cee stock exchange group

2013: Annual Report

PRAGUE STOCK EXCHANGE
BURZA CENNÝCH PAPÍRŮ PRAHA

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Foreword by the Chief Executive Officer

The year 2013 marked the first year the Prague Stock Exchange operated on the Xetra® trading system. As expected, the transition to a new system increased the interest of foreign traders in the Prague Stock Exchange membership. We welcomed some new members in 2013 and expect even more in 2014.

Trading in 2013 was not significantly influenced by new issues, as only two were added. The holding project team thus fully focused on further development of the Central Securities Depository Prague and the POWER EXCHANGE CENTRAL EUROPE. Projects implemented at the Central Securities Depository Prague were very comprehensive, and we are pleased that they were successful.

Petr Koblic
CEO of the CEE Stock Exchange Group and the Prague Stock Exchange

Company Profile

Prague Stock Exchange (PSE) is the largest and oldest organizer of the securities market in the Czech Republic. After a fifty-year break caused by World War II and the Communist regime, the exchange was reopened in 1993. It resumed the activities of the Prague Commodities and Stock Exchange founded in 1871. By law it is a joint stock company, the largest shareholder of which is CEESEG Aktiengesellschaft with a 92.739% interest. The General Meeting of Shareholders is the supreme executive body; the Exchange Chamber is the statutory body managing the Stock Exchange operation, and the Supervisory Board supervises its operations and overall functioning. The Company is managed by the Chief Executive Officer, who is appointed and removed by the Exchange Chamber.

Trading is conducted via licensed traders who are also trading members. Results of Stock Exchange trades and other data are published on www.pse.cz and further communicated via information agencies or media.

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

PSE and its subsidiaries form the PX group. In addition to the Exchange, the most important members in the group are POWER EXCHANGE CENTRAL EUROPE (PXE) and Central Securities Depository Prague (CSD Prague). Established in 2007, PXE represents a trading platform for electricity trades in the Czech Republic, Slovakia and Hungary and, in cooperation with the CEGH company, for gas trades with deliveries on the Czech market. CSD Prague, which has a dominant position in the area of settlement of securities trades on the Czech capital market, keeps the central register of dematerialised securities issued in the Czech Republic and allocates an international identifier (Legal Entity Identifier – LEI, initially pre-LEI) to legal entities and international security identifying numbers (ISIN) to investment instruments.

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

2013 Highlights

Raiffeisen Centrobank AG – a new member of the Prague Stock Exchange.

21 May
Raiffeisen Centrobank AG became a new member of the Prague Stock Exchange. The bank is the sixteenth member of the Prague Stock Exchange, and the third overall to make trades from headquarters located outside the Czech Republic. Raiffeisen Centrobank AG is one of the largest investment firms in Austria, where it is one of the leading market makers and is also a direct member of many major European stock exchanges.

Raiffeisen Centrobank AG has transactions at the PSE settled by Raiffeisenbank, a.s., a participant in the Central Securities Depository Prague (CSD Prague) acting in the role of a Clearing Agent. The new roles of the Central Depository Prague participants (Clearing Agent or General Clearing Member) will enable foreign exchange members to fully rely on Central Depository participants for the purpose of clearing and settlement. This greatly facilitates their access to the Czech market. Raiffeisenbank is the first bank to offer this kind of service to a foreign Exchange member.

Twenty years of modern trading

22 June
The Exchange celebrated 20 years of its modern existence. Over the past two decades the stock trades concluded on PSE have amounted to a total of CZK 7,631 trillion.

Although the first trading day in the history of the Prague Stock Exchange was on 6 April 1993, the actual trading began on 22 June 1993 when 622 issues from the first wave of voucher privatization were introduced. Since then, shares worth CZK 7,631 trillion have been traded on 4,824 trading days. For comparison, this corresponds to roughly seven times annual Czech state revenue. During the past 20 years, the value of the main PX index has grown from 335.2 points to the current 877.53 points, i.e. by 161.79%.

The value of the trades settled by PSE's subsidiary Central Securities Depository Prague is even more impressive, amounting to more than CZK 52 trillion.

Another subsidiary of the Exchange, POWER EXCHANGE CENTRAL EUROPE, which has been the organizer of the Czech electricity market since 2007 (including Slovakia since 2008 and Hungary since 2009), has since its establishment traded electricity with the place of delivery in the Czech Republic in a total volume of 177,301,268 MWh, i.e. almost three times the average annual consumption in the Czech Republic.

The history of PSE dates back much further than 1993. A securities market was established in Prague as early as 17 April 1871. Trading continued at the Na Příkopě Street location without interruption until 27 July 1914, when it was suspended just like in other European countries because of World War I. The activities of the Prague Exchange were launched again after the termination of war restrictions only after the founding of independent Czechoslovakia on 3 February 1919. The period of the "First Republic" was very successful for the Prague Exchange from an historical point of view. At that time, the Exchange enjoyed strong support from the state, which used the Exchange extensively in the collection of finances for the building of the new independent Czechoslovakia. Therefore, the Exchange Chamber was able to solve the issue that was problematic from the very beginning – i.e. the construction of its permanent and dignified headquarters. After several years of twists and turns, the exchange palace designed by Jaroslav Rössler was opened on 6 April 1938. The building situated at Vinohradská 1 (formerly Hooverova Avenue) originally served as a Commodity Exchange and was later converted to house the Federal Parliament. It is now used by the National Museum. The new building served its original purpose for only one year before the German occupation of Czechoslovakia. The exchange was subsequently closed.

After the end of World War II, trading was not resumed. Through a decree of the Czechoslovak Ministry of Finance dated 15 April 1948, the Exchange was closed and all its property was confiscated.

New BOREALIS issue on the Prague Stock Exchange

10 June
Borealis Exploration Limited listed its shares on the Prague Stock Exchange. The Borealis shares (ISIN GI000A1J9JJ0) are traded on the Prime Market under the BOREY symbol.

Borealis is originally a Canadian company founded in 1968. The whole group of companies is currently focused on exploring and supporting the development of technologies with great industrial potential and their subsequent commercialization. Borealis shares have been traded thus far on the unregulated OTC market in the US. The shares were first listed in 1969, and the company currently has several thousand shareholders. Borealis was listed on the Prague Stock Exchange by means of a technical listing, meaning that it will not underwrite any new shares. The listing only offers to current shareholders the possibility to trade in previously issued shares on the regulated market of the Prague Stock Exchange, while new shareholders can purchase shares from third parties.

First trading day of the STOCK issue

23 October
The issue of Stock Spirits Group PLC successfully started trading on the Prague Stock Exchange. The issue is traded on the START unregulated market under the STOCK title (ISIN GB00BF5SDZ96).

The issue was launched on the unregulated market because current legislation prevents the listing of stock on the regulated market without the issuer's knowledge. It will only be possible to transfer the issue to the regulated market after the expiry of an 18-month period. "The reason we decided to trade Stock Spirits on the Prague Stock Exchange is that there is demand for this issue among local investors who wish to be able to trade in CZK with active liquidity support. Unfortunately, the issuer's decision to list the stocks only in London disqualifies these investors. We therefore tried to find a way to enable local investors to trade the issue, even at the cost of not being able to trade it on the regulated market from the very beginning, but only on the unregulated market," said Petr Koblic, CEO of the CEE Stock Exchange Group and the Prague Stock Exchange.

DB Securities S.A. – a new member of the Prague Stock Exchange

20 November
DB Securities S.A. with its registered office in Warsaw became the seventeenth member of the Prague Stock Exchange and is the fourth member to carry out its trades from abroad.

The Polish investment firm DB Securities S.A. is part of Deutsche Bank Group, one of the largest financial groups. DB Securities S.A. is a member of the Warsaw Stock Exchange, where it ranks among the ten most active traders; it is also a remote member of the Budapest Stock Exchange.

Key Data

	2013	2012	2011	2010	2009
Number of Exchange Days	250	251	253	252	250
SHARES					
Total trading volume (CZK billion)	174.74	250.58	370.99	389.87	463.86
Average total daily volume (CZK million)	698.96	998.33	1,466.35	1,547.09	1,855.44
Market capitalization (CZK billion)	1,093.48	1,142.09	1,060.77	1,388.00	1,293.48
Number of issues (end of year)	26	28	26	27	25
PX Index	989.0	1,038.7	911.10	1,224.80	1,117.30
PX-GLOB Index	1,239.5	1,295.8	1,160.50	1,527.40	1,401.40
BONDS					
Total trading volume (CZK billion)	1.93	594.21	628.02	529.91	585.71
Number of issues (end of year)	110	19	18	13	16
STRUCTURED PRODUCTS					
Total trading volume (CZK million)	122.16	50.66	133.94	170.17	261.07
Number of issues (end of year)	103	30	81	44	67

Trading and Securities

In 2013, the activities of Exchange members were strengthened to support market liquidity.

a) Sponsorship agreements were signed with two Exchange members – Česká spořitelna, a.s., and Patria Finance, a.s. In both cases, they concern activities for the issue of STOCK SPIRITS GROUP PLC shares.
b) In investment certificate trades, the number of issues expanded significantly thanks to a new liquidity maker. In addition to Raiffeisenbank, a.s., Česká spořitelna, a.s. also began to perform these activities.
c) The Exchange has a new market maker – Raiffeisen Centrobank AG, which lists four share issues. Raiffeisenbank, a.s. ceased acting as a market maker in December 2013 at its own request.

At the request of traders, trading hours were changed – bond auctions were prolonged until the afternoon hours (financial bonds until 4:05 p.m., government and municipal bonds until 4:10 p.m. and corporate bonds until 4:15 p.m.).

As of the end of 2013, the Stock Exchange traded 26 share issues, 110 bond issues, 23 voucher issues and 103 investment certificate issues.

In the past year, two new share issues were accepted. The shares of Borealis Exploration Limited were admitted to the Prime Market. Without the request of the issuer, the issue of STOCK SPIRITS GROUP PLC shares was admitted to the unregulated START market.

Besides accepting three new issues of government bonds on the official market, the Exchange also admitted 37 tranches of government bonds. A total of 19 new issues of bonds were accepted to the regulated market, ten of which were issues of corporate bonds. Nine of the aforementioned issues of corporate bonds were by new issuers. The entire volume of newly admitted bond issues was CZK 111.9 billion.

In the course of 2013, the Exchange admitted 95 new issues of various kinds of investment certificates on the regulated market.

Inspection Activities

At the end of 2012, an important change occurred in the Exchange control activities – the launch of the new Xetra® Praha trading system. The launch of the new trading system was also related to the introduction of the new ALAMO control system, which is connected to data in the Xetra® trading system in the online mode. The original inspection SW (ISW) is still used, though just to a limited extent as supporting software.

As part of its internal control mechanism, the Xetra® trading system automatically prevents significant changes in prices of securities traded on the stock exchange (volatility interruptions). In the ALAMO control system, limits for further areas of interest (and their inspections) are set parametrically. The outputs of operative monitoring are evaluated and, if needed, discussed directly with trading members.

In the course of 2013, roughly 70,000 cases in which parameters were exceeded were identified during all SW ALAMO checks. After further analysis, 70 queries were submitted to members to solve 1,631 cases (in particular authorization for cross trades or deviation of the limit order price from the current price of the security). None of the aforementioned queries was evaluated as a serious violation of Exchange Rules or the law.

Settlement of Exchange Trades

The Central Securities Depository Prague performs the financial settlement of transactions with investment instruments in Czech crowns and the clearing of electricity trades in EUR. The Central Securities Depository Prague ensured settlement in Czech crowns via payment orders sent to the Czech National Bank Clearing Centre (CC CNB).

The volume of exchange trades and OTC transactions settled by the Central Securities Depository Prague in 2013 reached the value of CZK 3,551.31 billion, up 9.4% compared to 2012. The share of the Central Securities Depository Prague in the total volume of trades and transfers settled on the Czech capital market stayed unchanged at 99.9%. Out of the total volume of transactions settled by the Central Securities Depository Prague, exchange trades and OTC transactions accounted for 5% and 95%, respectively.

Social Responsibility

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

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

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

Information and Trading System

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

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

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

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

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

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

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

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

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

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

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

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

Unconsolidated Financial Results

Income Statement

(in CZK thousand)	2013	2012	2011
Revenues from business activities	192,278	206,665	248,362
Operating expenses	111,798	117,503	127,180
Profit from operating activities	80,480	89,162	121,182
Net financial income	78,588	66,448	14,613
Profit before income tax	159,068	155,610	135,795
Income tax expense	15,642	17,338	24,183
Net profit	143,426	138,272	111,612

Statement of Changes in Equity and Financial Position

(in CZK thousand)	2013	2012	2011
Share capital	265,216	265,216	265,216
Own shares	(100)	(100)	–
Shareholder's equity	461,783	456,525	430,009
Statutory reserve fund and other capital funds	53,043	53,043	53,043
Retained earnings	143,624	138,366	111,750
Earnings per Share (in CZK)	541	521	421

Exchange Bodies

Exchange Chamber

Brief Description of Activities:
The Exchange Chamber, which has six members elected by the General Meeting of Shareholders, is the Exchange's statutory body which controls the Exchange's activities and acts on its behalf.

Number of meetings in 2013: 4

Chairperson of the Exchange Chamber and Chief Executive Officer of the Prague Stock Exchange:
Petr Koblic
Date of birth: 22 February 1971
Holding this position since: 8 August 2007
Membership on Board of Directors existing since: 25 June 2007

Exchange Chamber Vice-Chairperson:
Michael Buhl
Date of birth: 18 February 1959
Membership since: 8 December 2008

Hannes Takacs
Date of birth: 20 November 1964
Membership since: 8 December 2008

Exchange Chamber Members:
Ludwig Nießen
Date of birth: 19 October 1957
Membership since: 28 May 2009

Helena Čacká
Date of birth: 25 January 1956
Membership since: 28 May 2009

David Kučera
Date of birth: 29 September 1968
Membership since: 1 July 2009

Changes in 2013:
none

Supervisory Board

Supervisory Board Members:
Martin Roman
Date of birth: 29 October 1969
Membership since: 10 June 2010

Jan Klenor
Date of birth: 9 February 1966
Membership since: 28 May 2009

Daniel Heler
Česká spořitelna, a.s.
Date of birth: 12 December 1960
Membership since: 28 May 2009

Jan Sýkora
WOOD & Company Financial Services, a.s.
Date of birth: 18 January 1972
Membership since: 20 April 2010

Jan Vedral
Conseq Investment Management, a.s.
Date of birth: 13 March 1967
Membership since: 27 April 2011

Changes in 2013:
none

Stock Exchange Committee for the Listing Procedure

Committee Chairperson
Petr Koblic
Prague Stock Exchange

The Listing Exchange Committee had seven members as of the end of the year. Within its competences, the committee decides on the admission of share issues for trading on the Prime Market. In 2013, it decided in per rollam voting on the admission of a single foreign issue: the shares of Borealis Exploration Limited based in Gibraltar. Aside from this per rollam voting, there was no regular or extraordinary meeting of the Committee.

Security Committee and Internal Audit Committee

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

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

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

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

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

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

Exchange Shareholders

Shareholders of the Prague Stock Exchange as of 31 December 2013

	Shareholder	Shares (qty)	Share in equity capital (%)
1	Brněnská obchodní, a.s. in liquidation	100	0.038
2	CLMT a.s.	100	0.038
3	EASTBROKERS, akciová společnost in liquidation	10	0.004
4	Fio banka, 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. in liquidation	40	0.015
8	Moravia Banka, a.s. in liquidation	500	0.189
9	CEESEG Aktiengesellschaft	245,958	92.739

The Prague Stock Exchange holds 20 shares, i.e. 0.008% of the equity capital.

Exchange Members

In connection with the transition to the Xetra® Praha system and the gradual unification of basic rules among CEESEG stock exchanges, new member admission as well as the membership rules were simplified.

In May 2013, the Exchange announced an incentive program for entities interested in exchange membership consisting in lowering the annual membership fee from CZK 460,00 to CZK 0 until 30 June 2014 (with a possible extension). This offer applies to the first five domestic or foreign entities to join the Exchange. As of 31 December 2013, three companies had taken advantage of the offer: Raiffeisen Centrobank AG, DB Securities S.A. and Timberhill Europe AG, all of which are foreign companies trading from their headquarters outside the Czech Republic.

New Exchange members:
May 2013 – Raiffeisen Centrobank AG, based in Vienna, Austria
November 2013 – DB Securities S.A., based in Warsaw, Poland

The company Timberhill Europe AG, based in Zug, Switzerland, applied for membership at the end of 2013. The membership was still pending on 31 December 2013 and will be granted in 2014.

Českomoravská záruční a rozvojová banka, a.s., Deutsche Bank Aktiengesellschaft Filiale Prag, and The Royal Bank of Scotland N.V. ceased to be trading members as of 1 January 2013. Their membership was terminated at their own request.

List of trading members as of 31 December 2013: (17 + 2)
BH Securities a.s.
CYRRUS, a.s.
Česká spořitelna, a.s.
Československá obchodní banka, a. s.
DB Securities S.A.
Equilor Investment Ltd.
Fio banka, a.s.
IPOPEMA Securities S.A.
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.
Raiffeisen Centrobank AG
UniCredit Bank Czech Republic and Slovakia, a.s.
WOOD & Company Financial Services, a.s.
Statutory members: Czech National Bank
Czech Ministry of Finance

Report of the Supervisory Board regarding Inspection Activity Submitted for Approval to Stock Exchange Shareholders during the 25th Regular General Meeting of Shareholders Held on 3 June 2014

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

The Supervisory Board discussed the Report on the Business Operations of the Exchange for 2013 and the Report on the Consolidated Financial Results for 2013. The Supervisory Board has no comments on the submitted reports and therefore recommends their approval by the General Meeting of Shareholders.

2. Report on the Review of 2013 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 Burza cenných papírů Praha, a.s., the Supervisory Board reviewed the audited 2013 Regular and Consolidated Financial Statements and studied the Auditor's Report.

The Supervisory Board approves the Consolidated Financial Statements, the Financial Statements of Burza cenných papírů Praha, a.s. and the submitted proposal for the distribution of profits.

The Supervisory Board recommends that the 2013 Consolidated Financial Statements, the Regular Financial Statements and the Stock Exchange Chamber's proposal for the distribution of profits 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 541 per share, and recommends that the payment of the dividend in this amount be approved by the General Meeting of Shareholders.

The Supervisory Board also reviewed the Report on Relationships between Affiliated Undertakings and states that it has no objections thereto and recommends it for approval by the General Meeting of Shareholders.

Prague, on 28 March 2014

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Ing. Jan Klenor
Chairperson of the Supervisory Board of Burza cenných papírů Praha, a.s.

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 "Commercial Code"), the Exchange Chamber of **Burza cenných papírů Praha, a.s.,** hereby issues this Report on Relationships between

Controlling Undertaking **CEESEG Aktiengesellschaft,** with its 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 its registered office at Rybná 14/682, Prague 1, ID No. 47115629, entered in the Commercial Register kept on file at the Municipal Court in Prague, Section B, Insert 1773 (hereinafter the "Controlled Undertaking" or "PSE")

in the 2013 fiscal year.

The report also provides information on the relationships between the Controlled Undertaking and other affiliated undertakings. These are:
- **Wiener Börse AG**, with its registered office at Wallnerstraße 8, 1014 Vienna, Austria ("WB")
- **Ljubljanska borza, d. d., Ljubljana**, with its registered office at Slovenska 56, 1000 Ljubljana, Slovenia ("LB")
- **Budapest Stock Exchange**, with its registered office at H - 1364 Budapest, Pf. 24., Hungary ("BSE").

As of 31 December 2013, the Controlling Undertaking holds a 100% stake in WB, a 100% stake in LB, and a 50.45% stake in BSE and 92.74% in the Controlled Undertaking.

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 a request from 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 its registered office at Prague 1, Rybná 14/682, ID No.: 28381696;
- **Energy Clearing Counterparty, a.s.**, with its registered office at Prague 1, Rybná 682/14, ID No.: 28441681;
- **CENTRAL COUNTERPARTY, a.s.**, with its registered office at Prague 1, Rybná 14/682, ID No.: 27122689;

- **Centrální depozitář cenných papírů, a.s.,** with its registered office at Prague 1, Rybná 14, ID No. 25081489;
- **POWER EXCHANGE CENTRAL EUROPE, a.s.**, with its registered office at Prague 1, Rybná 14, ID No.: 27865444.

The description of the relationships between these companies and Burza cenných papírů Praha, a.s. (Prague Stock Exchange) is provided in the reports on the 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 the 2013 fiscal year; on the basis of the agreements the following payments were made:

Agreement entered into on	Agreement title	Description	Payments (including VAT)
1 August 2011	Agreement on the opening of an account in the securities central register and the provision of related services	Opening and management of a securities asset account in the Central Securities Depository; The remuneration depends on the volume of dematerialized securities registered in the asset account	TZK 0
20 December 2012	Loan Agreement	Loan of the TCZK 75,000, interest rate 1YEAR PRIBOR + 0.75% p.a.	The loan has been repaid including accrued interest TCZK 1,238

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

Agreement entered into on	Agreement title	Description	Payments (including VAT)
18 August 2009	Data Vending Cooperation Agreement, as amended by Addendum No. 1 dated 12 August 2011, Addendum No.2 dated 29 June 2012, Addendum No. 3 dated 3 October 2012	Cooperation relating to the trading of information	TEUR 936 (TCZK 24,134)
1 July 2009	FRAMEWORK AGREEMENT - INDEX LICENSING BUSINESS	Framework agreement relating to the trading of indexes	TEUR 4,5 (TCZK 117)

23 December 2011	MASTER FRAMEWORK AGREEMENT („MFA“), as Addendum No. 1 dated 11 March 2013	Framework agreement relating to the transfer of the technical trading system to a single XETRA trading system	TEUR 318 (TCZK 8,261)
23 December 2011	Supplement Agreement for TTR Services, Supplement Agreement for Remote Member Services, Supplement Agreement for Market Maintenance Services, Supplement Agreement for Index Services, Supplement Agreement for Connectivity Services, Supplement Agreement for Exchange Services	Supplementary agreements relating to the services provided by PSE in connection with the MFA above	TCZK 0
14 September 2012	Agreement on Index Services Launch Date	Supplementary agreement relating to the MFA above specifying initial setup of Index Services	TCZK 0
6 August 2013	Mutual Agreement on Providing Authority to conclude cross-membership agreements with CEESEG members	Agreement facilitating cross-membership of Partner Exchanges	TCZK 0
30 October 2012	Agreement on Market Maintenance Service	Supplementary agreement relating to the MFA above specifying initial setup of XETRA	TCZK 0

Between LB, BSE and the Controlled Undertaking in the 2013 fiscal year only the Mutual Agreement on Providing Authority to conclude cross-membership agreements with CEESEG members has been concluded.

Legal Acts and other measures
On 25th April 2013 Burza cenných papírů Praha, a.s. held the 24th Annual General Meeting of Shareholders that:

- discussed and approved the Report on the business operations of the exchange and the Report on consolidated balance of exchange assets in 2012;
- discussed the report of the supervisory board regarding inspection actvivity, including the auditor’s report and the review of the report on affiliated entities
- discussed and approved regular exchange financial statements and the consolidated financial statement for the year 2012, decided on the allocation of profits and dividend payment in the amount CZK 521 per a share in the nominal value TCZK 1;
- discussed and approved exchange principles of operation and the budget in 2013;
- discussed and approved amendments to the Articles of Association
- approved the Agreement on the execution of office of an Exchange Chamber member, incl. approval of the amount and the limit of compensation of the Exchange Chamber members and approval of the remuneration and compensation from the labour relationship
- Appointment of the Exchange Member`s
- Appointment of the auditor for the exchange

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

The Exchange Chamber 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.

Prague, 19th March 2014

....	....
Petr Koblic	Helena Čacká
Chairperson of the Exchange Chamber	Member of the Exchange Chamber

Financial Section

Note

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

Balance Sheet as at 31 December 2013

(in CZK thousand)

				31 December 2013	31 December 2012
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	597,279	(108,436)	488,843	567,870
B.	**Fixed assets**	**237,612**	**(106,740)**	**130,872**	**127,669**
I.	**Intangible fixed assets**	**47,343**	**(46,874)**	**469**	**1,010**
3.	Software	43,443	(42,974)	469	1,010
6.	Other intangible fixed assets	3,900	(3,900)	–	–
II.	**Tangible fixed assets**	**59,823**	**(55,866)**	**3,957**	**3,059**
3.	Individual movable assets and sets of movable assets	59,823	(55,866)	3,957	2,991
7.	Intangible fixed assets under construction	–	–	–	68
III.	**Non-current financial assets**	**130,446**	**(4,000)**	**126,446**	**123,600**
1.	Equity investments in subsidiaries	110,446	(4,000)	106,446	103,600
2.	Investments in associated companies	20,000	–	20,000	20,000
C.	**Current assets**	**352,398**	**(1,696)**	**350,702**	**434,101**
II.	**Long-term receivables**	**211**	**–**	**211**	**130**
5.	Long-term prepayments made	41	–	41	41
8.	Deferred tax asset	170	–	170	89
III.	**Short-term receivables**	**116,330**	**(1,696)**	**114,634**	**328,686**
1.	Trade receivables	21,592	(1,696)	19,896	12,194
2.	Receivables – group undertakings	47,587	–	47,587	228,405
4.	Receivables from shareholders/owners	7,134	–	7,134	221
6.	Tax receivables	4,380	–	4,380	63,093
7.	Short-term advances paid	8	–	8	67
8.	Estimated receivables	35,598	–	35,598	24,689
9.	Other receivables	31	–	31	17
IV.	**Current financial assets**	**235,857**	**–**	**235,857**	**105,285**
1.	Cash	143	–	143	217
2.	Bank accounts	206,245	–	206,245	76,189
3.	Short-term securities and investments	29,469	–	29,469	28,879
D. I.	**Deferrals**	**7,269**	**–**	**7,269**	**6,100**
1.	Prepaid expenses	7,218	–	7,218	6,100
3.	Accrued revenues	51	–	51	–

(in CZK thousand)

			31 December 2013	31 December 2012
		TOTAL EQUITY AND LIABILITIES	**488,843**	**567,870**
A.		**Equity**	**461,783**	**456,525**
I.		**Share capital**	**265,116**	**265,116**
	1.	Share capital	265,216	265,216
	2.	Own shares	(100)	(100)
III.		**Statutory reserve fund**	**53,043**	**53,043**
	1.	Statutory reserve fund/Undistributable reserves	53,043	53,043
IV.		**Retained earnings**	**198**	**94**
	1.	Retained profits	198	94
V.		**Profit for the current period**	**143,426**	**138,272**
B.		**Liabilities**	**26,202**	**108,185**
I.		**Provisions**	**147**	**1,054**
	4.	Other provisions	147	1,054
II.		**Long-term liabilities**	**13**	**13**
	5.	Long-term advances received	13	13
III.		**Short-term liabilities**	**26,042**	**78,392**
	1.	Trade payables	6,968	5,042
	4.	Liabilities to shareholders/owners	2,835	57,736
	5.	Liabilities to employees	4,163	8,159
	6.	Liabilities for social security and health insurance	1,965	2,707
	7.	State – tax payables	4,256	2,030
	8.	Short-term advances received	800	–
	10.	Estimated payables	4,835	2,502
	11.	Other payables	220	216
IV.		**Bank loans and overdrafts**	**–**	**28,726**
	3.	Short-term financial liabilities	–	28,726
C. I.		**Accruals**	**858**	**3,160**
	1.	Accrued expenses	75	289
	2.	Deferred revenue	783	2,871

Income Statement for the year ended 31 December 2013

(in CZK thousand)

			Year ended 2013	Year ended 2012
II.		Production	192,021	206,028
	1.	Revenue from own products and services	192,021	206,028
B.		Cost of sales	51,808	50,815
	1.	Raw materials and consumables	1,433	1,046
	2.	Services	50,375	49,769
+		**Added value**	**140,213**	**155,213**
C.		Personnel expenses	56,594	62,608
	1.	Wages and salaries	38,822	45,033
	2.	Remuneration of board members	2,237	2,109
	3.	Social security and health insurance expenses	12,886	12,762
	4.	Other social costs	2,649	2,704
D.		Taxes and charges	95	112
E.		Depreciation of fixed assets	2,362	2,907
G.		Increase in provisions and adjustments relating to operating activity	(1,578)	(1,097)
IV.		Other operating revenues	257	637
H.		Other operating expenses	2,517	2,158
*		**Operating profit**	**80,480**	**89,162**
VII.		Revenue from long-term investments	73,614	61,100
	1.	Revenue from investments in group undertakings and associated companies	73,614	61,100
VIII.		Revenue from short-term financial investments	674	979
K.		Loss on investments	82	18
X.		Interest income	3,190	5,510
N.		Interest expense	43	4
XI.		Other financial revenues	1,715	331
O.		Other financial expenses	480	1,450
*		**Financial profit**	**78,588**	**66,448**
Q.		Tax on profit on ordinary activities	15,642	17,338
	1.	– current	15,723	17,353
	2.	– deferred	(81)	(15)
**		**Profit from ordinary activities**	**143,426**	**138,272**
T.		**Transfer of profit or loss to partners**	**–**	**–**
***		**Profit for the current period**	**143,426**	**138,272**
****		**Profit before tax**	**159,068**	**155,610**

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

(in CZK thousand)

	Registered capital	Own shares	Statutory reserve fund	Retained profits	Accumul. losses	Profit/loss for the current period	Total equity
Balance as at 31 December 2011	**265,216**	**–**	**53,043**	**138**	**–**	**111,612**	**430,009**
Allocation of profit	–	–	–	–	–	–	–
Dividends paid	–	–	–	(44)	–	(111,612)	(111,656)
Purchase of own shares	–	(100)	–	–	–	–	(100)
Profit for the current period	–	–	–	–	–	138,272	138,272
Balance as at 31 December 2012	**265,216**	**(100)**	**53,043**	**94**	**–**	**138,272**	**456,525**
Allocation of profit	–	–	–	104	–	(104)	–
Dividends paid	–	–	–	–	–	(138,168)	(138,168)
Purchase of own shares	–	–	–	–	–	–	–
Profit for the current period	–	–	–	–	–	143,426	143,426
Balance as at 31 December 2013	**265,216**	**(100)**	**53,043**	**198**	**–**	**143,426**	**416,783**

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

1. GENERAL INFORMATION

1.1. Incorporation and description of the business
Burza cenných papírů Praha, a.s. (hereinafter the “Company”), with its registered office at Rybná 14/682, Prague 1, was incorporated by means of a Memorandum of Association dated 24 July 1992 by twelve Czechoslovak banks and five brokerage firms.

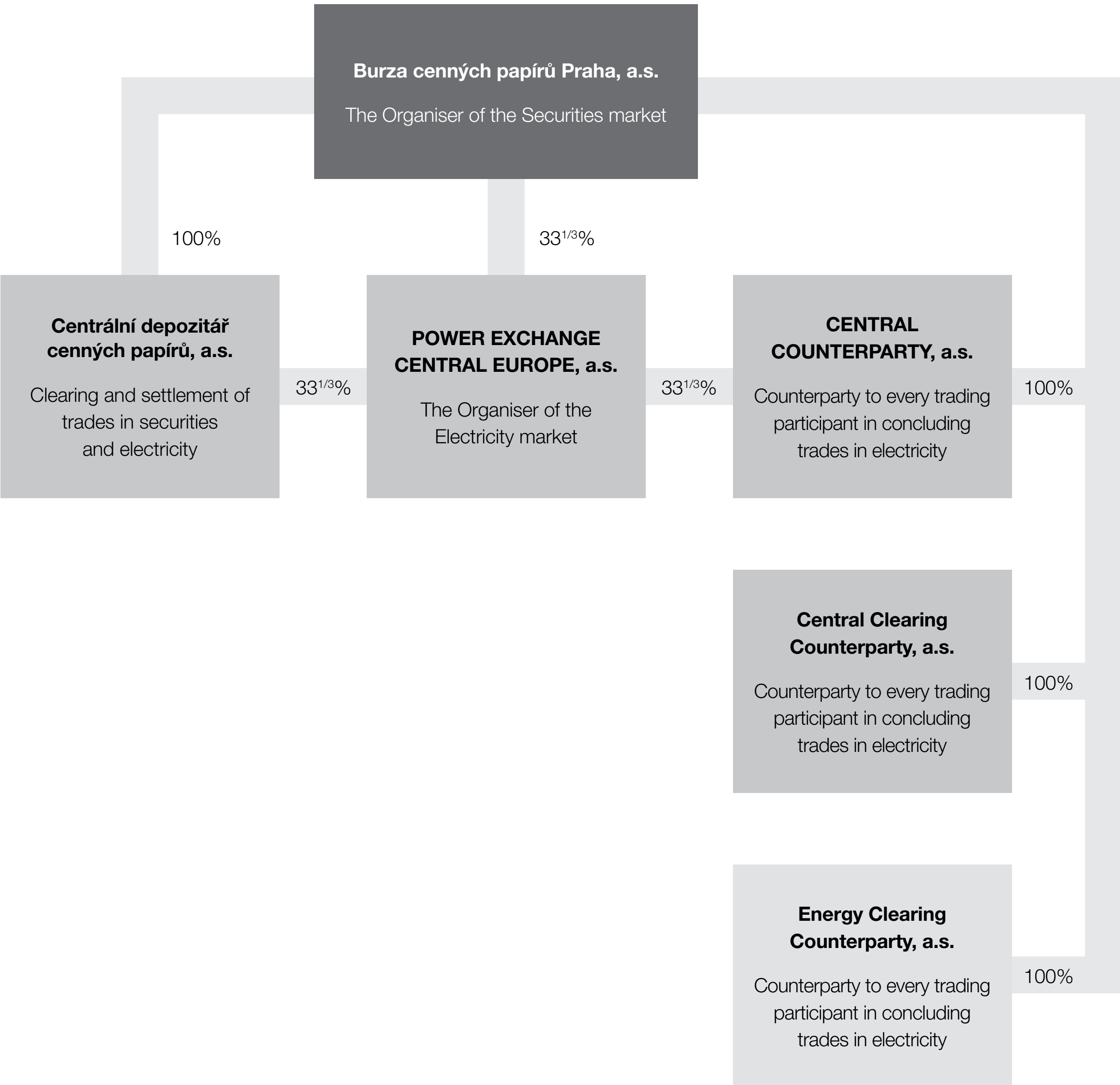
The Company was registered in the Commercial Register maintained by the Municipal Court in Prague, under section B, insert 1773 on 24 November 1992.

The principal activity of the Company is to organise the trading of financial instruments in compliance with generally binding legal regulations, the rules and regulations of the stock exchange and the authorisation to operate issued by decision no. 102/58294/92 of 16 October 1992 of the Ministry of Finance of the Czech Republic as amended based on a decision of the Ministry of Finance of the Czech Republic, the Securities Committee and the Czech National Bank.

1.2. Organizational Structure of the Company
The following units report directly to the CEO:
– Legal Service;
– Internal Audit and Security Department and Compliance;
– Secretariat of Chief Executive Officer and mail room;
– Trading and Securities Department;
– Information Technology Department;
– Inspection Department;
– Finance and Administration Department;
– External Communication Department.

1.3. Group Identification

Structure as at 31 December 2013



POWER EXCHANGE CENTRAL EUROPE, a.s.(henceforth “PXE”):

- On 8 January 2007, a foundation agreement for the incorporation of Energetická burza Praha, with its 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.
- On 1 July 2009 Energetická burza Praha was renamed to POWER EXCHANGE CENTRAL EUROPE, a.s. The Czech National Bank (henceforth “CNB”) granted a licence to PXE on 4 February 2009 to organize a commodity derivatives market (henceforth “the Licence”). According to the amended Act on Capital Markets (amended Act 230/2008 Coll. adopted in 2008), regularly traded commodity derivatives are considered investment instruments. Consequently, each entity that provides and organizes such a market is supervised and licensed by the CNB. The Licence allows PXE to provide a market with physical settlement as well as financial settlement. The Licence is recognized across the European Union, which simplifies possible expansion in the Central and Eastern Europe region. In December 2013 the Company opened in cooperation with the Central European Gas Hub AG, registered in Austria, a gas exchange market in the Czech Republic. The commodities portfolio of the Company was thus expanded to include gas delivered onto the Czech market.

Centrální depozitář cenných papírů, a.s. (henceforth “CDCP”):

- 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.
- Burza cenných papírů Praha, a.s. is the sole shareholder of CDCP.
- The registered capital of CDCP as at 31 December 2013 amounts to TCZK 100,000.
- The CNB granted a licence to UNIVYC, a.s. enabling it to operate a settlement system for all trades concluded on PXE. UNIVYC, a.s. requested the regulatory body for permission to perform central depository services according to the Act on Capital Markets 256/2004, Section 100.
- According to the CNB’s decision dated 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.
- Based on the licence from the CNB, the central depository started operating on 7 July 2010. The transfer of registered and immobilized securities from Středisko cenných papírů was successfully carried out as at 7 July 2010.
- The principal subjects of operation of Centrální depozitář cenných papírů, a.s. include: operating a settlement system for the settlement of exchange and OTC transactions with investment instruments; lending of securities; administration and management of guarantee instruments; custody and management of investment instruments; settlement of electricity trades (since 1 September 2013); administration of central records of registered dematerialized securities issued in the Czech Republic; assigning identification codes to investment instruments; the central depository operates on a participant principle and it provides services related to administration of central records of securities as well as trades settlement through the participants; provides services for securities issuers.

CENTRAL COUNTERPARTY, a.s. (henceforth “CCP”):

- The Company, as the sole founder, decided on 21 November 2003 to form a joint-stock company, Centrální depozitář, a.s., with its registered office at Rybná 14/682, Praha 1, and with 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, organizational and economic advisors”.
- In 2007 Centrální depozitář, a.s. was renamed to “CENTRAL COUNTERPARTY, a.s.” with an additional subject of operation – “trading in electricity”.

Central Clearing Counterparty, a.s. (henceforth “CCC”):

- 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.
- The share capital is TCZK 2,000.
- 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 in electricity”.

Energy Clearing Counterparty, a.s. (henceforth “EnCC”):

- 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.
- The share capital is TCZK 2,000.
- The business of Energy Clearing Counterparty, a.s. includes “rent of real estate, flats and non-residential units, and trading in electricity”.

On 8 December 2008 CEESEG AG became a new majority shareholder (92.74%) of the Company. The number of shareholders decreased from 27 to 10.

1.4. Exchange Chamber and Supervisory Board as at 31 December 2013

	Position	Name
Exchange Chamber	Chairman	Petr Koblic
	Vice Chairman	Michael Buhl
	Vice Chairman	Hannes Takacs
	Member	Ludwig Niessen
		Helena Čacká
		David Kučera
Supervisory Board	Member	Jan Vedral
		Jan Sýkora
		Martin Roman
		Jan Klenor
		Daniel Heler

No changes were made in the Exchange Chamber and Supervisory Board in 2013.

2. ACCOUNTING POLICIES

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

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

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

2.1. Tangible fixed assets
Up to 31 December 2012, all tangible fixed assets with a useful life of more than one year and a unit cost of more than TCZK 10 are treated as tangible fixed assets.

Since 1 January 2013 all tangible fixed assets with a useful life of more than one year and a unit cost of more than TCZK 30 are treated as tangible fixed assets.

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

Tangible assets with a useful life longer than one year, and whose cost does not exceed TCZK 30 per unit are not disclosed in the balance sheet, but are recorded to expenses in the year of their acquisition and are kept in the operational records.

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

Asset category	Accounting depreciation
Computer equipment	3 Years
Furniture and fixtures	3 Years
Non-capitalized tangible assets	3 Years

An adjustment 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 expenses as incurred. Technical improvement of tangible fixed assets is capitalized.

2.2. Intangible fixed assets
All intangible assets with a useful life of more than one year and a unit cost of more than TCZK 10 are treated up to 31 December 2012 as intangible fixed assets.

Since 1 January 2013 all intangible assets with a useful life of more than one year and a unit cost of more than TCZK 40 are treated as intangible fixed assets.

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

Intangible assets with a useful life longer than one year and whose cost does not exceed TCZK 40 per unit are not disclosed in the balance sheet, but are recorded to expenses in the year of their acquisition and are kept in the operational records.

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

Asset category	Accounting depreciation
Software	3 Years
Other intangible fixed assets	3 Years

An adjustment 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, i.e. the power to participate in financial and operating policy decisions, but not control ("the associate").

Investments in subsidiaries and associates are recorded at cost less a provision for potential impairment.

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 one year) price fluctuations 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 amortized 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 qualified management estimates using recognized 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.

An adjustment 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 in value over time are expected. Cash equivalents are, for example, deposits with a maturity of less than three 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. An adjustment 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 are not provided for. Bad debts are written off after the bankruptcy proceedings of the debtor.

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 applied 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 recognized in the balance sheet at cost and subsequently re-measured at their fair value. Fair values are derived from quoted market prices, discounted cash flow models and option pricing models, as appropriate. All derivatives are presented as other receivables or 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 or other financial expenses.

2.8. Provisions

Provisions are recognized when the Company has a present obligation, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.9. Foreign currency translation

Transactions denominated in a foreign currency are translated and recorded at the prevailing exchange rate 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 recognized 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 recognized if it is probable that sufficient future taxable profit will be available against which the assets can be utilized.

2.11. Own shares

The transferability of shares is restricted as they may be transferred to third parties only after the approval of the Exchange Chamber members in attendance. Approval is subject to the consent of a two-thirds majority of the Exchange Chamber members in attendance. The Company is obligated to repurchase its own shares if the 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 those shares from circulation and reduce its share capital balance by their nominal value.

Repurchased own shares are stated at cost as a deduction from the 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 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 3.5.5., 3.9.4. and 3.19.

2.13. Revenue recognition
Sales are recognized when services are rendered and are recognized 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 capitalized 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 recognized 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. Group registration for VAT
The companies Burza cenných papírů Praha, a.s., PXE, and 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: CCC, EnCC and CCP.

As at January 2013 the Group used an advances coefficient of 93%. The Group applied this coefficient to calculate a proportional VAT deduction on acquired supplies in 2013. In the VAT return for December 2013, a settlement coefficient of 93% was calculated and represents the advance coefficient for 2014.

Based on the group registration the Group claimed 93% of the VAT as a deductible item in the VAT return.

2.17. 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 at the balance sheet date.

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

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

3.1. Fixed assets
3.1.1. Intangible fixed assets

(in CZK thousand)

Acquisition cost	Software	Other intangible FA	Intangible FA under const.	Total
Balance as at 1 January 2012	**43,055**	**3,900**	**169**	**47,124**
Additions	648	–	–	648
Disposals	(211)	–	(169)	(380)
Balance as at 31 December 2012	**43,492**	**3,900**	**–**	**47,392**
Additions	47	–	–	47
Disposals	(96)	–	–	(96)
Balance as at 31 December 2013	**43,443**	**3,900**	**–**	**47,343**

(in CZK thousand)

Accumulated amortization	Software	Other intangible FA	Intangible FA under const.	Total
Balance as at 1 January 2012	**41,639**	**3,852**	**–**	**45,491**
Additions	1,003	48	–	1,051
Disposals	(160)	–	–	(160)
Balance as at 31 December 2012	**42,482**	**3,900**	**–**	**46,382**
Additions	588	–	–	588
Disposals	(96)	–	–	(96)
Balance as at 31 December 2013	**42,974**	**3,900**	**–**	**46,874**

(in CZK thousand)

Net Book value	Software	Other intangible FA	Intangible FA under const.	Total
Balance as at 1 January 2012	1,416	48	169	1,633
Balance as at 31 December 2012	1,010	0	0	1,010
Balance as at 31 December 2013	**469**	**0**	**0**	**469**

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

(in CZK thousand)

Amortization	
2013	588
2012	1,051

In 2012 and 2013 no adjustments to intangible fixed assets were created.

3.1.2. Tangible fixed assets

(in CZK thousand)

Acquisition cost	Computer equipment	Furniture and fixtures	Non-capitalised tangible assets	Tangible FA under const.	Total
Balance as at 1 January 2012	**42,960**	**7,175**	**11,121**	**208**	**61,464**
Additions	784	921	875	68	2,648
Disposals	(276)	(447)	(819)	(208)	(1,750)
Balance as at 31 December 2012	**43,468**	**7,649**	**11,177**	**68**	**62,362**
Additions	2,186	554	–	–	2,740
Disposals	(2,564)	(539)	(2,108)	(68)	(5,279)
Balance as at 31 December 2013	**43,090**	**7,664**	**9,069**	**–**	**59,823**

(in CZK thousand)

Accumulated depreciation	Computer equipment	Furniture and fixtures	Non-capitalised tangible assets	Tangible FA under const.	Total
Balance as at 1 January 2012	**41,612**	**6,806**	**10,547**	**–**	**58,965**
Additions	1,253	186	417	–	1,856
Disposals	(276)	(447)	(795)	–	(1,518)
Balance as at 31 December 2012	**42,589**	**6,545**	**10,169**	**–**	**59,303**
Additions	772	416	586	–	1,774
Disposals	(2,564)	(539)	(2,108)	–	(5,211)
Balance as at 31 December 2013	**40,797**	**6,422**	**8,647**	**–**	**55,866**

(in CZK thousand)

Accumulated depreciation	Computer equipment	Furniture and fixtures	Non-capitalised tangible assets	Tangible FA under const.	Total
Balance as at 1 January 2012	1,348	369	574	208	2,499
Balance as at 31 December 2012	879	1,104	1,008	68	3,059
Balance as at 31 December 2013	**2,293**	**1,242**	**422**	**–**	**3,957**

Purchases of Tangible Fixed Assets

In 2013, additions to tangible fixed assets in the amount of TCZK 2,740 (2012: TCZK 2,648) are represented by purchases of and technical improvements to IT equipment (servers, computers, storage devices, switches, disk arrays, tape libraries).

Disposals of Tangible Fixed Assets

Disposals of tangible fixed assets amounted to TCZK 5,279 in 2013 (2012: TCZK 1,542). The most significant disposals are represented by computers, servers and other technical equipment.

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

(in CZK thousand)

Depreciation	
2013	1,774
2012	1,856

In 2013 and 2012 no adjustments against tangible fixed assets were created.

Off-balance sheet tangible fixed assets amount to TCZK 2,812 (2012: TCZK 2,247). None of the assets is pledged as collateral.

3.2. Leased assets

As at 31 December 2013, the Company has cars under operating leases. The aggregate amount of payments excluding VAT made in 2013 was TCZK 1,751 (2012: TCZK 1,922). The Company resides in the rented premises. The rent amounted to TCZK 11,311 in 2013 (2012: TCZK 10,858).

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

(in CZK thousand)

	Balance as at 31 December 2013	Balance as at 31 December 2012
Current within one year	7,152	12,577
Due after one year but within five years	46,827	35,968
After five years	–	10,602
Total	**53,979**	**59,147**

3.3. Long-term investments

The Company is the sole shareholder of Centrální depozitář cenných papírů, a.s., CENTRAL COUNTERPARTY, a.s., 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 that of CENTRAL COUNTERPARTY, a.s. amounts to TCZK 3,000, and that of Central Clearing Counterparty, a.s. and Energy Clearing Counterparty, a.s. amounts to TCZK 2,000 and TCZK 2,000, respectively. The Company also holds a one third share in POWER EXCHANGE CENTRAL EUROPE, a.s. whose share capital amounts to TCZK 60,000 (refer to Note 1.3.).

Burza cenných papírů Praha, a.s. decided to provide a supplementary payment in addition to the share capital of Central Clearing Counterparty, a.s. amounting to TCZK 9,166 (of which TCZK 1,666 in 2013), and Energy Clearing Counterparty amounting to TCZK 8,180 (of which TCZK 1,180 in 2013).

(in CZK thousand)

Cost	Balance as at 31 December 2012	Additions	Disposals	Balance as at 31 December 2013
Centrální depozitář cenných papírů, a.s.*	90,100	–	–	90,100
CENTRAL COUNTERPARTY, a.s.	3,000	–	–	3,000
Central Clearing Counterparty, a.s.	7,500	1,666	–	9,166
Energy Clearing Counterparty, a.s	7,000	1,180	–	8,180
POWER EXCHANGE CENTRAL EUROPE, a.s.	20,000	–	–	20,000
Total	**127,600**	**2,846**	**–**	**130,446**

* The company Centrální depozitář cenných papírů, a.s. is a legal successor of the company Burzovní registr cenných papírů, s.r.o. The Company increased its registered capital in 1996 and 1999 from retained earnings.

(in CZK thousand)

Adjustment	Balance as at 31 December 2012	Additions	Disposals	Balance as at 31 December 2013
Central Clearing Counterparty, a.s.	2,000	–	–	2,000
Energy Clearing Counterparty, a.s.	2,000	–	–	2,000
Total	**4,000**	**–**	**–**	**4,000**

(in CZK thousand)

Net value	Balance as at 31 December 2012	Additions	Disposals	Balance as at 31 December 2013
Centrální depozitář cenných papírů, a.s.*	90,100	–	–	90,100
CENTRAL COUNTERPARTY, a.s.	3,000	–	–	3,000
Central Clearing Counterparty, a.s.	5,500	1,666	–	7,166
Energy Clearing Counterparty, a.s.	5,000	1,180	–	6,180
POWER EXCHANGE CENTRAL EUROPE, a.s.	20,000	–	–	20,000
Total	**123,600**	**2,846**	**–**	**126,446**

* The company Centrální depozitář cenných papírů, a.s. is a legal successor of the company Burzovní registr cenných papírů, s.r.o. The Company increased its registered capital in 1996 and 1999 from retained earnings.

As at 31 December 2013, Centrální depozitář cenných papírů, a.s. reports equity of TCZK 178,110. In 2013 it generated a profit of TCZK 62,356. Based on the decision of its sole shareholder, the dividends from the 2012 profit were paid in 2013 in the amount of TCZK 60,900.

As at 31 December 2013, POWER EXCHANGE CENTRAL EUROPE, a.s. reports equity of TCZK 76,966. In 2013 it generated a profit of TCZK 15,288. Based on the decision of the general meeting, the dividends were paid in 2013 in the amount TCZK 5,580 (of which TCZK 1,860 was paid to the Company).

As at 31 December 2013, CENTRAL COUNTERPARTY, a.s. reports equity of TCZK 3,501 and profit of TCZK 26 for 2013. Based on the decision of the sole shareholder, the dividends from the 2012 profit were paid in 2013 in the amount of TCZK 10,854.

As at 31 December 2013, Central Clearing Counterparty, a.s. reports equity of TCZK 888. In 2013 it incurred a loss of TCZK 1,112.

As at 31 December 2013, Energy Clearing Counterparty, a.s. reports equity of TCZK – 735. In 2013 it incurred a loss of TCZK 2,735.

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

3.4. Financial assets

(in CZK thousand)

	Balance as at 31 December 2013	Balance as at 31 December 2012
Cash, of it:	**143**	**217**
– Cash in hand	59	58
– Valuables	84	159
Bank accounts, of it:	**206,245**	**76,189**
– Current accounts	186,245	55,349
– Term accounts in banks	20,000	20,840
Debt securities held for trading in accordance with the Portfolio administration contract	29,469	28,879
Total financial assets	**235,857**	**105,285**

According to an Asset management contract, the Company held an EIB VAR/18 bond as at 31 December 2013 and 31 December 2012.

As at 31 December 2013, the Company has a restricted term deposit in the amount of TCZK 20,000 (2012: TCZK 20,000) at Komerční banka, a.s., due to the pledge for Central Counterparty, a.s. concerning the provision of a non-payment bank guarantee.

3.5. Short-term receivables

3.5.1. Trade receivables

(in CZK thousand)

	Balance as at 31 December 2013	Balance as at 31 December 2012
Short-term		
– trade receivables	21,578	14,559
– other trade receivables	14	–
Total trade receivables	**21,592**	**14,559**
– adjustments	(1,696)	(2,365)
Total	**19,896**	**12,194**

3.5.2. Ageing of short-term trade receivables

(in CZK thousand)

Year	Category	Due	Past due date					Total
			1–90 Days	91–180 days	181–365 days	1–2 years	2 and more years	
2013	Nominal value	19,854	42	–	–	–	1,696	21,592
	Adjustments	–	–	–	–	–	(1,696)	(1,696)
	Net	**19,854**	**42**	**–**	**–**	**–**	**–**	**19,896**
2012	Nominal value	11,678	–	214	302	–	2,365	14,559
	Adjustments	–	–	–	–	–	(2,365)	(2,365)
	Net	**11,678**	**–**	**214**	**302**	**–**	**–**	**12,194**

Unpaid trade receivables are not secured. The Company has receivables which are more than five years after maturity amounting to TCZK 1,696 (2012: TCZK 2,365). These receivables are covered by adjustments of 100%.

3.5.3. Adjustments to receivables

(in CZK thousand)

	2013	2012
Balance as at 1 January	2,365	(2,380)
Addition	–	–
Release	(671)	(15)
Balance as at 31 December	**(1,696)**	**(2,365)**

3.5.4. Tax receivables

(in CZK thousand)

	Balance as at 31 December 2013	Balance as at 31 December 2012
Income tax	4,380	3,904
VAT	–	59,175
Other tax liabilities	–	14
Total	**4,380**	**63,093**

In 2013 the Company paid TCZK 20,953 (2012: TCZK 22,575) in advance payments related to corporate income tax. The actual tax liability for 2013 amounted to TCZK 16,573 (2012: TCZK 18,671). Net receivable amounting to TCZK 4,380 was recorded in Tax receivables (2012: TCZK 3,904).

3.5.5. Receivables from related parties

(in CZK thousand)

	Balance as at 31 December 2013	Balance as at 31 December 2012
Short-term trade receivables		
Centrální depozitář cenných papírů, a.s.	16,312	7,926
POWER EXCHANGE CENTRAL EUROPE, a.s.	585	626
Wiener Börse AG (Affiliate)	123	113
Total short-term receivables	**17,020**	**8,665**

(in CZK thousand)

	Balance as at 31 December 2013	Balance as at 31 December 2012
Receivables – group undertakings		
Centrální depozitář cenných papírů, a.s.	40,057	135,111
CENTRAL COUNTERPARTY, a.s.	7,530	18,253
CEESEG AG	–	75,041
Total	**47,587**	**228,405**

Receivables – group undertakings represent loans provided to related parties.

(in CZK thousand)

	Balance as at 31 December 2013	Balance as at 31 December 2012
Receivables from shareholders/owners and alliance partners		
POWER EXCHANGE CENTRAL EUROPE, a.s.	137	219
CENTRAL COUNTERPARTY, a.s.	–	2
Energy Clearing Counterparty, a.s.	6,997	–
Total	**7,134**	**221**

Receivables from shareholders/owners and alliance partners represent VAT.

No receivables from related parties are overdue.

3.5.6. Estimated receivables

(in CZK thousand)

	Balance as at 31 December 2013	Balance as at 31 December 2012
Unbilled rental services	14	674
Unbilled stock exchange information from Wiener Börse AG	35,276	24,006
Unbilled estimates – others	308	9
Total estimated receivables	**35,598**	**24,689**

3.6. Deferred expenses and accrued income

(in CZK thousand)

	Balance as at 31 December 2013	Balance as at 31 December 2012
Deferred expenses	**7,218**	**6,100**
Rental of non-residential premises	893	3,760
IT	5,474	1,553
Insurance	291	333
Other	560	454
Accrued income	**51**	**–**
Other	51	–
Total accruals and deferrals	**7,269**	**6,100**

3.7. Equity

3.7.1. Share capital

The Company's share capital recorded in the Commercial Register as at 31 December 2013 of TCZK 265,216 (2012: TCZK 265,216) is divided into 265,216 registered shares with a nominal value of CZK 1,000 per share.

Own shares

The Company repurchased 20 of its own shares for an acquisition price of TCZK 100 in 2012. The nominal value of these shares is TCZK 20.

3.7.2. Profit for the year 2012

The net profit for 2012 of TCZK 138,272 was approved and allocated by the general meeting of shareholders on 25 April 2013.

3.8. Provisions

(in CZK thousand)

	Tax reserve	Reserve for staff bonuses	Other	Total
Balance as at 31 December 2011	**3,997**	**1,704**	**432**	**6,133**
Creation	–	1,054	–	1,054
Release	(3,997)	(1,704)	(432)	(6,133)
Balance as at 31 December 2012	**–**	**1,054**	**–**	**1,054**
Creation	–	147	–	147
Release	–	(1,054)	–	(1,054)
Balance as at 31 December 2013	**–**	**147**	**–**	**147**

3.9. Liabilities

3.9.1. Short-term trade payables

(in CZK thousand)

Short-term trade payables and received advances	Balance as at 31 December 2013	Balance as at 31 December 2012
Short-term		
– trade payables	6,968	5,042
– other trade payables	–	–
Total trade paybles	**6,968**	**5,042**

3.9.2. Social security and health insurance liabilities

Social security and health insurance liabilities total TZCK 1,965 (2012: TZCK 2,707), of which TCZK 1,137 (2012: TCZK 1,746) relates to social security liabilities and TCZK 828 (2012: TCZK 961) relates to health insurance liabilities.

None of these liabilities are overdue.

3.9.3. Tax liabilities and subsidies

(in CZK thousand)

	Balance as at 31 December 2013	Balance as at 31 December 2012
Other direct taxes	1,215	1,930
VAT	2,931	–
Other indirect taxes and charges	110	100
Total	**4,256**	**2,030**

Tax liabilities amount to TCZK 4,256 (2012: TCZK 2,030), of which TCZK 1,215 (2012: TCZK 1,930) relates to tax on employment income and TCZK 16 (2012: TCZK 0) relates to a contribution to pillar II of pension insurance and TCZK 94 (2012: TCZK 100) relates to a liability for the fulfilment of the compulsory ratio of disabled employees.

Accounting for VAT within the Group amounts to TCZK 3,344 in December 2013 (2012: a receivable totalling TCZK 59,175 was recorded). This payable is further allocated among the VAT Group members (see Note 3.5.5. and 3.9.4.). The arisen difference from the balance sheet (see Note 3.9.3.) is caused by a VAT settlement claim which will be applied in January 2014. These are the received settlements in 2013 with a DUZP in January 2014.

None of these liabilities are overdue.

3.9.4. Payables to related parties

(in CZK thousand)

	Balance as at 31 December 2013	Balance as at 31 December 2012
Trading payables		
Centrální depozitář cenných papírů, a.s.	6	8
Wiener Börse AG	3,885	1,528
Total	**3,891**	**1,536**

(in CZK thousand)

	Balance as at 31 December 2013	Balance as at 31 December 2012
Liabilities to shareholders/owners and alliance partners		
Centrální depozitář cenných papírů, a.s.	2,808	4,376
CENTRAL COUNTERPARTY, a.s.	23	30,383
Central Clearing Counterparty, a.s.	4	4,697
Energy Clearing Counterparty, a.s.	–	18,280
Total	**2,835**	**57,736**

Liabilities to shareholders/owners and alliance partners represent VAT.

3.9.5. Estimated payables

Estimated payables amount to TCZK 4,835 (2012: TCZK 2,502) and represent estimates on premium payments to employees, including estimates on social and health insurance.

3.10. Short-term financial liabilities

(in CZK thousand)

	Balance as at 31 December 2013	Balance as at 31 December 2012
Short-term financial liabilities – repurchase transactions	–	28,726
Total short-term financial liabilities	**–**	**28,726**

3.11. Deferred tax

The deferred tax asset as at 31 December 2013 is calculated at 19% (the rate enacted for 2013). Deferred tax as at 31 December 2012 was calculated at 19%.

The deferred tax asset can be analyzed as follows:

(in CZK thousand)

	Balance as at 31 December 2013	Balance as at 31 December 2012
Accumulated depreciation and amortization of fixed assets	(80)	(111)
Provisions	28	200
Social and health insurance	222	–
Deferred tax asset/liability ()	170	89
Revenue/expense () from change of deferred tax	**81**	**(15)**

3.12. Income tax on ordinary activities

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

(in CZK thousand)

	Balance as at 31 December 2013	Balance as at 31 December 2012
Profit before tax	159,068	155,610
Theoretical tax at a tax rate of 19% (2012: 19%)	30,223	29,566
Tax effect of not deductible expenses	934	1,136
Tax effect of non-taxable income	(14,584)	(12,031)
Tax returned from previous years	(850)	(1,318)
Current tax	**15,723**	**17,353**
Change in deferred tax	(81)	(15)
Total income tax on ordinary activities	**15,642**	**17,338**

3.13. Details of revenues by principal activity

(in CZK thousand)

			2013			2012
	Domestic	Foreign	Total	Domestic	Foreign	Total
Stock exchange fees	36,244	8,122	44,366	55,670	6,889	62,559
– Annual trading fees	6,440	920	7,360	8,280	920	9,200
– Listing fees	8,275	3,600	11,875	8,835	3,604	12,439
– Trading fees	21,529	3,602	25,131	38,555	2,365	40,920
Services relating to settlement	63,161	–	63,161	62,746	–	62,746
Services for POWER EXCHANGE CENTRAL EUROPE, a.s.	6,957	–	6,957	6,987	–	6,987
Stock exchange information	6	35,882	35,888	835	32,394	33,229
IT services provided to CDCP	29,905	–	29,905	21,941	–	21,941
Other	11,744	–	11,744	17,804	762	18,566
Total income from the sale of services	**148,017**	**44,004**	**192,021**	**165,983**	**40,045**	**206,028**

3.14. Services

(in CZK thousand)

	2013	2012
Repairs and maintenance	891	1,408
Travel expenses	1,192	1,471
Representation costs	520	900
Rental and services	17,412	18,222
Operating leases	1,751	1,922
Advisory and legal services	2,202	1,723
Audit	2,080	1,760
Promotion	2,299	2,251
Servicing	11,089	7,858
Training, workshops, conferences	1,081	714
Other services	9,858	11,538
Total	**50,375**	**49,769**

3.15. Other operating income

(in CZK thousand)

	2013	2012
Other operating income	1	71
Impact of VAT coefficient	256	566
Total other operating income	**257**	**637**

3.16. Other operating expenses

(in CZK thousand)

	2013	2012
Gifts	40	78
Amortisation of receivables	636	–
Insurance premiums	811	744
Impact of VAT coefficient	470	372
Membership payments to associations (ECSDA, AKAT)	3	15
Other operating expenses	557	949
Total other operating expenses	**2,517**	**2,158**

3.17. Financial income

(in CZK thousand)

	2013	2012
Income from Long-term investments:	**73,614**	**61,100**
– dividends received from subsidiaries (CDCP)	60,900	56,000
– dividends received from subsidiaries (CCP)	10,854	–
– dividends received from associates (PXE)	1,860	5,100
Income from Short-term financial assets:	**674**	**979**
– Interest on depository notes	–	16
– Gains from revaluation of FVPL securities	674	963
Interest income:	**3,190**	**5,510**
– Interest on current bank accounts	126	143
– Interest on debt securities	82	272
– Interest received from the loan to a subsidiary	1,783	5,054
– Other interest received – CEESEG	1,199	41
Income from derivate operations	**52**	**–**
Foreign exchange gains	**1,663**	**331**
Total financial income	**79,193**	**67,920**

In 2013 and 2012 the Company collected a dividend from its subsidiary Centrální depozitář cenných papírů, a.s. and POWER EXCHANGE CENTRAL EUROPE, a.s. in 2013 also from its associate CENTRAL COUNTERPARTY, a.s.

3.18. Financial expenses

(in CZK thousand)

	2013	2012
Short-term financial assets expenses:	**125**	**22**
– expenses – repurchase transactions	43	4
– expenses from financial assets (portfolio revaluation)	82	18
Interest expenses:	**–**	**–**
– loans	–	–
Banking charges:	**123**	**123**
– bank guarantee	–	13
– other banking charges	123	110
Expenses from derivate operations	**113**	**–**
Foreign exchange losses	**244**	**1,327**
Total	**605**	**1,472**

3.19. Related party transactions

The Company conducted an analysis of transfer prices for transactions with related parties which included the determination of an economical justifiable valuation of IT support services. All contracts for the provision of technical support services between related parties were concluded in accordance with this analysis.

The above mentioned analysis and any related contract documentation for the provision of technical support were reviewed on 1 January 2013 and matched to trade and economic changes which have occurred in 2013. These were changes in the structure of technical support recipients and their ability to provide effective services related to stock trade settlements as well as an expansion of services provided by the central evidence of securities.

3.19.1. Revenues from related party transactions

(in CZK thousand)

2013 Entity	Relation to the Company	Services	Financial income	Total
Centrální depozitář cenných papírů, a.s.	Subsidiary	87,298	62,541	149,839
CENTRAL COUNTERPARTY, a.s.	Subsidiary	120	10,966	11,086
Central Clearing Counterparty, a.s.	Subsidiary	123	14	137
Energy Clearing Counterparty, a.s.	Subsidiary	156	90	246
POWER EXCHANGE CENTRAL EUROPE, a.s.	Associate	7,968	1,916	9,884
CEESEG AG	Parent	–	1,199	1,199
Wiener Börse AG	Affiliate	35,400	5	35,405
Total		**131,065**	**76,731**	**207,796**

(in CZK thousand)

2012 Entity	Relation to the Company	Services	Financial income	Total
Centrální depozitář cenných papírů, a.s.	Subsidiary	76,511	60,244	136,755
CENTRAL COUNTERPARTY, a.s.	Subsidiary	122	390	512
Central Clearing Counterparty, a.s.	Subsidiary	123	1	124
Energy Clearing Counterparty, a.s.	Subsidiary	160	597	757
POWER EXCHANGE CENTRAL EUROPE, a.s.	Associate	8,015	5,127	13,142
CEESEG AG	Parent	–	41	41
Wiener Börse AG	Affiliate	24,119	–	24,119
Total		**109,050**	**66,400**	**175,450**

The Company provides to related parties other services, except technical support services according to contracts in compliance with the analysis of transfer prices, mainly:

- information sale cooperation and PX indices trading;
- rent of non-residential premises including services related to rent;
- rent of phone lines;
- interest-bearing subsidies.

3.19.2. Services purchased from related parties

(in CZK thousand)

2013 Entity	Relation to the Company	Services	Financial expenses	Total
Centrální depozitář cenných papírů, a.s.	Subsidiary	5,609	–	5,609
Energy Clearing Coutnerparty, a.s.	Subsidiary	–	53	53
POWER EXCHANGE CENTRAL EUROPE, a.s.	Associate	–	9	9
Wiener Börse AG	Affiliate	5,004	63	5,067
Total		**10,613**	**125**	**10,738**

(in CZK thousand)

2012 Entity	Relation to the Company	Services	Financial expenses	Total
Centrální depozitář cenných papírů, a.s.	Subsidiary	6,457	–	6,457
Energy Clearing Coutnerparty, a.s.	Subsidiary	–	724	724
POWER EXCHANGE CENTRAL EUROPE, a.s.	Associate	–	43	43
Wiener Börse AG	Affiliate	1,609	–	1,609
Total		**8,066**	**767**	**8,833**

The company receives also other services than fulfilment from related parties, all according to contracts which are in compliance with the analysis of transfer prices. These services mainly relate to the Xetra® trading system.

4. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

4.1. Staff costs and number of employees

The following tables summarize the average number of the Company's employees and management for the years ended 31 December 2013 and 2012:

	Headcount		Personnel expenses total (in CZK thousand)	
	2013	2012	2013	2012
Employees	32	35	37,136	35,651
Management	6	6	14,006	21,764
Total	**38**	**41**	**51,142**	**57,415**

The management includes the CEO and director of departments. Staff costs include also social and health insurance.

4.2. Loans, borrowings and other benefits provided

During the years ended 31 December 2013 and 2012, the members of the Exchange Chamber and management received the following loans and bonuses in addition to their basic salaries:

(in CZK thousand)

	Exchange Chamber		Management		Total	
	2013	2012	2013	2012	2013	2012
Bonuses	2,803	2,489	–	–	2,803	2,489
Life and pension insurance contributions	–	–	252	241	252	241
Cars/other movable and immovable assets to be used for private purposes	–	–	644	684	644	684
Total	**2,803**	**2,489**	**896**	**925**	**3,669**	**3,414**

Supervisory Board members did not receive any bonuses during the years 2013 and 2012.

4.3. Contingent liabilities

4.3.1. Bank guarantees

The Company has a bank guarantee provided by Komerční banka, a.s. as at 31 December 2013 amounting to TCZK 3,500 (2012: TCZK 3,500) in favour of Burzovní Palác Investment s.r.o.

The Company guarantee for trading activities of its subsidiaries within the Group for the amount of TCZK 93,204 (2012: TCZK 251,062).

4.3.2. Legal Disputes

As at 31 December 2013 the Company was not involved in any legal disputes, the outcome of which would significantly impact the Company's financial statements.

4.4. Exchange arbitration court

A permanent arbitration court (the "BRS") was established as an independent body to settle by independent arbitrators disputes arising from investment instruments trading pursuant to Act No. 216/1994 Coll. on arbitration proceedings and on exercise of arbitration awards, and BRS arbitration proceeding rules.

BRS is established by the Exchange Chamber. BRS resides in the premises rented by the Company.

(in CZK thousand)

BRS results	2013	2012
Revenus	–	1,000
Expenses	3	979
Profit	**(3)**	**21**
Financial assets	**1,847**	**1,048**
Liabilities (advances received)	**800**	**–**

5. REMUNERATION OF THE STATUTORY AUDITOR

Information on the remuneration of the audit firm KPMG Česká republika Audit, s.r.o is listed in the notes to the consolidated financial statements of the Company.

6. SUBSEQUENT EVENTS

In accordance with Article 61 of Act No. 125/2008 Coll., on transformations of the companies and cooperatives as amended (hereinafter the "Act on transformations"), there was a merger 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 at Prague 1, Rybná 682/14, postal code 110 05, identification number: 271 22 689, entered in the Commercial Register maintained by the Municipal Court in Prague File B, Insert 14224 (hereinafter the "dissolving company 1") and Central Clearing Counterparty, a.s., with its registered office at 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 9145 (hereinafter the "dissolving company 2") and the subsequent dissolution and deletion of CENTRAL COUNTERPARTY, a.s. and Central Clearing Counterparty, a.s. from the Commercial Register.

The concerned parties are companies in concern and controlled parties in compliance with Article 66a of Act No. 513/1991 Coll., the Commercial Code[1]. The sole shareholder, Burza cenných papírů Praha, a.s., is the controlling party.

The concerned parties are equity related companies and the merger occurred in order to simplify the concern's organizational structure, to streamline the portfolio of controlled parties and to reduce operational costs.

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

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

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

In compliance with the contract from 6 January 2014 a loan was provided to CEESEG Aktiengesellschaft amounting to TCZK 100,000. The loan is due 7 December 2014 with an interest rate of 1Y PRIBOR + 0,75% p. a.

No other 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

Petr Koblic
CEO and Chairman of the Exchange Chamber

David Kučera
Member of the Exchange Chamber

[1] Act No. 513/1991 Coll., the Commercial Code has been abolished and replaced by Act No. 90/2012 Coll., on trading companies and co-operatives by 1 January 2014.

Consolidated Statement of Financial Position as at 31 December 2013

(in CZK thousand)

	Note	31 December 2013	31 December 2012
CURRENT ASSETS			
Cash	6.	370,444	2,004,652
Trade receivables	7.	86,453	132,730
Securities held for trading	8.	44,203	43,319
Income tax receivable		4,228	–
Other current assets	9.	105,916	221,847
Total current assets		**611,244**	**2,402,548**
NON-CURRENT ASSETS			
Tangible fixed assets	10.	14,181	22,527
Intangible fixed assets	11.	182,161	242,924
Other non-current assets		71	71
Total non-current assets		**196,413**	**265,522**
TOTAL ASSETS		**807,657**	**2,668,070**
CURRENT LIABILITIES			
Trade payables	13.	73,069	137,335
Liabilities from margin deposits	14.	–	1,798,190
Other current liabilities	15.	165,865	124,942
Advances received	18.	800	–
Income tax payable	27.	–	2,569
Current bank loans	16.	450	–
Other current financial liabilities	17.	–	28,726
Provisions	20.	147	15,721
Total current liabilities		**240,331**	**2,107,483**
NON-CURRENT LIABILITIES			
Long-term advances received		13	13
Deferred tax liability	19.	13,246	8,204
Total non-current liabilities		**13,259**	**8,217**
SHAREHOLDERS' EQUITY			
Share capital	21.	265,216	265,216
Treasury shares	21.	(100)	(100)
Other funds	21.	80,816	77,020
Retained earnings	29.	208,135	210,234
Total shareholders' equity		**554,067**	**552,370**
LIABILITIES AND SHAREHOLDERS' EQUITY		**807,657**	**2,668,070**

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

Consolidated Statement of Comprehensive Income for the year ended 31 December 2013

(in CZK thousand)

	Note	31 December 2013	31 December 2012
Revenues	22.	**499,856**	**514,460**
Services	23.	(119,640)	(127,408)
Material	23.	(2,224)	(2,099)
Employee benefit expenses	24.	(129,590)	(128,188)
Depreciation and amortization expenses	25.	(76,301)	(79,845)
Other net operating expenses	26.	(4,940)	(4,021)
Profit from operating activities		**167,161**	**172,899**
Interest income	27.	1,474	236
Interest expense	27.	(54)	(191)
Net trading income	27.	967	1,822
Other net financial income/(expenses)	27.	3,331	(2,124)
Net financial income		**5,718**	**(257)**
Profit before income tax		**172,879**	**172,642**
Income tax expense	28.	(33,015)	(33,083)
Profit for the period		**139,864**	**139,559**
Other comprehensive income for the period		–	–
Total comprehensive income for the period		**139,864**	**139,559**

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

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

(in CZK thousand)

	Share capital	Treasury shares	Other funds	Retained earnings	Total
31 December 2011	**265,216**	**–**	**73,492**	**185,859**	**524,567**
Distribution to funds	–	–	3,528	(3,528)	–
Distribution of dividends	–	–	–	(111,656)	(111,656)
Purchase of treasury shares	–	(100)	–	–	(100)
Profit for the period	–	–	–	139,559	139,559
Other comprehensive income	–	–	–	–	–
31 December 2012	**265,216**	**(100)**	**77,020**	**210,234**	**552,370**
Distribution to funds	–	–	3,796	(3,796)	–
Distribution of dividends	–	–	–	(138,167)	(138,167)
Purchase of treasury shares	–	–	–	–	–
Profit for the period	–	–	–	139,864	139,864
Other comprehensive income	–	–	–	–	–
31 December 2013	**265,216**	**(100)**	**80,816**	**208,135**	**554,067**

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

Consolidated Statement of Cash Flows for the year ended 31 December 2013

(in CZK thousand)

	Note	31 December 2013	31 December 2012
Profit before tax		**172,879**	**172,642**
Adjustments for non-cash transactions			
Depreciation and amortization	25.	76,301	79,845
Increase/(decrease) in provisions		(14,705)	7,605
Interest income	27.	(1,474)	(236)
Interest expense	27.	54	191
(Increase)/decrease in accounts receivable		161,339	(64,604)
Decrease in securities held for trading		(884)	(1,403)
Increase/(decrease) in accounts payable		(1,820,733)	(43,699)
Net operating cash flow before taxation and interest		**(1,427,223)**	**150,341**
Interest received		1,474	236
Interest paid		(54)	(191)
Income tax paid		(34,770)	(42,116)
Net cash flow from ordinary activities		**(1,460,573)**	**108,270**
Acquisition of tangible and intangible fixed assets		(7,192)	(17,261)
Net cash flow from investing activities		**(7,192)**	**(17,261)**
Loans repayments		(28,276)	(14,817)
Loan drawings		–	28,276
Purchase of treasury shares		–	(100)
Dividends paid	29.	(138,167)	(111,656)
Net cash flow from financing activities		**(166,443)**	**(98,297)**
Net increase in cash and cash equivalents		**(1,634,208)**	**(7,288)**
Cash and cash equivalents at the beginning of the year	30.	**2,004,652**	**2,011,940**
Cash and cash equivalents at the end of the year	30.	**370,444**	**2,004,652**

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 2013

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:

- organizing securities trading; trading in 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 authorized persons;
- managing the central records of dematerialized securities issued in the Czech Republic in accordance with Article 100 (1),(2) No. 256/2004, of the Act on the Capital Market,
- selected activities in accordance with Article 100 (3) No. 256/2004, of Act on the Capital Market;
- settlement of stock exchange trades; settlement of securities trades;
- settlement of derivative trades; arranging for and settlement of the supply of electricity (until 31 August 2013);
- maintenance of securities accounts performed on behalf of the members of Centrální depozitář cenných papírů, a.s. and
- maintenance of margin accounts on behalf of POWER EXCHANGE CENTRAL EUROPE, a.s. (the "Prague Energy Exchange" or "PXE"), (until 31 August 2013).

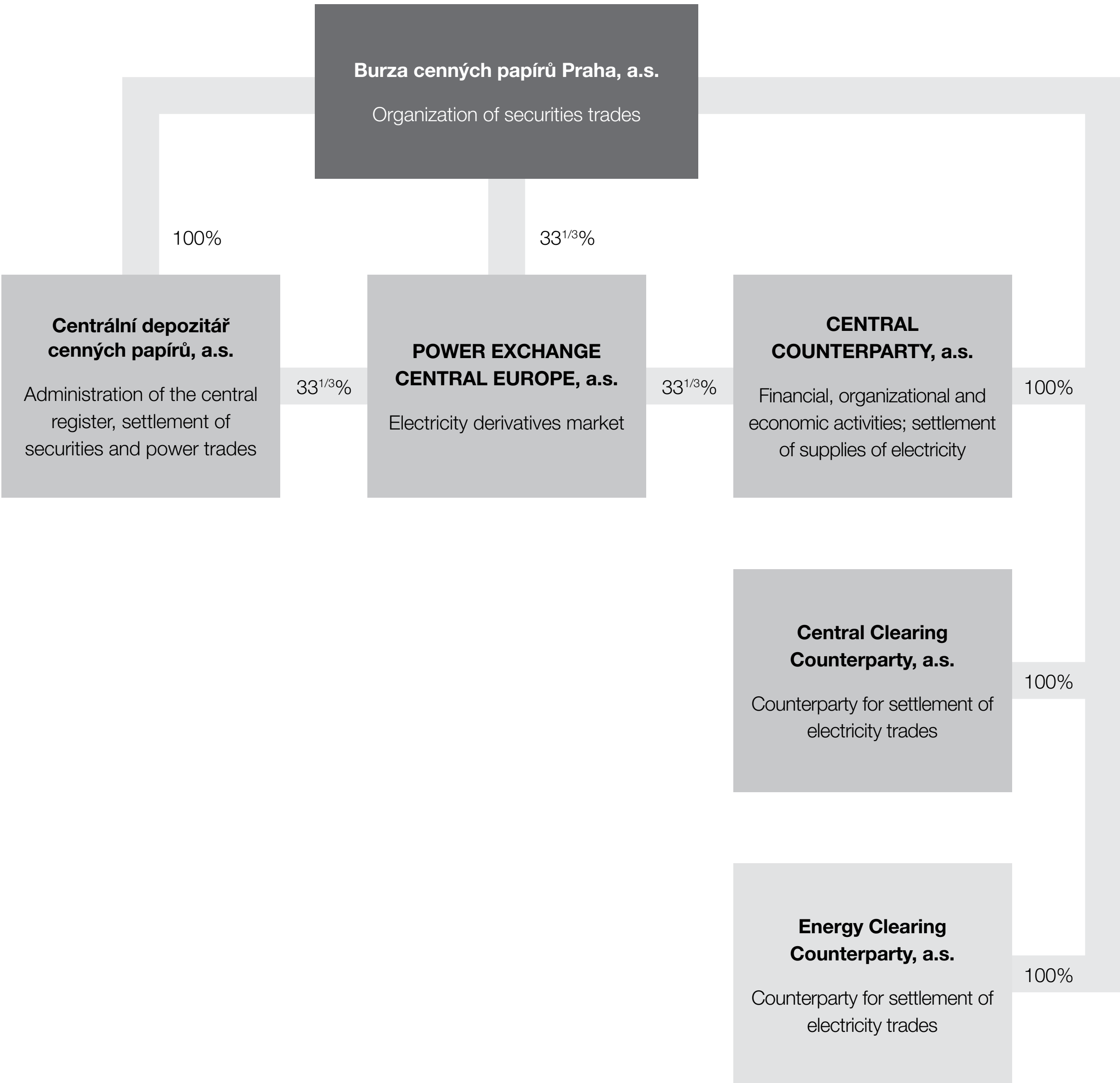
Burza cenných papírů Praha, a.s., having its registered office at Rybná 14, Prague 1, was incorporated by a Memorandum of Association dated 24 July 1992 by twelve Czechoslovak banks and five brokerage firms. The Company was entered into the Commercial Register maintained by the Municipal Court in Prague, section B, insert 1773, on 24 November 1992.

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

Company name	Activity	ID No.	Share in the consolidated Group	
			2013	2012
Burza cenných papírů Praha, a.s.	Organization of trading with investment instruments	471 15 629	100%	100%
Centrální depozitář cenných papírů, a.s. (formerly UNIVYC, a.s.)	Managing of central records and settlement of investment instruments	250 81 489	100%	100%
CENTRAL COUNTERPARTY, a.s. (formerly Centrální depozitář, a.s.)	Financial, organizational and economic activities; settlement of supplies of electricity	271 22 689	100%	100%
Central Clearing Counterparty, a.s.	Rent of property; electroenergy – supply of electricity (branch)	283 81 696	100%	100%
Energy Clearing Counterparty, a.s.	Rent of property; trading in electricity	284 41 681	100%	100%
POWER EXCHANGE CENTRAL EUROPE, a.s. (formerly Energetická burza Praha, a.s.)	Power derivatives market	278 65 444	100%	100%

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

Structure of the Consolidated Group



From 8 December 2008, the majority owner of the consolidated group is CEESEG AG, which holds a 92.74% share as at 31 December 2013 (2012: 92.74%).

2. SPECIFIC DEVELOPMENTS IMPACTING THE GROUP'S OPERATIONS DURING 2013

In 2013, the Prague Stock Exchange celebrated the twentieth anniversary of its modern existence.

In 2013, two international companies became members of the Prague Stock Exchange and received approval for providing investment services:
• Raiffeisen Centrobank AG
• and DB Securities S.A.

The Prague Stock Exchange introduced the following investment opportunities in 2013:
• Borealis Exploration Limited entered the Prime Market
• Stock Spirits Group PLC placed a dual issue of shares on the START market.

In 2013, Centrální depozitář cenných papírů, a.s. entered the year with new websites, which outlined the services which the company provides to various groups of users. The websites also introduced new functions for the general public. In addition to the possibility to verify the existence of accounts in evidence of Centrální depozitář cenných papírů, a.s., it is also possible to calculate bank fees with a virtual calculator.

In December 2013, Centrální depozitář cenných papírů, a.s. launched the assignment of indications by international system of numbering (ISIN) and fulfils the role of local operator (LOU) and assigns Legal Entity Identifiers (LEI/previously pre-LEI) to legal persons, which identifies legal persons worldwide, so that these legal persons can use this identifier in accordance to the new European EMIR regulation and also assist in the definite identification of legal persons.

As of September 2013 POWER EXCHANGE CENTRAL EUROPE, a.s. started cooperation with European Commodity Clearing, which functions as the central counterparty to POWER EXCHANGE CENTRAL EUROPE, a.s. and ensures the clearing and settlement of all trades realized on the "Prague energy stock".

As of December 2013, POWER EXCHANGE CENTRAL EUROPE, a.s. in cooperation with Central European Gas Hub, with its registered office in Austria, opened a stock market with gas commodities in the Czech Republic. The offer of commodities on "Prague energy stock" was expanded to include gas product derivates with delivery in the Czech market.

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"). 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.

The consolidated financial statements are prepared on an accrual basis of accounting, whereby the effects of transactions and other events are recognized 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 all 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. Functional currency

The consolidated financial statements are presented in Czech crowns, which is the functional currency of all companies in the Group. All financial information is presented in thousands of Czech crowns ("TCZK"), unless stated otherwise.

4.3. 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.

4.4. Cash Flow

The cash flow statement comprises changes in cash and cash equivalents from operating activity, investment activity and financial activity. Cash and cash equivalents comprise highly liquid investments. Note 13. states which items of the statement of financial position comprise cash and cash equivalents.

Operating cash flows are recognised using the indirect method. Net profit before tax is thus adjusted for non-cash transactions, such as revaluation gains or losses, changes in adjustments and provisions, and for change in receivables and liabilities. Further, all revenues from and expenses on financial and investment activity are eliminated from this item. Interest received and interest paid is presented in operating cash flows.

Cash flows from investment and financial activity are presented using the direct method. The Group allocates the individual cash flows to the operating activity, financial activity and investment activity based on its business model.

4.5. 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 recognized on the trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognized 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 recognized at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognized 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 derecognized 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 amortized 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.

4.5.1. Financial assets and financial liabilities 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 on initial recognition.

A financial asset or financial liability is classified as held for trading if:
• it is acquired or incurred principally for the purpose of selling or repurchasing in the near term;
• on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
• it is a derivate (except for derivative that is an effective hedging instrument).

Any financial asset or liability may be designated as an instrument at fair value through profit or loss on initial recognition.

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-for-trading and the underlying financial instruments were carried at amortized cost;
• 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.

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".

4.5.2. 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:

- 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;
- those that the entity upon initial recognition designates as available for sale; or
- those for which the holder may recover substantially all of its initial investment, other than because of credit deterioration.

4.5.3. 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.

4.6. Tangible and Intangible Fixed Assets

Tangible and intangible fixed assets are stated at historical cost less depreciation and amortization. Depreciation and amortization 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/amortization period in years
Equipment	3–5
Furniture and fixtures	3–10
Software	3
Other intangible assets	4–12

Subsequent costs are included in the asset's carrying amount or are recognized 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 amortization 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.

4.7. Impairment of Financial Assets

Financial assets carried at amortized 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 of 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 three months and 12 months; in exceptional cases, longer periods are granted.

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 recognized 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 recognized 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;
- finalization of court proceedings or declaration of the debt as irrecoverable.

4.8. Impairment of Non-financial Assets

Where the carrying amount of a non-financial asset stated at net book value or amortized cost is greater than its estimated recoverable amount as at the financial statements, 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 under "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 amortization or accumulated amortization) had no impairment loss been recognized 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.

4.9. Revenue recognition

Revenues are recognized on an accrual basis when the service has been provided. Exchange charges, fees from settlement of trades, fees from POWER EXCHANGE CENTRAL EUROPE, a.s. trading, income from primary issues, sales from mediation of payments of revenues from securities, fees for administration of central securities depository for the participants of Centrální depozitář cenných papírů, a.s. and sales of other services are all recognized based on the applicable service contracts. Sales from securities custody and administration are accrued on a time-apportioned basis. Part of the Group's revenues also includes fees for services to the owners of investment instruments which have no contract with a member of Centrální depozitář cenných papírů, a.s., and services for the state administration to which the Group is legally obliged to provide information.

4.10. 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 recognized 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 amortized 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 recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

4.11. 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 valid at 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 utilization 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 recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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

4.12. Provisions

Provisions are recognized 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 recognized as interest expense.

4.13. 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").

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 and 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 and 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 recognized in "Other net financial income/(expense)".

4.14. 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 redeemed/cancelled. Where such shares are subsequently sold or reissued, any consideration received is added to the shareholders' equity as "Treasury shares".

4.15. Stock Exchange Guarantee Fund, Collateral Fund and Margin Deposit Fund, and Obligations to the Association Participants

4.15.1. Stock Exchange Guarantee Fund and Clearing fund

The Group administrated the funds included in the Stock Exchange Guarantee Fund (hereinafter "SEGF") until 29 November 2012. SEGF was an association with non-legal entity status. The funds of the association were 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 were 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. The Group was in line with SEGF rules on the administration of SEGF funds.

The Group recorded SEGF funds under administration in the off-balance sheet. For SEGF fund administration the Group obtained fees according to SEGF rules. For the last time, these fees were recorded in operating revenues in the statement of comprehensive income. Interest income, reduced by administrative costs and the Group fee, was allocated to individual SEGF members according to SEGF rules. This split was recognized in the off-balance sheet and does not affect the Group statement of comprehensive income.

The system of risk management and settlement of stock exchange transactions was changed based on a decision of Prague Stock Exchange. SEGF, whose participants fully guaranteed payables of the participants, was replaced as at 30 November 2012 by CDCP Clearing fund (hereinafter "CLF"), for which this liability is limited.

The purpose of CLF is to accumulate finances to cover liabilities and risks resulting from the trades settled through Prague Stock Exchange by clearing and non-clearing members. Deposits to CLF were placed in a separate bank and property account in the name of Centrální depozitář cenných papírů, a.s.

Financial resources are allocated for the settlement of liabilities from trading by members, especially to cover fees for unsatisfied liabilities of members and trade settlement (settlement between the trade and substitute trade, or more precisely settlement of exchange rate differences).

The Group records financial resources of CLF in off-balance sheet accounts.

Revenues from financial assets held through CLF are not part of the Company's revenues. Revenues and expenses of CLF are distributed among individual members in compliance with agreed rules.

Through Centrální depozitář cenných papírů, a.s., the Group receives a fee in the amount of 12.5% of the total interest and capital revenues for management of CLF resources.

4.15.2 Collateral Fund and Margin Fund

In relation to stock exchange trades in 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 the deposits of participants who trade in derivates.

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

4.16. Margin Deposits and Clearing Fund

As at 31 August 2013 the settlement and clearing the trades on "Prague energy stock" was secured by Centrální depozitář cenných papírů, a.s. and three individual central counterparties of the Group. Both the Margin Deposit and clearing fund were established in connection with trading on the commodity 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 accounting and settlement system of all trades realised on energy stock was replaced as at 1 September 2013 by the system operated by a prominent European clearing institution, European Commodity Clearing AG (hereinafter "ECC"). The purpose of this change is to provide a modern and flexible system of settlement which lets trading participants optimize the hedging of commodity contracts – a larger volume with significantly lower costs for hedging. All contracts traded on "Prague energy stock" were the objects of cross-margining (across markets, across products, across stocks, across commodities).

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

4.17. Accounting for Derivative Financial Instruments

Derivatives are initially recognized 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)".

4.18. Changes in Accounting Policies arising from the Adoption of New IFRS and Amendments to existing IAS effective since 1 January 2013

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 IASB which relate to its line of business, are applicable to the accounting period beginning on 1 January 2013 and were adopted by the European Union.

Impact of issued but not yet effective standards and interpretations

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

IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements

(Effective for annual periods beginning on or after 1 January 2014; Earlier application is permitted if IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied early.)

IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. IFRS 10 introduces new requirements to assess control that are different from the existing requirements in IAS 27 (2008). Under the new single control model, an investor controls an investee when:

- it is exposed or has rights to variable returns from its involvements with the investee;
- it has the ability to affect those returns through its power over that investee; and
- there is a link between power and returns.

The new Standard also includes the disclosure requirements and the requirements relating to the preparation of consolidated financial statements. These requirements are carried forward from IAS 27 (2008).

The Group does not expect the new standard to have any impact on the financial statements, since the assessment of control over its current investees under the new standard is not expected to change previous conclusions regarding the Group's control over its investees.

IFRS 11 Joint Arrangements

(Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively subject to transitional provisions. Earlier application is permitted if IFRS 10, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied early.)

IFRS 11, Joint Arrangements, supersedes and replaces IAS 31, Interest in Joint Ventures. IFRS 11 does not introduce substantive changes to the overall definition of an arrangement subject to joint control, although the definition of control, and therefore indirectly of joint control, has changed due to IFRS 10.

Under the new Standard, joint arrangements are divided into two types, each having its own accounting model defined as follows:
- a joint operation is one whereby the jointly controlling parties, known as the joint operators, have rights to the assets, and obligations for the liabilities, relating to the arrangement.
- A joint venture is one whereby the jointly controlling parties, known as joint venturers, have rights to the net assets of the arrangement.

IFRS 11 effectively carves out from IAS 31 jointly controlled entities those cases in which, although there is a separate vehicle for the joint arrangement, separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31, and are now called joint operations. The remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of equity accounting or proportionate consolidation; they must now always use the equity method in its consolidated financial statements.

The Group does not expect the new Standard will have a material impact on the financial statements.

IFRS 12 Disclosure of Interests in Other Entities

(Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively, except not required to present comparative information for unconsolidated structured entities for any periods before the first annual period for which IFRS 12 is applied. Earlier application is permitted.)

IFRS 12 requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities.

The Group does not expect the new Standard will have a material impact on the financial statements.

IAS 28 (2011) Investments in Associates and Joint Ventures

(Amendments effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 27 (2011) are also applied early.)

There are limited amendments made to IAS 28 (2008):
- Associates and joint ventures held for sale. IFRS 5, Non-current Assets Held for Sale and Discontinued Operations applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture.

Changes in interests held in associates and joint ventures. Previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control triggered remeasurement of any retained stake in all cases, even if significant influence was succeeded by joint control. IAS 28 (2011) now requires that in such scenarios the retained interest in the investment is not remeasured.

The Group does not expect the amendments to Standard to have material impact on the financial statements since it does not have any investments in associates or joint ventures that will be impacted by the amendments.

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

(Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however the additional disclosures required by Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities must also be made.)

The Amendments do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application.

The Amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:
- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The Group does not expect the Amendments to have any impact on the financial statements since it does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities

(Effective for annual periods beginning on or after 1 January 2014; early adoption is permitted; to be applied retrospectively subject to transitional provisions.)

The Amendments provide an exception to the consolidation requirements in IFRS 10 and requires qualifying investment entities to measure their investments in controlled entities – as well as investments in associates and joint ventures – at fair value through profit or loss, rather than consolidating them.

The consolidation exemption is mandatory (i.e. not optional), with the only exception being that subsidiaries that are considered as an extension of the investment entity's investing activities, must still be consolidated.

An entity qualifies as an investment entity if it meets all of the essential elements of the definition of an investment entity. According to these essential elements an investment entity:
- obtains funds from investors to provide those investors with investment management services;
- commits to its investors that its business purpose is to invest for returns solely from appreciation and/or investment income; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

The amendments also set out disclosure requirements for investment entities.

The Group does not expect the new standard to have any impact on the financial statements, since parent company does not qualify as an investment entity.

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

(Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however an entity shall not apply the amendments in periods (including comparative periods) in which it does not also apply IFRS 13.)

The Amendments clarify that recoverable amount should be disclosed only for individual assets (including goodwill) or cash-generated units for which an impairment loss was recognised or reversed during the period.

The Amendments also require the following additional disclosures when an impairment for individual assets (including goodwill) or cash-generated units has been recognised or reversed in the period and recoverable amount is based on fair value less costs to disposal:

- the level of IFRS 13 “Fair value hierarchy” within which the fair value measurement of the asset or cash-generating unit is categorised;
- for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique together with the reason for making it;
- for fair value measurements categorised within Level 2 and Level 3, each key assumption (i.e. assumptions to which recoverable amount is most sensitive) used in determining fair value less costs of disposal. If fair value less costs of disposal is measured using a present value technique, discount rate(s) used both in current and previous measurement should be disclosed.

The Group does not expect the new Standard will have a material impact on the financial statements.

Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting
(Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however an entity shall not apply the amendments in periods (including comparative periods) in which it does not also apply IFRS 13.)

The Amendments allows hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws and regulations, when the following criteria are met:

- The novation is made as a consequence of laws or regulations.
- A clearing counterparty becomes a new counterparty to each of the original counterparties of the derivative instrument.
- Changes to the terms of the derivative are limited to those necessary to replace the counterparty.

The Group does not expect the new Standard will have a material impact on the financial statements.

4.19. Application of IFRS 7 – Financial Instruments: Disclosures
The Group’s consolidated financial statements for the year ended 31 December 2013 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 recognizes the following types of financial instruments:

Financial instruments by class and category as at 31 December 2013

(in CZK thousand)

Categories	Loans and receivables	Securities held for trading	Financial liabilities	Financial assets held for trading (derivatives)	Financial liabilities held for trading (derivatives)
Classes					
Cash	370,444	–	–	–	–
Trade receivables	86,453	–	–	–	–
Securities held for trading	–	44,203	–	–	–
Other current assets	61,674	–	–	–	–
Other non-current assets	71	–	–	–	–
Trade payables	–	–	73,069	–	–
Liabilities from Margin Deposits	–	–	–	–	–
Current advances received	–	–	800	–	–
Other current liabilities	–	–	129,769	–	–
Short-term bank loans	–	–	450	–	–
Short-term financial liabilities	–	–	–	–	–
Long-term advances received	–	–	13	–	–
Total	**518,642**	**44,203**	**204,101**	**–**	**–**

Financial instruments by class and category as at 31 December 2012

(in CZK thousand)

Categories	Loans and receivables	Securities held for trading	Financial liabilities	Financial assets held for trading (derivatives)	Financial liabilities held for trading (derivatives)
Classes					
Cash	2,004,652	–	–	–	–
Trade receivables	132,730	–	–	–	–
Securities held for trading	–	43,319	–	–	–
Other current assets	112,241	–	–	–	–
Other non-current assets	71	–	–	–	–
Trade payables	–	–	137,335	–	–
Liabilities from Margin Deposits	–	–	1,798,190	–	–
Current advances received	–	–	–	–	–
Other current liabilities	–	–	91,815	–	133
Short-term bank loans	–	–	28,726	–	–
Long-term advances received	–	–	13	–	–
Total	**2,249,694**	**43,319**	**2,056,079**	**–**	**133**

Gains and losses by category of financial instruments for 2013

(in CZK thousand)

Categories	Loans and receivables	Securities held for trading	Financial liabilities	Financial assets held for trading (derivatives)	Financial liabilities held for trading (derivatives)
Interest income	1,474	–	–	–	–
Interest expense	–	–	(54)	–	–
Net trading income	–	967	–	–	–
Net financial income	73,762	–	(70,635)	(113)	317
Total	**75,236**	**967**	**(70,689)**	**(113)**	**317**

Gains and losses by category of financial instruments for 2012

(in CZK thousand)

Categories	Loans and receivables	Securities held for trading	Financial liabilities	Financial assets held for trading (derivatives)	Financial liabilities held for trading (derivatives)
Interest income	236	–	–	–	–
Interest expense	–	–	(191)	–	–
Net trading income	–	1,822	–	–	–
Net financial income	66,541	–	(67,985)	(3,902)	3,222
Total	**66,777**	**1,822**	**(68,176)**	**(3,902)**	**3,222**

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 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. Adjustment to receivables is created on the basis of the ageing structure and individual evaluation of the creditworthiness of debtors. Bad debts are written off after the bankruptcy of the debtor.

At 31 December 2013 and 31 December 2012 the Group recognized an impairment loss on trade receivables; court action is underway for their enforcement and the likelihood of payment is minimal.

5.2. Determination of fair value

For determination of the fair value of financial assets and liabilities without any current market price, the valuation techniques described in 4.4. are used. For financial instruments that are traded only rarely and which are of low price transparency, fair value is less objective and require various levels of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks that affect the specific amounts.

The Company determines fair value using the following hierarchical system that reflects the significance of inputs used in valuation:
– Level 1: prices of identical assets or liabilities quoted in active markets (unadjusted);
– Level 2: derived from objectively observable market data, either directly (i.e. prices of similar instruments) or indirectly (i.e., derivation from prices);
– Level 3: input data that are not based on objectively observable market data (inputs that cannot be determined objectively).

If there is no active market for the selected financial instrument, fair value is estimated using valuation techniques. When valuation techniques are applied, management makes estimates and assumptions that are based on available information as would be applied by participants in the market in determining the price of the financial instrument.

5.3. Income tax

The Group is subject to income tax 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 asset utilization.

In 2013, the Group reported a deferred tax liability mainly arising from temporary differences in fixed assets which will affect the corporate income tax base in future periods.

6. CASH

Cash as at 31 December 2013 and 2012 consists of the following balances:

(in CZK thousand)

	2013	2012
Cash in hand	578	682
Cash at bank	230,722	90,080
Stock Exchange Guarantee Fund and Collateral Fund	119,144	87,135
Term deposits	20,000	20,840
Margin Deposits for trades in electricity	–	1,805,915
Total cash	**370,444**	**2,004,652**

Due to changes in clearing and energy trade settlement, which since September 2013 the Group no longer secures, margin cash accounts were settled and closed (2012: TCZK 1,805,915).

7. TRADE RECEIVABLES

Trade receivables as at 31 December 2013 and 2012 consist of the following balances:

(in CZK thousand)

	2013	2012
Trade receivables	92,408	137,816
Adjustments to receivables	(5,955)	(5,086)
Total receivables (net)	**86,453**	**132,730**

Trade receivables mainly represent fee receivables from the activities of stock exchange members, participants in the settlement of investment instruments, electricity traders at the commodity exchange and fees for services for members of the central securities depository.

Impairment provisions can be analysed as follows:

(in CZK thousand)

	2013	2012
Balance as at 1 January	5,086	2,837
Additions to provisions	2,227	2,358
Release of provisions	(1,358)	(109)
As at 31 December	**5,955**	**5,086**

8. SECURITIES HELD FOR TRADING

(in CZK thousand)

	2013	2012
Traded debt securities and other variable yield securities	44,203	43,319

The Group has no securities transferred under repo operations (2012: TCZK 28,726).

9. OTHER CURRENT ASSETS

(in CZK thousand)

	2013	2012
Accrued income	948	310
Estimated receivables	35,586	24,015
Loans granted	–	75,041
Other financial assets	25,140	12,875
Financial assets	**61,674**	**112,241**
Prepayments	12,784	11,722
Short-term advances	503	924
Receivables from employees	30	29
Receivable from the state for VAT refund and CIT advances	30,925	96,931
Non-financial assets	**44,242**	**109,606**
Total	**105,916**	**221,847**

The Group shares the financial security of European Commodity Clearing Ag in OKTE, a.s. in the amount of TCZK 10,970; i.e. TEUR 400 (2012: TCZK 0). This amount of TEUR 400 was returned to the Group in January 2014.

10. TANGIBLE FIXED ASSETS

(in CZK thousand)

2013	Equipment	Fixtures and fittings	Other	Fixed assets under construction	Total
Cost					
As at 1 January 2013	97,228	10,711	14,279	275	122,493
Additions	3,751	554	–	–	4,305
Disposals	(5,155)	(1,052)	(2,773)	(275)	(9,255)
As at 31 December 2013	**95,824**	**10,213**	**11,506**	**–**	**117,543**
Accumulated depreciation					
As at 1 January 2013	79,294	8,311	12,361	–	99,966
Depreciation charge	10,654	676	1,046	–	12,376
Disposals	(5,155)	(1,052)	(2,773)	–	(8,980)
As at 31 December 2013	**84,793**	**7,935**	**10,634**	**–**	**103,362**
Net book value					
As at 1 January 2013	**17,934**	**2,400**	**1,918**	**275**	**22,527**
As at 31 December 2013	**11,031**	**2,278**	**872**	**–**	**14,181**

(in CZK thousand)

2012	Equipment	Fixtures and fittings	Other	Fixed assets under construction	Total
Cost					
As at 1 January 2012	96,093	9,940	13,572	208	119,813
Additions	1,592	1,218	1,591	275	4,676
Disposals	(457)	(447)	(884)	(208)	(1,996)
As at 31 December 2012	**97,228**	**10,711**	**14,279**	**275**	**122,493**
Accumulated depreciation					
As at 1 January 2012	68,922	8,367	12,399	–	89,688
Depreciation charge	10,821	391	829	–	12,041
Disposals	(449)	(447)	(867)	–	(1,763)
As at 31 December 2012	**79,294**	**8,311**	**12,361**	**–**	**99,966**
Net book value					
As at 1 January 2012	**27,171**	**1,573**	**1,173**	**208**	**30,125**
As at 31 December 2012	**17,934**	**2,400**	**1,918**	**275**	**22,527**

Tangible fixed assets of the Group predominantly include computers necessary to secure trading, central securities register and data store.

The additions to tangible fixed assets in the amount of TCZK 4,305 (in 2012: TCZK 4,676) mainly represent the purchase of IT (servers, computers).

11. INTANGIBLE FIXED ASSETS

(in CZK thousand)

2013	Incorporation costs	Software	Other	Intangible assets under construction	Total
Cost					
As at 1 January 2013	1,169	200,944	231,163	118	433,394
Additions	–	2,844	–	436	3,280
Disposals	–	(232)	–	(118)	(350)
As at 31 December 2013	**1,169**	**203,556**	**231,163**	**436**	**436,324**
Accumulated amortization					
As at 1 January 2013	1,169	139,512	49,789	–	190,470
Amortization charge	–	44,976	18,949	–	63,925
Disposals	–	(232)	–	–	(232)
As at 31 December 2013	**1,169**	**184,256**	**68,738**	**–**	**254,163**
Net book value					
As at 1 January 2013	**–**	**61,432**	**181,374**	**118**	**242,924**
As at 31 December 2013	**–**	**19,300**	**162,425**	**436**	**182,161**

(in CZK thousand)

2012	Incorporation costs	Software	Other	Intangible assets under construction	Total
Cost					
As at 1 January 2012	1,169	187,286	231,163	1,116	420,734
Additions	–	13,868	–	118	13,986
Disposals	–	(210)	–	(1,116)	(1,326)
As at 31 December 2012	**1,169**	**200,944**	**231,163**	**118**	**433,394**
Accumulated amortization					
As at 1 January 2012	1,075	90,958	30,791	–	122,824
Amortization charge	94	48,712	18,998	–	67,804
Disposals	–	(158)	–	–	(158)
As at 31 December 2012	**1,169**	**139,512**	**49,789**	**–**	**190,470**
Net book value					
As at 1 January 2012	**94**	**96,328**	**200,372**	**1,116**	**297,910**
As at 31 December 2012	**–**	**61,432**	**181,374**	**118**	**242,924**

The most significant items of intangible assets of the Group are valuated database records of SCP and the purchase of software licences associated with the activities of the central securities depository. The Group spent TCZK 400,766 on the purchase of these assets in 2011 and 2010.

Another significant part of intangible assets of the Group are the operating system, applications used for development and software programs necessary to secure the continuity of stock trading and settlement of transactions with investment instruments.

The Group has unfinished intangibles in the amount of TCZK 436 (2012: TCZK 118). The amount is related to the implementation of a system to store and manage archived data.

12. OPERATING LEASES

As at 31 December 2013, the Company has cars under operating leases. The total value of lease payments paid in 2013 amounted to TCZK 3,179 (2012: TCZK 2,962). The companies of the Group are located in rented premises. In 2013, the amount for the rent of these premises was TCZK 11,311 (2012: TCZK 10,858).

The Company has the following contractual obligations in respect of operating leases:

(in CZK thousand)

	2013	2012
Due in 1 year	7,734	13,398
Due in 1–5 years	47,234	36,319
Due in more than 5 years	–	10,602
Total	**54,968**	**60,319**

13. TRADE PAYABLES

(in CZK thousand)

	2013	2012
Trade payables from electricity trading	57,982	122,789
Other trade payables	15,087	14,546
Total	**73,069**	**137,335**

No trade payables were overdue as at 31 December 2013 and 31 December 2012.

14. LIABILITIES FROM MARGIN DEPOSITS

(in CZK thousand)

Financial liabilities	2013	2012
Liabilities from electricity and derivatives trading (margin deposits)	–	1,798,190

Securities margin deposits were covered by a bank guarantee as at 31 December 2012 in the amount of TCZK 423,866.

15. OTHER LIABILITIES

(in CZK thousand)

	2013	2012
Accrued expenses	3,114	3,364
Estimated payables	31	1,067
Payables from received guarantees for lent securities (Collateral Fund)	126,153	87,135
Other payables	471	249
Financial liabilities	**129,769**	**91,815**
Payables to staff	9,998	17,251
Social security and health insurance payables	5,105	6,287
Estimated payables	15,257	1,629
Other payables	5,736	7,960
Non-financial liabilities	**36,096**	**33,127**
Other current liabilities	**165,865**	**124,942**

Accrued expenses in 2013 consist of accrued revenues for the services of the Group.

Estimated payables comprise estimated expenses for services associated with the lease of the Stock Exchange Palace building, for advisory services and wages and salaries.

16. BANK LOANS

The Group has a general agreement with Komerční banka, a.s. to provide a credit line in the amount of TUSD 300, i.e. TCZK 5,968 (2012: TCZK 5,717). For the period ended 31 December 2013, the Group used a credit line in the amount of TCZK 3,500 (2012: TCZK 3,500).

The Group also has an agreement with Komerční banka, a.s. for bank payment guarantees, in order to protect the Company's commitment to OKTE, a.s., in the amount of TEUR 440, i.e. TCZK 12,067. (2012: TEUR 440, TCZK 11,062).

The Group has cancelled an agreement with Komerční banka, a.s. for a bank guarantee to ensure the commitment to the OTE, a.s. in the amount of TCZK 20,000 (2012: TCZK 20,000).

The Group has an general agreement with Komerční banka, a.s. for bank payment guarantees in order to protect its liability to European Commodity Clearing AG in the amount of TEUR 1,500, i.e. TCZK 41,138 (2012: TCZK 0).

The Group has a general agreement with Komerční banka, a.s. to provide a credit line in the amount of TCZK 100,000 (2012: TCZK 220,000). The Group has undrawn commitments as at 31 December 2013 in the amount of TCZK 100,000 (2012: TCZK 220,000). The balance sheet liability as at 31 December 2013 was TCZK 0 (2012: TCZK 0).

Since 2013 the Group has a general agreement with UniCredit Bank Czech Republic and Slovakia, a.s. for using a bank overdraft up to the amount of TEUR 3,000, i.e. TCZK 82,275 (2012: TCZK 0). The Group has available undrawn commitments as at 31 December 2013 in the amount of TEUR 2,984, i.e. TCZK 81,825 (2012: TEUR 0, i.e. TCZK 0). The balance sheet liability as at 31 December 2013 was TEUR 16, i.e. TCZK 450 (2012: TCZK 0).

The Group has also a general agreement with UniCredit Bank Czech Republic and Slovakia, a.s. for a bank guarantee to ensure the commitment to the Magyar Energia Hivatal in the amount of HUF 1,000,000, i.e. TCZK 92 (2012: TCZK 86).

17. OTHER SHORT-TERM FINANCIAL LIABILITIES

The Group has no short-term financial liability (2012: TCZK 28,726) resulting from the transfer of trade securities under repo operations.

18. SHORT-TERM ADVANCES RECEIVED

In 2013 a short-term advance in the amount of TCZK 800 (2012: TCZK 0) was received in connection with the activities of the Stock Exchange Court of Arbitration. In March 2014 this advance will be settled.

19. DEFERRED TAX

Deferred income tax is recognized 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 realized or the deferred income tax liability is settled.

The Group records a deferred tax liability in any case. The Group only claims receivables which it expects to apply in future periods.

The Group recognizes a deferred tax receivable as at 31 December 2013 in the amount of TCZK 3,269 (2012: TCZK 2,458) due to tax losses from current and previous periods. The Group does not claim this receivable as it does not expect to apply it in future periods.

Deferred income tax assets/(liabilities) are attributable to the following items arising from temporary differences:

(in CZK thousand)

	2013	2012
Fixed assets	(14,760)	(11,689)
Provisions	28	2,987
Other	(1,486)	498
Deferred tax asset/(liability)	**(13,246)**	**(8,204)**

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

(in CZK thousand)

	2013	2012
As at 1 January	(8,204)	(6,172)
Tax charge per the statement of comprehensive income (Note 28.)	(5,042)	(2,032)
As at 31 December	**(13,246)**	**(8,204)**

20. PROVISIONS

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

(in CZK thousand)

	2013	2012
Remuneration provision	147	3,208
Provision for bonuses to fees	–	12,513
Total provisions	**147**	**15,721**
Impact on profit creation/(release)	**(15,574)**	**5,356**

In 2013, the Group did not create provision for bonuses to fees for services provided to issuers according to the price list valid until 1 January 2014, because of the potentially insignificant use of the bonuses. In 2012 provisions in the amount of TCZK 12,513 were created for bonuses to fees for services provided to issuers according to the price list valid until 31 December 2013.

(in CZK thousand)

	Remuneration	Drawing of bonuses to fees	Total
1 January 2013	3,208	12,513	15,721
Use of provision	(3,108)	(498)	(3,606)
Release of provision	(100)	(12,015)	(12,115)
Creation of provision	147	–	147
31 December 2013	**147**	**–**	**147**

21. SHARE CAPITAL AND SHAREHOLDERS' FUNDS

Share capital

The balance of the Company's share capital recorded in the Commercial Register comprises of 265,216 registered common shares with a nominal value of CZK 1,000 per share as at 31 December 2013 and 2012.

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 Exchange Chamber. The approval is subject to the consent of a qualified two-thirds majority of the Exchange Chamber members in attendance.

The Company is obliged to repurchase own shares if the 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.

In 2013, the Company repurchased 20 pieces of own shares for a purchase price of TCZK 100 in the nominal value of TCZK 20 from the shareholder Merx, a.s, which owned these shares until 30 September 2013.

The Company did not sell to its shareholders any of its own shares in 2013 and 2012.

Other funds

(in CZK thousand)

	31 December 2013	31 December 2012
Other capital funds	9,900	9,900
Statutory reserve fund	70,916	67,120
Total	**80,816**	**77,020**

Other capital funds represent part of the share capital of the subsidiary Centrální depozitář cenných papírů a.s. of TCZK 9,900 that 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.

22. REVENUES

The following table sets out the structure of revenues:

		2013		2012
	Volume (in CZK thousand)	Structure (in %)	Volume (in CZK thousand)	Structure (in %)
Exchange charges	80,882	16.2	101,899	19.8
out of which: – trading charges	25,131	5.0	40,916	8.0
– information services	36,516	7.3	39,340	7.6
– listing charges	11,875	2.4	12,439	2.4
– membership fees	7,360	1.5	9,200	1.8
– trading charges – derivatives	–	0.0	4	0.0
Revenues from central depository services	254,982	51.0	255,323	49.6
Revenues from settlement of trades	88,663	17.7	86,600	16.8
Revenues of PXE from electricity trading	47,765	9.6	44,948	8.7
Revenues from securities custody and administration	6,985	1.4	7,724	1.5
Revenues from other services	20,421	4.1	17,805	3.5
Revenues from mediation of payments of revenues from securities	158	0.0	161	0.0
Total revenues	**499,856**	**100.0**	**514,460**	**100.0**

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

23. COST OF SERVICES AND MATERIAL

The following table sets out the structure of purchased services:

(in CZK thousand)

	2013	2012
Consumed material	(2,224)	(2,099)
Total material used	**(2,224)**	**(2,099)**
Rent	(21,536)	(22,578)
Outsourcing (security, payroll)	(1,193)	(1,174)
Custody	(24)	(24)
Other services (member fees to associations, information services, carriage)	(74,449)	(78,828)
Professional advisory services (tax and legal)	(6,687)	(6,643)
Audit services	(3,320)	(3,000)
Repairs and maintenance	(1,147)	(1,807)
Advertising and promotion	(7,725)	(8,786)
Travel and representation expenses	(3,559)	(4,568)
Total services used	**(119,640)**	**(127,408)**
Total	**(121,864)**	**(129,507)**

The Company's auditor, KPMG Česká republika Audit, s.r.o., did not provide to the Group any other material services than the statutory audit of 2013 and 2012.

24. EMPLOYEE BENEFIT EXPENSES

(in CZK thousand)

	2013	2012
Wages	(95,050)	(96,497)
Statutory social and health insurance	(28,847)	(26,151)
Other employee expenses	(5,693)	(5,540)
Total	**(129,590)**	**(128,188)**

The Group provides monetary remuneration to the members of the Exchange Chambers, Boards of Directors and Supervisory Boards for the fulfilment of their functions.

Accordingly, the members of the Exchange Chambers, Boards of Directors and Supervisory Boards obtained remuneration in the amount of TCZK 8,428 (2012: TCZK 7,350).

25. DEPRECIATION AND AMORTIZATION EXPENSES

(in CZK thousand)

	2013	2012
Depreciation of tangible fixed assets (Note 10.)	(12,376)	(12,041)
Amortization of intangible fixed assets (Note 11.)	(63,925)	(67,804)
Total	**(76,301)**	**(79,845)**

26. OTHER NET OPERATING REVENUES/EXPENSES

Other operating income/(expenses) are as follows:

(in CZK thousand)

	2013	2012
Other operating income	8,130	10,774
Change in operating provisions and allowances (Note 7. and 20.)	(869)	(1,437)
Insurance premium	(2,165)	(2,134)
Gifts	(194)	(496)
Unclaimed VAT	(1,476)	(956)
Other taxes and fees	(308)	(264)
Other operating expenses	(8,058)	(9,508)
Total	**(4,940)**	**(4,021)**

Other operating income consisted primarily of fees for suspended and unsettled trades of TCZK 5,734 (2012: TCZK 6,040) and fees for inter-bank payments of TCZK 73 (2012: TCZK 2,064).

Other operating expenses constitute primarily the costs for administration of foreign securities in the amount of TCZK 5,306 (2012: TCZK 5,779). Another significant amount is represented by fees for giro payments to CNB of TCZK 75 (2012: TCZK 1,058), and adjustments to receivables in the amount of TCZK 729 (2012: TCZK 45).

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 No. 235/2004. Consequently the Group is registered under a joint VAT identification number. As at 1 January 2011, the Group expanded to include CENTRAL COUNTERPARTY, a.s., Central Clearing Counterparty, a.s. and Energy Clearing Counterparty, a.s.

The Group recognizes the cost to apply the amount of VAT that cannot be claimed as a tax deductible item in the VAT return. At the same time, the Group recognizes other operating revenues in connection with settled coefficients in the amount of TCZK 1,905 (2012: TCZK 2,217).

27. NET FINANCIAL INCOME/EXPENSES

Net financial income/expenses are made up as follows:

(in CZK thousand)

	2013	2012
Net trading income	967	(1,822)
Interest income	1,474	236
Interest expense	(54)	(191)
Net result from transactions with derivatives	204	(680)
Other financial income/(expense)	3,127	(1,444)
Net financial income	**5,718**	**(257)**

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

28. INCOME TAX EXPENSE

Income tax expense can be analysed as follows:

(in CZK thousand)

	2013	2012
Income tax payable – current period	29,822	32,704
Deferred tax (Note 21.)	5,042	2,032
Additional corporate income tax payment/(refund)	(1,849)	(1,653)
Total income tax	**33,015**	**33,083**

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

(in CZK thousand)

	2013	2012
Profit before tax	**172,879**	**172,642**
Theoretical tax calculated at a tax rate of 19% (2012: 19%)	32,847	32,802
Income not subject to tax	(60)	(200)
Expenses not deductible for tax purposes	2,077	2,212
Other	(1,849)	(1,731)
Total income tax expense	**33,015**	**33,083**

Tax in the statement of financial position:

(in CZK thousand)

	2013	2012
Income tax payable – current period	(29,822)	(32,704)
Income tax advance payments	34,050	30,135
Income tax (payable)/receivable	**4,228**	**(2,569)**

29. RETAINED EARNINGS

(in CZK thousand)

	2013	2012
Retained earnings from prior years	**210,234**	**185,859**
Profit for the period	139,864	139,559
Dividends paid	(138,167)	(111,656)
Allocations to other funds	(3,796)	(3,528)
Other comprehensive income	–	–
Retained earnings as at 31 December	**208,135**	**210,234**

30. ASSOCIATED FUNDS OF SEGF (CLF, FROM 30 NOVEMBER 2013) AS AT 31 DECEMBER 2013 NOT RECOGNIZED IN THE BALANCE SHEET

(in CZK thousand)

2013			
Bank accounts	20,001		
Fixed income securities held to maturity	9,985	Liabilities to members of CLF	29,986
Total assets	**29,986**	**Total liabilities**	**29,986**

(in CZK thousand)

2012			
Bank accounts	41,573	Liabilities to members of association	41,573
Total assets	**41,573**	**Total liabilities**	**41,573**

31. FAIR VALUES 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.

The following table analyzes book values and fair values of financial assets and liabilities which are not reported in their fair value in the Group's statement of financial position.

(in CZK thousand)

		2013		2012
	Fair Value	Accounting Value	Fair Value	Accounting Value
Financial assets				
Trade receivables	86,453	86,453	132,730	132,730
Other current assets	105,916	105,916	221,847	221,847
Financial Liabilities				
Trade payables	73,069	73,069	137,335	137,335
Margin trade payables	–	–	1,798,190	1,798,190
Short-term advance	800	800	–	–
Other liabilities	129,769	129,769	91,814	91,814
Short-term bank loans	450	450	–	–
Long-term advances received	13	13	13	13
Short-term financial liabilities	–	–	28,726	28,726

Fair value of above reported items is equal to their book value as these assets and liabilities are with short maturities, except from long-term advances received, whose amount is insignificant within the Group's financial liabilities.

32. MANAGEMENT OF CREDIT RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group actively reduces the credit risk that arises mainly on the settlement of trades in 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 authorization for their current accounts.

The Group actively reduces the credit risk of its investments in securities. The investment strategy remains 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, secondary and open market of the Prague Stock Exchange, into mortgage bonds of Czech issuers, bonds traded in the markets of OECD member states denominated in Czech crowns and in 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

(in CZK thousand)

	2013	2012
Cash	370,444	2,004,652
Trade receivables	86,453	132,730
Securities held for trading	44,203	43,319
Other current assets	61,674	112,241
Other non-current assets	71	71
Total	**562,845**	**2,293,013**

Quality of financial assets which are not overdue or impaired

(in CZK thousand)

S&P rating 2013	AAA	AA- to AA+	A- to A+	BBB	No rating	Total
Securities held for trading	44,203	–	–	–	–	44,203
Cash	–	754	369,112	–	578	370,444
Trade receivables	–	–	–	–	86,453	86,453
Other financial assets	–	–	–	–	61,674	61,674
Other non-current assets	–	–	–	–	71	71
Total	**43,203**	**754**	**369,112**	**–**	**148,776**	**562,845**

(in CZK thousand)

S&P rating 2012	AAA	AA- to AA+	A- to A+	BBB	No rating	Total
Securities held for trading	43,319	–	–	–	–	43,319
Cash	–	1,503	2,002,467	–	682	2,004,652
Trade receivables	–	–	–	–	132,730	132,730
Other financial assets	–	–	–	–	112,241	112,241
Other non-current assets	–	–	–	–	71	71
Total	**43,319**	**1,503**	**2,002,467**	**–**	**245,724**	**2,293,013**

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

2013	
Komerční banka, a.s.	A
Československá obchodní banka, a. s.	A
UniCredit Bank Czech Republic, a.s.	Rating not available, though its 100% shareholder UniCredit Bank Austria AG, Österreich, has an A- rating.
Clearstream bank	AA
EIB	AAA

2012	
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 its 100% shareholder Bank Austria Creditanstalt AG, Österreich, has an A rating.
Clearstream bank	AA
EIB	AAA

Trade receivables arise mainly from fees for services that the Group provides to the participants of trade and settlement and to other parties. 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

(in CZK thousand)

	2013	2012
Individually impaired financial assets	5,955	5,247
Allowances	5,955	5,086
out of which: – receivables in the liquidation	1,155	1,187
– receivables under forces administration	549	1,279

Overdue financial assets, not impaired

The Group records past due receivables of TCZK 1,038 as at 31 December 2013 (2012: TCZK 1,197).

(in CZK thousand)

Year	Ageing structure – overdue financial assets, not impaired					
	up to 90 days	up to 180 days	up to 360 days	more than 1 year	2 years and more	Total
2013	463	222	353	–	–	1,038
2012	678	217	302	–	–	1,197

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 to cover the lack of financial resources blocked by excessive deduction of value added tax (Point 16.).

Considering the fact that most financial assets and liabilities are non-interest-bearing and are recognized in the nominal value; the actual residual maturity corresponds to the timing of the expected future cash flows.

The Group uses only liquid financial resources.

Trade payables as at 31 December 2013 and 2012 are due within three months.

Liabilities from margin deposits in the amount of TCZK 0 (2012: TCZK 1,798,190) represent payables from the settlement of trades in electricity and financial derivatives. These payables are due within one month.

Other financial liabilities comprise mostly received collateral related to borrowed securities in the amount of TCZK 126,153 (2012: TCZK 87,135). These payables are due within three months.

Derivatives

The Group had no outstanding derivative contracts as at 31 December 2013.

As at 31 December 2012 the Group had outstanding derivative contracts:

Purchase EUR	Payment (in CZK thousand)	Receipt (in EUR thousand)	Settlement date	Nominal value as at 31 December 2012 (in CZK thousand)	Fair value as at 31 December 2012 (in CZK thousand)
FX swap – forward	14,565	574	25 January 2013	14,431	(133)
Negative fair value of derivatives					**(133)**

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

Sensitivity analysis of 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 value added tax outside the Czech Republic. This results in a time discrepancy of cash flows and currencies between receiving the VAT tax refund in Czech crowns and meeting its obligations regarding payments to electricity suppliers in a foreign currency, i.e. in EUR.

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

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 in 2013 and 2012. As at 31 December 2013 the Group had no 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 2014. 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) financial assets and liabilities (excluding derivatives):
Depreciation scenario: If the exchange rate of EUR to CZK increases by CZK 3 as at 31 December 2013, the financial loss decreases by TCZK 4,561 (2012: financial loss decreases by TCZK 3,562) with respect to the translation of assets and liabilities denominated in EUR with a corresponding increase in profit before tax for 2013.

Appreciation scenario: If the exchange rate of EUR to CZK decreases by CZK 3.5 as at 31 December 2013, the financial loss increases by TCZK 5,322 (2012: financial loss increases by TCZK 4,156) with respect to the translation of assets and liabilities denominated in EUR with a corresponding decrease in profit before tax for 2013.

The following table shows the currency position of the Group as at 31 December 2013:

(in CZK thousand)

	CZK	EUR	USD and other	Total
Assets				
Cash	341,943	28,523	(22)	370,444
Trade receivables (net)	28,136	58,317	–	86,453
Income tax receivable	4,228	–	–	4,228
Advance payments made and other current assets	88,039	17,827	50	105,916
Securities held for trading at fair value	44,203	–	–	44,203
Tangible fixed assets	14,181	–	–	14,181
Intangible fixed assets	182,161	–	–	182,161
Other non-current assets	71	–	–	71
Total assets	**702,962**	**104,667**	**28**	**807,657**
Liabilities				
Trade payables	9,956	62,516	597	73,069
Taxes and other payables	165,865	–	–	165,865
Current advances received	800	–	–	800
Short-term bank loans	–	450	–	450
Provisions	147	–	–	147
Long-term advances received	13	–	–	13
Deferred tax liability	13,246	–	–	13,246
Shareholders’ equity	554,067	–	–	554,067
Total liabilities	**744,094**	**62,966**	**597**	**807,657**
Net currency position as at 31 December 2013	**(41,132)**	**41,701**	**(569)**	**–**

The following table shows the currency position of the Group as at 31 December 2012:

(in CZK thousand)

	CZK	EUR	USD and other	Total
Assets				
Cash	127,141	1,877,497	14	2,004,652
Trade receivables (net)	64,837	67,893	–	132,730
Advance payments made and other current assets	214,053	7,794	–	221,847
Securities held for trading at fair value	43,319	–	–	43,319
Tangible fixed assets	22,527	–	–	22,527
Intangible fixed assets	242,924	–	–	242,924
Other non-current assets	71	–	–	71
Total assets	**714,872**	**1,953,184**	**14**	**2,668,070**
Liabilities				
Trade payables	11,648	125,142	545	137,335
Taxes and other payables	2,569	0	–	2,569
Liabilities from margin deposits	–	1,798,190	–	1,798,190
Other liabilities	124,809	–	–	124,809
Liabilities from derivative transactions	133	–	–	133
Other current financial liabilities	28,726	–	–	28,726
Provisions	15,721	–	–	15,721
Long-term advances received	13	–	–	13
Deferred tax liability	8,204	–	–	8,204
Shareholders' equity	552,370	–	–	552,370
Total liabilities	**774,193**	**1,923,332**	**545**	**2,668,070**
Net currency position as at 31 December 2013	**(29,321)**	**(29,852)**	**(531)**	**–**

Interest rate risk

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.

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. Assets and liabilities that are not interest-bearing are grouped in the "Undefined" category.

Interest rate sensitivity analysis

The Group considers the impact of a change in market interest rates on the value of assets and liabilities denominated in any currency and recognized in the Group's statement of financial position as immaterial. This is due to low interest sensitivity of these assets and liabilities.

Interest rate sensitivity as at 31 December 2013

(in CZK thousand)

	Up to 3 months	3 months to 1 year	1 to 5 years	Not specified	Total
Assets					
Cash	370,444	–	–	–	370,444
Trade receivables	–	–	–	86,453	86,453
Tax income receivable	–	–	–	4,228	4,228
Advance payments made and other current assets	–	–	–	105,916	105,916
Securities held for trading at fair value	44,203	–	–	–	44,203
Tangible fixed assets	–	–	–	14,181	14,181
Intangible fixed assets	–	–	–	182,161	182,161
Other non-current assets	–	–	–	71	71
Total assets	**414,647**	**–**	**–**	**393,010**	**807,657**
Liabilities					
Trade payables	–	–	–	73,069	73,069
Taxes and other payables	–	–	–	165,865	165,865
Current advances received	–	–	–	800	800
Short-term bank loans	450	–	–	–	450
Provisions	–	–	–	147	147
Long-term advances received	–	–	–	13	13
Deferred tax liability	–	–	–	13,246	13,246
Shareholders’ equity	–	–	–	554,067	554,067
Total liabilities and equity	**450**	**–**	**–**	**807,207**	**807,657**
Net interest risk as at 31 December 2013	**414,197**	**–**	**–**	**(414,197)**	**–**

Interest rate sensitivity as at 31 December 2012

(in CZK thousand)

	Up to 3 months	3 months to 1 year	1 to 5 years	Not specified	Total
Assets					
Cash	2,004,652	–	–	–	2,004,652
Trade receivables	–	–	–	132,730	132,730
Advance payments made and other current assets	–	–	–	221,847	221,847
Securities held for trading at fair value	43,319	–	–	–	43,319
Tangible fixed assets	–	–	–	22,527	22,527
Intangible fixed assets	–	–	–	242,924	242,924
Other non-current assets	–	–	–	71	71
Total assets	**2,047,971**	**–**	**–**	**620,099**	**2,668,070**
Liabilities					
Trade payables	–	–	–	137,335	137,335
Current Tax income	–	–	–	2,569	2,569
Liabilities from margin deposits	1,798,190	–	–	–	1,798,190
Other liabilities	–	–	–	124,809	124,809
Current advances received	–	–	–	133	133
Other current financial liabilities	28,726	–	–	–	28,726
Provisions	–	–	–	15,721	15,721
Long-term advances received	–	–	–	13	13
Deferred tax liability	–	–	–	8,204	8,204
Shareholders' equity	–	–	–	552,370	552,370
Total liabilities and equity	**1,826,916**	**–**	**–**	**841,154**	**2,668,070**
Net interest risk as at 31 December 2012	**221,055**	**–**	**–**	**(221,056)**	**–**

35. FAIR VALUE LEVELS

The following table analyzes financial assets reported in fair value according to quality of inputs used for the valuation:

(in CZK thousand)

Financial assets	Level 1	Level 2	Level 3	Total
2013				
Securities held for trading				
Debt securities	–	44,203	–	44,203

(in CZK thousand)

Financial assets 2012	Level 1	Level 2	Level 3	Total
Securities held for trading				
Debt securities	–	43,319	–	43,319
Other current assets				
Positive fair value of derivatives	–	(133)	–	(133)

In 2013 or 2012 there was no movement between the levels.

36. CAPITAL MANAGEMENT

Individual items included in equity are presented in the Statement of changes in equity.

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

The primary business objective of the Group is to ensure smooth execution of exchange trades and their settlement. For the purposes of effective settlement and reducing credit risk (settlement risk), the The Group accepts financial contributions from market participants to the Collateral Fund, Margin fund, clearing fund and Margin Deposits of the commodity exchange and fees for services provided.

The dividend policy is the main tool for the capital management.

The planned dividend for 2013 for the Group shareholders amounts to CZK 541 per share (2012: CZK 521 per share).

37. RELATED PARTIES

Effective from 8 December 2008, CEESEG Aktiengesellschaft (former Wiener Börse, AG) became the majority shareholder of the Group.

CEESEG Aktiengesellschaft owns as at 31 December 2013:
- 100% share of Wiener Börse AG;
- 92.74% share of Burza cenných papírů Praha, a.s.;
- 100% share of Ljubljanska borza, d.d., Ljubljana, and
- 50.45% share of Budapest Stock Exchange.

The Group registered no loan to related parties as at 31 December 2013 (2012: TCZK 75,000). Interest income from related parties amounted to TCZK 1,199 in 2013 (2012: TCZK 41).

The Company recognizes the following transactions with Wiener Börse AG:

(in CZK thousand)

Subject	2013	2012
Revenues	**35,918**	**24,119**
Agreement on information sale cooperation	35,794	24,006
Agreement on PX index trading	124	113
Services	**5,026**	**1,609**
Agreement on technical trading system Xetra®	5,003	1,609
Maintenance ADONIS	23	–
Trade receivables	**123**	**113**
Agreement on PX index trading	123	113
Other current assets	**35,794**	**24,006**
Agreement on information sale cooperation	35,794	24,006
Trade payables	**3,912**	**1,528**
Agreement on technical trading system Xetra®	3,889	1,528
Maintenance ADONIS	23	–

38. 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.

(in CZK thousand)

	2013	2012
Cash and balances with banks (Note 6.)	370,444	2,004,652
Total	**370,444**	**2,004,652**

39. SUBSEQUENT EVENTS

In the Group there have been no events since the balance sheet date that would have a material impact on the financial statements as at 31 December 2013.

In 2014 The Group provided a loan to CEESEG Aktiengesellschaft in the amount of TCZK 100,000; due 7 December 2014 with interest of 1Y PRIBOR + 0.75% p. a.

Subsequent events with an impact on the future development of the Group:

- Energy Clearing Counterparty, a.s. became as at 1 January 2014 the successor of the dissolving companies CENTRAL COUNTERPARTY, a.s., ID No. 27122689 and Central Clearing Counterparty, a.s., ID No. 28381696. Energy Clearing Counterparty, a.s. will take over the estate of the dissolving companies, which included rights and duties resulting from labour relations.

Prague, 14 March 2014

Petr Koblic
Chairman of the Exchange Chamber

David Kučera
Member of the Exchange Chamber

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

Independent Auditor's Report to the Shareholders of Burza cenných papírů Praha, a.s.

Non-consolidated 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 Burza cenných papírů Praha, 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 Burza cenných papírů Praha, 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 Burza cenných papírů Praha, a.s. as of 31 December 2013 and of its financial performance for the year then ended in accordance with Czech accounting legislation."

Consolidated Financial Statements

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

"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 2013, 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 consolidated financial statements.

Statutory Body's Responsibility for the Consolidated Financial Statements

The statutory body of Burza cenných papírů Praha, a.s. is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as the statutory body determines are necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 give a true and fair view of the financial position of Burza cenných papírů Praha, a.s. as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union."

Report on relations between related parties

On the basis of our review of the factual accuracy, on 28 March 2014 we issued an auditor's report on the report on relations between related parties, which are included in this annual report, and our report was as follows:

"We have 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 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 Burza cenných papírů Praha, 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 non-consolidated and consolidated 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 non-consolidated and consolidated 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 non-consolidated and consolidated financial statements is, in all material respects, consistent with the audited non-consolidated and consolidated 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 consolidated annual report is, in all material respects, consistent with the audited non-consolidated and consolidated financial statements.

Prague
18 April 2014

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