenses

(in CZK thousand)

	2013	2012
Insurance	15	142
Total	15	142

The Company has insurance agreements for third party liability insurance and property insurance, liability insurance for the members of the Board of Directors, product liability insurance and recently purchased cyber risk insurance. The relevant agreements are regularly updated.

3.13. Other financial revenues

(in CZK thousand)

	2013	2012
FX gains	11,266	9,692
Total	11,266	9,692

FX gains are mainly related to supplies of electrical power settled in EUR and also to the recalculation of foreign currency assets and liabilities by the CNB FX rate as at 31 December 2013.

3.14. Other financial expenses

(in CZK thousand)

	2013	2012
FX losses	13,976	8,757
Fees to banking institutions	194	60
Other financial expenses	52	–
Total	14,222	8,817

FX losses are mainly related to supplies of electrical power settled in EUR and to the recalculation of foreign currency assets and liabilities with the CNB FX rate as at 31 December 2013. The increase of banking fees is related to the change of the settlement of physical electricity supplies.

3.15. Related parties

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

3.15.1. Transactions with related parties – revenues

Revenues from transactions with related parties include:

(in CZK thousand)

Related party	Relationship	2013 Revenues from services	2012 Revenues from services
POWER EXCHANGE CENTRAL EUROPE, a.s.	Member of Burza cenných papírů Praha, a.s. group	862	207
Total		862	207

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

(in CZK thousand)

Related party	Relationship	2013 Other operating revenues	2012 Other operating revenues
POWER EXCHANGE CENTRAL EUROPE, a.s.	Member of Burza cenných papírů Praha, a.s. group	486	902
Total		486	902

The Company entered into a contract with PXE for providing central counterparty services in the settlement of trading on the Hungarian and Czech spot energy markets. In this contract PXE is obliged to reimburse all incurred expenses which arose in connection with financing the temporary insufficiency of financial means required for settlement of spot deals on the Czech energy market. The amount of reimbursed expenses in 2013 was TCZK 486 (2012: TCZK 902).

(in CZK thousand)

Related party	Relationship	2013 FX revenue	2012 FX revenue
Burza cenných papírů Praha, a.s.	Shareholder	53	724
POWER EXCHANGE CENTRAL EUROPE, a.s.	Member of Burza cenných papírů Praha, a.s. group	321	1,580
Total		374	2,304

FX revenues are related to the utilisation and pay off of debt in EUR and influenced by changes in the FX rate between CZK and EUR.

3.15.2. Transactions with related parties – expenses

Purchases from related parties include:

(in CZK thousand)

Related party	Relationship	2013 Services	2012 Services
Burza cenných papírů Praha, a.s.	Shareholder	154	166
Total		154	166

The Company entered into a contract with BCPP concerning the lease of non-residential premises. BCPP charges the Company rent for the premises and fees for related services.

(in CZK thousand)

Related party	Relationship	2013	2012
		Interest expense	Interest expense
Burza cenných papírů Praha, a.s.	Shareholder	16	431
POWER EXCHANGE CENTRAL EUROPE, a.s.	Member of Burza cenných papírů Praha, a.s. group	470	471
Total		486	902

The Company has a contract with Burza cenných papírů Praha, a.s., Centrální depozitář cenných papírů, a.s. and POWER EXCHANGE CENTRAL EUROPE, a.s. for providing a short-term revolving loan of up to MCZK 150. The total amount of interest expense as at 31 December 2013 was TCZK 486 (2012: TCZK 902).

(in CZK thousand)

Related party	Relationship	2013	2012
		FX losses	FX losses
Burza cenných papírů Praha, a.s.	Shareholder	74	165
POWER EXCHANGE CENTRAL EUROPE, a.s.	Member of Burza cenných papírů Praha, a.s. group	3,752	865
Total		3,826	1,030

FX losses are related to the utilisation and pay off of debt in EUR and influenced by the change of the FX rate between CZK and EUR.

3.15.3. Payables to related parties

Payables to related parties have the following structure:

(in CZK thousand)

	31 December 2013	31 December 2012
Burza cenných papírů Praha, a.s.	6,999	10
– VAT payables – tax liability	6,998	–
– estimated payables	1	10
POWER EXCHANGE CENTRAL EUROPE, a.s.	45,992	41,857
– other payables – loans	45,992	41,807
– estimated payables	–	50
Total	52,991	41,867

3.15.4. Receivables from related parties

(in CZK thousand)

	31 December 2013	31 December 2012
Burza cenných papírů Praha, a.s.	17	18,320
– receivables from VAT – claims for deduction	–	18,280
– estimated receivables	4	–
– prepaid expenses	13	40
Centrální depozitář cenných papírů, a.s.	–	7,896
– receivables from funds on VAT account	–	7,816
– accrued interest	–	80
POWER EXCHANGE CENTRAL EUROPE, a.s.	60	69
– estimated receivables	–	49
– trade receivables	60	20
Total	77	26,285

4. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

4.1. Staff cost and number of employees

	Average recalculated headcount	
	2013	2012
Executive	1	1
Other employees	2	2
Total	3	3

(in CZK thousand)

	Total staff cost for the period	
	2013	2012
Wages and salaries	108	126
Social security and health insurance costs	33	39
Total staff costs	141	165

The executive is represented by the Board of Directors.

The Company had two employees in 2013 and 2012 based on the agreement to perform work.

4.2. Loans, credits and other benefits provided

In 2013 and 2012 members of the Board of Directors and the Supervisory Board received no loans, borrowings or other benefits.

5. FEE TO AUDIT COMPANY

Information about the fee for audit services provided by KPMG Česká republika Audit, s.r.o. is listed in the appendix to the consolidated financial statement of the parent company, Burza cenných papírů Praha, a.s.

6. OFF-BALANCE SHEET COMMITMENTS

As at 31 December 2013 the Company has an overdraft facility agreement concluded with Komerční banka for up to TCZK 20,000 (2012: TCZK 20,000). As at 31 December 2013, the overdraft facility had not been used. Additionally, the Company concluded an overdraft facility agreement with UniCredit Bank for up to TEUR 3,000 in 2013. As at 31 December 2013, the overdraft facility had been used in the amount of TEUR (i.e. TCZK 450).

7. CONTINGENT LIABILITIES

As at 31 December 2013 the Company has a bank guarantee from UniCredit Bank Hungary Zrt. amounting to THUF 1,000 (2012: THUF 1,000). This guarantee was provided in order to comply with a requirement of the Hungarian Energy Regulatory Authority (Magyar Energetika Hivatal). This guarantee was necessary for performing the function of a central counterparty for trading in Hungarian energy.

Additionally, in relation to the change of the settlement of physical deliveries of electricity in 2013 the Company obtained a bank guarantee from Komerční banka, a.s. in the amount of TEUR 1,500 with European Commodity Clearing AG as a beneficiary.

The management of the Company is not aware of any further significant unrecorded contingent liabilities as at 31 December 2013 (2012: TCZK 0).

8. POST BALANCE SHEET EVENTS

In accordance with Section 61 of Act No. 125/2008 Coll., on transformations of companies and cooperatives as amended (hereinafter the “Act on transformations”), there was a merger by coalescence of Energy Clearing Counterparty, a.s., with its registered office in Prague 1, Rybná 682/14, postal code 110 05, identification number: 284 41 681, recorded in the Commercial Register maintained by the Municipal Court in Prague under section B, insert 14531 (hereinafter the “successor”), CENTRAL COUNTERPARTY, a.s., with its registered office in Prague 1, Rybná 682/14, postal code 110 05, identification number: 271 22 689, recorded in the Commercial Register maintained by the Municipal Court in Prague under section B, insert 9145 (hereinafter the “dissolving company 1”) and Central Clearing Counterparty, a.s., with its registered office in Prague 1, Rybná 682/14, postal code 110 05, identification number: 283 81 696, recorded in the Commercial Register maintained by the Municipal Court in Prague under section B, insert 14224 (hereinafter the “dissolving company 2”) and a subsequent dissolution and deletion of the companies CENTRAL COUNTERPARTY, a.s. and Central Clearing Counterparty, a.s. from the Commercial Register.

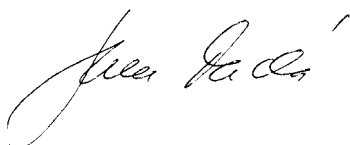
The dissolution and deletion stated above was preceded by the winding up of the dissolving companies without liquidation. Energy Clearing Counterparty took over the estate of the dissolving companies, which included rights and duties resulting from labour relations. The successor has become a universal legal successor of the dissolving companies.

The decisive day of the merger in accordance with Section 10 of Act No. 125/2008 Coll., on transformations of companies and cooperatives as amended (hereinafter the “Act on transformations”), was agreed to be 1 January 2014, and, therefore, all the companies involved made their final financial statements at 31 December 2013 in accordance with section 11 of the Act on transformations.

The dissolution of the companies and their deletion from the Commercial Register was recorded in the Commercial Register on 20 January 2014.

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

Prague, 14 March 2014



Helena Čacká

Member of the Board of Directors

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

Independent Auditor's Report to the Shareholders of Energy Clearing Counterparty, a.s.

Financial statements

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

"We have audited the accompanying financial statements of Energy Clearing Counterparty, a.s., which comprise the balance sheet as of 31 December 2013, the income statement and the statement of changes in equity for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the company is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Energy Clearing Counterparty, a.s. is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal controls as the statutory body determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Energy Clearing Counterparty, a.s. as of 31 December 2013 and of its financial performance for the year then ended in accordance with Czech accounting legislation.”

Report on relations between related parties

We have reviewed the factual accuracy of the information disclosed in the report on relations between related parties of Energy Clearing Counterparty, a.s. for the year ended 31 December 2013 prepared in accordance with the applicable provisions of Act No. 513/1991 Coll., the Commercial Code. The responsibility for the preparation and factual accuracy of this report rests with the Company’s statutory body. Our responsibility is to express our view on the report on relations based on our review.

We conducted our review in accordance with Auditing Standard No. 56 of the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain limited assurance as to whether the report on relations is free of material misstatement. A review is limited primarily to inquiries of the Company’s personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the report on relations and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that would lead us to believe that the report on relations between related parties of Energy Clearing Counterparty, a.s. for the year ended 31 December 2013 contains material factual misstatements.

Annual report

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

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



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

Prague
18 April 2014

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


Pavel Závitkovský
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