



The Prague Stock Exchange is the largest and oldest organizer of the securities market in the Czech Republic. At the end of 2008, Wiener Börse AG became the majority shareholder of the Exchange.

It is the mission of Prague Stock Exchange to create optimal conditions for issuers and investors. Emphasis is especially placed on a highly accommodating approach, a consistently high standard of services and constant improvement of investment opportunities. The Exchange takes advantage of its own platform allowing for prompt reactions to changes and new market demands.

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## Company Profile

The Prague Stock Exchange (PSE) is the largest and oldest organizer of the securities market in the Czech Republic. Trading is conducted via licensed traders who are also Exchange members. By law it is a joint stock company and Wiener Börse AG is the largest shareholder in the Exchange, holding 92.739% of shares. The General Meeting of Shareholders is the supreme executive body, while the Exchange Chamber is the statutory body managing the Exchange's operations and the Supervisory Board supervises its operations and overall functioning. The Company is managed by the Chief Executive Officer, who is appointed and removed by the Exchange Chamber.

Results of Exchange trades and other data are published on [www.pse.cz](http://www.pse.cz), and further communicated via information agencies or media.

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

## Highlights of 2008/2009

### 5 February 2008

Commencement of the trading of shares issued by VIG, ISIN AT0000908504. The shares are thus traded simultaneously at Prague Stock Exchange and Vienna Stock Exchange.

### 4 March 2008

Commencement of the trading of ten new issues of investment certificates issued by Raiffeisen Centrobank AG.

### 5 March – 12 May 2008

Commencement of the trading of five new investment certificates issued by Volksbank AG.

### 25 March 2008

The amended principles for updating the PX Index base came into effect. The most important change is now the possibility of including dually quoted issues in the index, with the 6-month volume of trades at Prague Stock Exchange lower than 10% against the primary market.

### 1 April 2008

Trading days at Prague Stock Exchange are extended by fifteen minutes. It is now possible to conclude trades from 9:10 in the Continual Regime and from 9:15 in the SPAD Segment. The closing of trading remains unchanged.

### 6 April 2008

Prague Stock Exchange completed fifteen years of trading, which was originally launched on 6 April 1993. Since the beginning of the trading, shares in the total of value of CZK 5.5 trillion have been sold, together with bonds in the total value of CZK 10.4 trillion.

### 6 May 2008

Commencement of conditional trading of NWR shares, ISIN NL0006282204, issued by New World Resources, which by means of its subsidiary OKD is the largest mining company in the Czech Republic. This is the largest IPO in the history of the Czech capital market.

### 10 July 2008 – 2 October 2008

Commencement of the trading of 23 new issues of investment certificates issued by Raiffeisen Centrobank AG.

### 7 November 2008

Dalkia Česká republika, a.s., launched a new issue of DALKIA ČR 4.24/15 bonds on Prague Stock Exchange.

### 7 November 2008

An agreement signed for the purchase of 92.739% shares in Prague Stock Exchange by Wiener Börse AG.

### 26 November 2008

Commencement of the trading of HZL RBCZ 4.30/13 mortgage bonds issued by Raiffeisenbank, a.s.

### 2 – 22 December 2008

Commencement of the trading of fifteen new issues of investment certificates issued by Raiffeisen Centrobank AG.

### 8 December

Wiener Börse AG becomes the majority shareholder of Prague Stock Exchange, holding a share of 92.739% in the Exchange's registered capital. The sale of the majority share was successfully completed with the transfer of the shares to Wiener Börse AG.

### 22 December 2008

Československá obchodní banka, a.s. launched a new issue of ČSOB VAR/18 bonds on Prague Stock Exchange.

### 7 January 2009

GREENVALE a.s. launched a new issue of GREENVALE VAR/14 bonds on Prague Stock Exchange.

### 9 January 2009

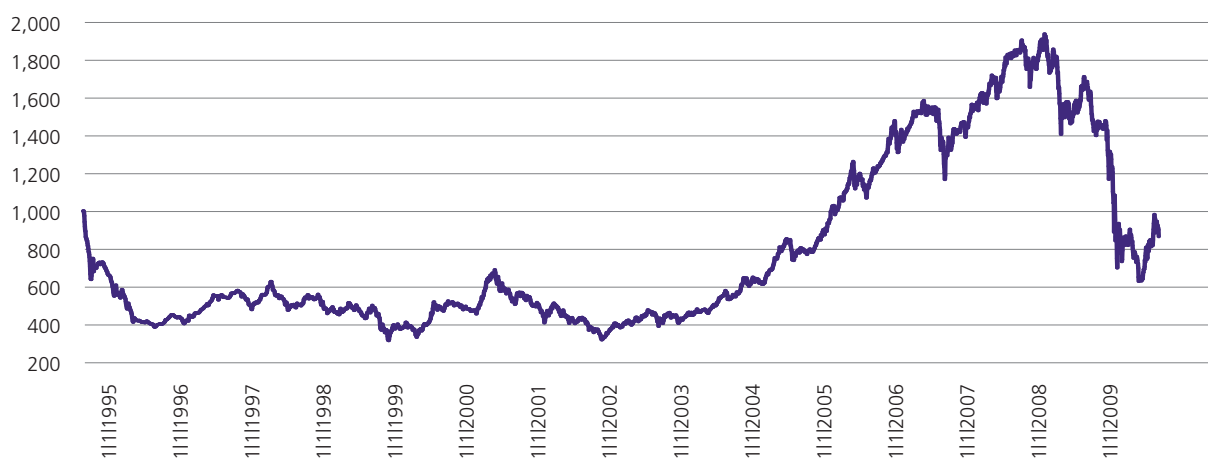
Commencement of the trading of two new issues of investment certificates issued by Österreichische Volksbanken AG.

### 5 March 2009

In cooperation with Czech TV, a new modern studio was opened in the vestibule of the Exchange Palace. The Exchange TV Studio has been informing viewers for more than a year, offering more than 1000 regular and special reports informing about the development on capital markets.

## Selected Indicators

### Overall Development of PX Index (5 April 1994 – 29 May 2009)

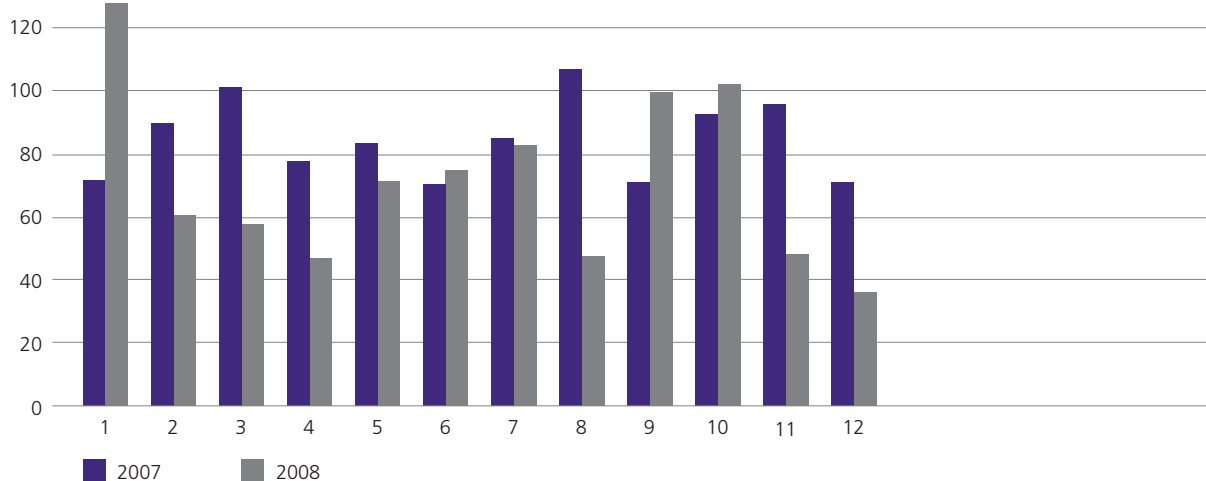


### Year-on-year Changes in the PX Index (%)

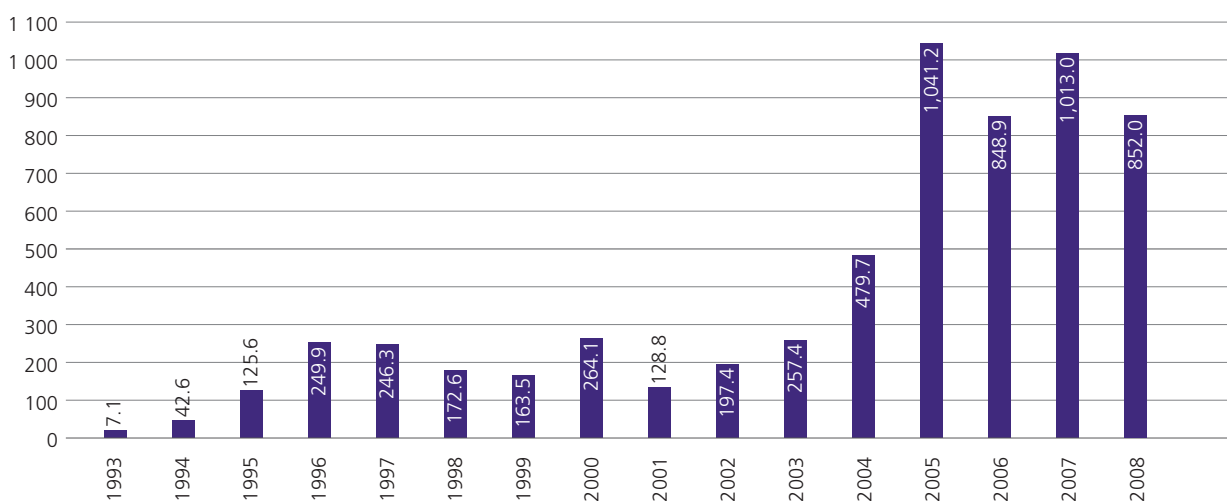


## Selected Indicators

Monthly Value of Trades in Shares from 2007 – 2008 (CZKbn)



Yearly Value of Trades on the Share Market (CZKbn)



## Key Annual Data

	2008	2007	2006	2005	2004	2003	2002	2001
Number of Exchange Days	252	250	251	253	252	251	250	250
<b>Shares</b>								
Total Volume of Trades (CZK billion)	852.0	1,013.0	848.9	1,041.2	479.7	257.4	197.4	128.8
Average Total Daily Volume (CZK million)	3,381.1	4,052.1	3,382.1	4,115.3	1,903.4	1,025.7	789.6	515.2
Market Capitalization (CZK billion) – Shares (year end)	1,091.7	1,841.7	1,592.0	1,330.8	975.8	644.5	478.0	340.3
Number of Share Issues (year end)	28	32	32	39	55	65	79	102
PX Index (year end)	858.2	1,815.1	1,588.9	1,473.0	1,032.0	659.1	460.7	394.6
<b>Bonds</b>								
Total Volume of Trades (CZK billion)	643.2	508.9	598.9	533.2	692.5	1,110.1	1,595.7	1,858.4
Average Total Daily Volume (CZK million)	2,552.2	2,035.4	2,386.1	2,107.7	2,747.9	4,422.7	6,382.7	7,433.5
Number of Bond Issues (year end)	121	132	110	96	79	81	74	84
<b>OTHER PRODUCTS</b>								
<b>Investment Certificates and Warrantes</b>								
Total Volume of Trades (CZK billion)	469.1	1,229.5	5.2					
Quantity of Issues (year end)	49	41	8					
<b>FUTURES</b>								
Total Volume of Trades (CZK billion)	688.9	1,879.9	32.2					
Number of Series (year end)	6	6	2					

Shares – the data refer to shares and units until 2002



## Key Annual Data

2000	1999	1998	1997	1996	1995	1994	1993
249	254	251	250	249	234	161	41
264.1	163.5	172.6	246.3	249.9	125.6	42.6	7.1
1,060.8	643.5	687.6	985.2	1,003.8	536.9	264.6	173.9
442.9	479.6	416.2	495.7	539.2	478.6	353.1	x
151	195	304	320	1,670	1,716	1,028	971
478.5	489.7	394.2	495.3	539.6	425.9	557.2	705.2
958.7	1,024.0	687.6	433.2	143.3	69.8	19.4	1.9
3,850.2	4,031.6	2,739.4	1,732.9	575.3	298.1	120.7	46.1
94	95	98	92	80	48	27	11

## Foreword of the Chief Executive Officer



After fifteen years of the Stock Exchange being owned primarily by market participants, the ownership structure underwent a radical change and the Stock Exchange became member of a Central European stock exchange alliance.

## Foreword of the Chief Executive Officer

Dear shareholders and friends,

The year 2008 was in many aspects a year of dramatic changes for the Prague Stock Exchange. After fifteen years of the Stock Exchange being owned primarily by market participants, the ownership structure underwent a radical change and the Stock Exchange became member of a Central European stock exchange alliance. I am convinced that this was exactly the right moment for such a partnership.

As the process of the sale of a majority stake in Prague Stock Exchange progressed, we saw that two essential scenarios could be considered. The first alternative was to establish a regional alliance with the Vienna, Budapest and Ljubljana stock exchanges on the basis of a partnership of stock exchanges of a similar size, with the aim of developing the regional market. The second alternative was to become a smaller partner of a transatlantic stock exchange alliance. No matter how comparable both alternatives seemed to be from the perspective of future development prospects, market development over the past few months gives clear evidence that the option selected will have a more positive effect on the Czech capital market.

Intensive cooperation was launched upon the conclusion of the transaction among Central European stock exchanges, which now bears its first fruit not only in the area of the stock exchange's economic situation but also from the technological perspective. We are glad that the Prague Stock Exchange was also able to bring in brand new and profitable know-how in the form of electricity trading. This activity has the full support of the main shareholder and will continue to be developed.

In conclusion, please allow me to express the wish that 2009 will be a year of stabilization and that the stormy waters of global capital markets begin to calm and return to normal. This and the least possible number of unexpected events will be a good base for new growth.

I wish you all the best!



Petr Kobic

## Exchange Activities in 2008

### Trading and Securities

One of the most important events in 2008 was the acceptance of two new share issues on the main market. The dual share issue quotation of Vienna Insurance Group (VIG) controlling Kooperativa, the second largest insurance underwriter in the Czech Republic, was approved in January 2008. In April 2008, the primary share issue of New World Resources N.V. (NWR) was accepted for trading on the main market, selling shares to investors under a public offering in the value of approximately 35.4 billion crowns – a record-breaking figure on the Czech capital market. This issue was also accepted for trading on the London and Warsaw Stock Exchanges. NWR offered investors over 83 million original and new shares, representing 31.5 per cent of the registered capital of NWR.

In 2008, the Stock Exchange also accepted 47 issues of investment certificates of Raiffeisen Centrobank AG and 6 issues of investment certificates from Österreichische Volksbanken AG. In addition, 2 new issues of state bonds were accepted for trading on the main market, together with 4 issues of bonds accepted on the official free market.

In accordance with the Exchange rules, an offering programme was accepted for securities of a derivative type of Raiffeisen Centrobank AG, together with the acceptance of a bond programme of Raiffeisenbank a.s.

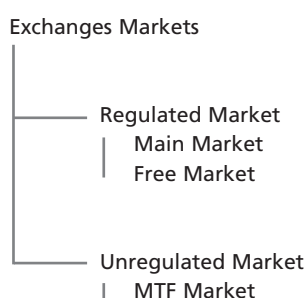
As of 1 December 2008, the Exchange rules regarding the acceptance of securities for trading were amended. The amendments were based on updated Act 256/2004 Coll. on trading on the capital market, implementing the relevant EC regulations, especially the MiFID directive. The main changes regarding the acceptance rules include in particular:

- reduction in the deadlines for the acceptance of securities,
- issues are excluded and measures adopted without the need for administrative proceedings,
- possibility of accepting securities in the free market even without the issuer's request,
- simplification of the process of acceptance in the free market (only the Chief Executive Officer decides now).

Owing to the fact that as of 1 December 2008 the Exchange is authorized to run a Multilateral Trading Facility (MTF), new rules were also issued defining conditions for the acceptance of investment instruments for trading, trading rules and the rules of access to the Multilateral Trading Facility. The purpose of operating the MTF in Prague Stock Exchange was especially to create a suitable market segment for small and medium sized businesses, in order to eliminate access costs, and to allow for international dual listing.

Decree 260/2004 Coll., on specific details of the technical design of quoted certificated securities, ceased to be effective as of 1 July 2008. With respect to what has been stated above, a new part of the Exchange rules was issued; the new rule regulates the acceptance of certificated securities in the Exchange, and follows the decree mentioned above to a considerable extent.

New Structure of Exchange Markets, as of 1 December 2008:



## Exchange Activities in 2008

### Number of Investment Instruments, as of 31 December 2008

Market	Shares	Bonds	Certificates + Warrants	Futures
Main Market	17	38	0	0
Free Market	11	83	49	0
Special Market	0	0	0	6
<b>Total</b>	<b>28</b>	<b>121</b>	<b>49</b>	<b>6</b>

### EXCHANGE INDICES

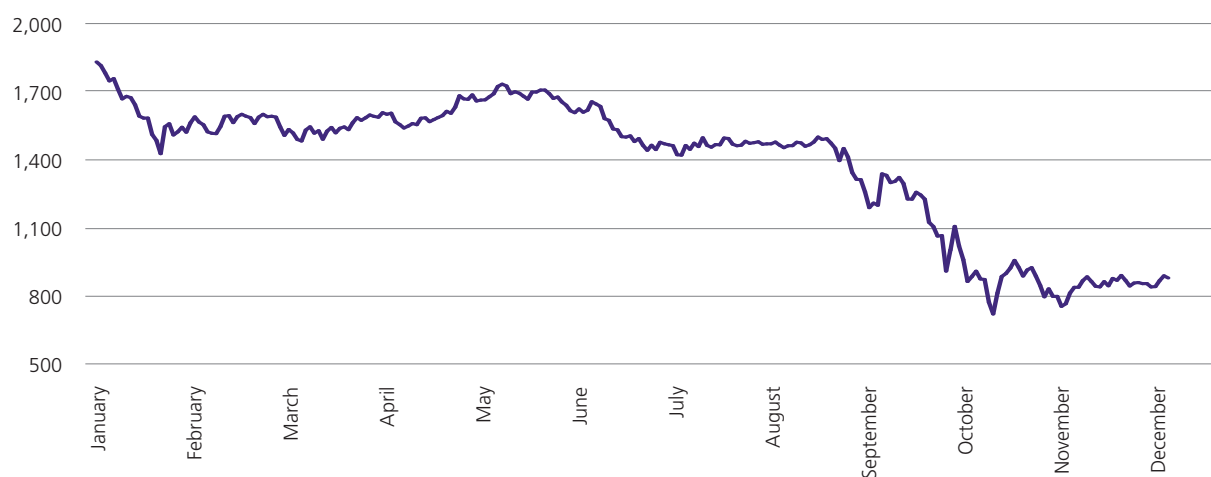
The PX Index base is updated four times a year; the issue ratio in the market base capitalization must not exceed 25% as of the record date. The PX Index is calculated at 15-second intervals from 9:11 to 16:00. As of 22 December 2008, the PX Index base comprises the following 14 issues: AAA, CETV, ČEZ, ECM, ERSTE BANK, KOMERČNÍ BANKA, NWR, ORCO, PHILIP MORRIS ČR, PEGAS NONWOVENS, TELEFÓNICA 02 C.R., UNIPETROL, VIG and ZENTIVA.

The PX Index reached 858.2 points by the year end, i.e. down by 52.72% year-on-year. The PX-GLOB Index dropped by 51.67%. Details regarding cross-sectional indices are provided in the following table.

INDEX	Values 28 Dec 2007	Values 30 Dec 2008	Change (%)	Annual Maximum	Date Maximum	Annual Minimum	Date Minimum
PX	1,815.1	858.2	-52.72	1,808.6	2 Jan 2008	699.8	27 Oct 2008
PX-GLOB	2,268.4	1,096.4	-51.67	2,260.7	2 Jan 2008	889.9	27 Oct 2008

The PX-GLOB Index base was last updated as of 3 December 2008. The valid PX-GLOB Index base comprised 27 share issues. The number of securities applied in the index calculation is reduced as regards the issue of ČEZ.

### PX Index in 2008



## Exchange Activities in 2008

### EVALUATION OF THE RESULTS OF TRADING IN 2008

#### Value of Trades in 2008 by Type of the Market and Securities (CZK billion)

	Shares	Bonds	Structured Products	Futures
Main Market	847.171	625.371		
Free Market	4.871	17.781	0.469	
Special Market				0.689
<b>Total</b>	<b>852.042</b>	<b>643.152</b>	<b>0.469</b>	<b>0.689</b>

#### Share Market

With a value of CZK 852.042 billion, the balance of share market trading volumes in 2008 was the third highest. Compared with the triumphant year of 2005 (volume of CZK 1,041.2 billion) the 2008 volume was down by 18.17%. The average daily volume of CZK 3,381.1 million is 16.56% lower than the average of 4,052.1 million in 2007.

January was the most successful month of the year, with trading volume of CZK 127.444 billion. Of the total annual volume of trades, SPAD represented 93.34%, block trades occupied 1.21%, and auction together with continual regime represented 5.45%.

The first ten positions of the most liquid issues were occupied by issues traded within the SPAD segment in 2008. ČEZ was the issue with the highest trading volumes, followed by the issues of KOMERČNÍ BANKA and TELEFÓNICA O2 C.R.; see the following table.

## Exchange Activities in 2008

### Top 10 Issues of Trades, Sorted by Trading Volumes in 2008

No.	Issue Title	Trading Volume (CZK million)	Share (%)	Annual Rate Change (%)
1	ČEZ	386,420.58	45.35	-42.4
2	KOMERČNÍ BANKA	114,889.04	13.48	-32.1
3	TELEFÓNICA O2 C.R.	92,502.28	10.86	-22.2
4	ERSTE GROUP BANK	90,800.63	10.66	-67.8
5	ZENTIVA	47,608.29	5.59	10.9
6	NWR	44,335.00	5.20	-83.5
7	UNIPETROL	28,439.87	3.34	-55.6
8	CETV	17,912.52	2.10	-81.9
9	ORCO	11,887.83	1.40	-92.0
10	ECM	5,095.77	0.60	-78.3

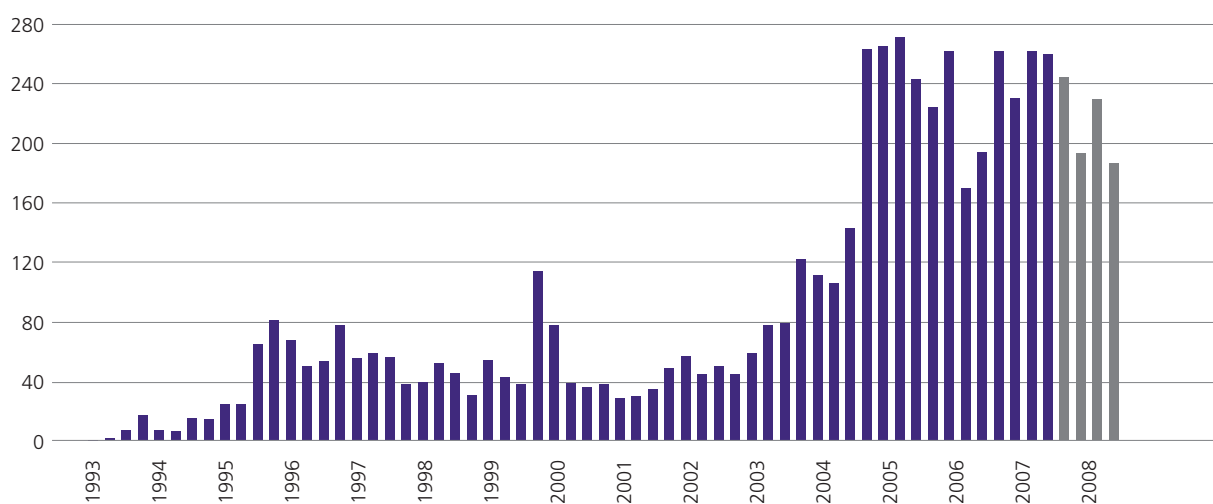
The share market capitalization dropped by 40.72% year-on-year. By the end of 2008, the market capitalization reached the value of CZK 1,091.732 billion, of which foreign issues represented 27.76%. There were 28 share issues listed by the end of 2008, of which 10 were foreign.

### Summary of Market Capitalization – Shares (year-end)

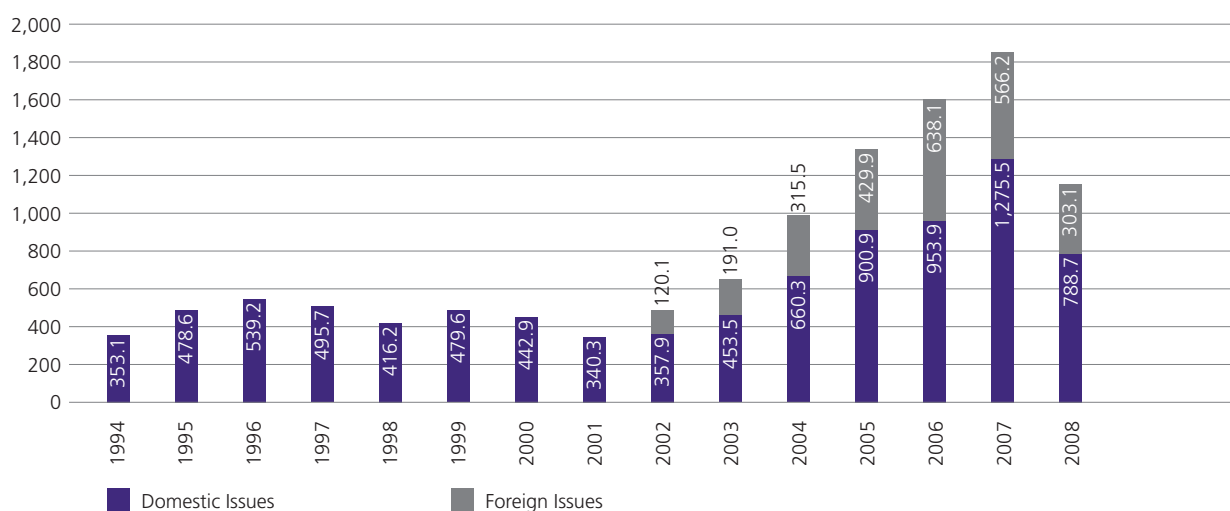
	2007		2008	
	Market Capitalization (CZK million)	Quantity of Issues	Market Capitalization (CZK million)	Quantity of Issues
Czech Issues	1,275,506.2	24	788,650.6	18
Foreign Issues	566,176.3	8	303,081.3	10
<b>Total</b>	<b>1,841,682.5</b>	<b>32</b>	<b>1,091,731.9</b>	<b>28</b>

## Exchange Activities in 2008

### Quarterly Values of Trades on the Share Market (CZKbn)



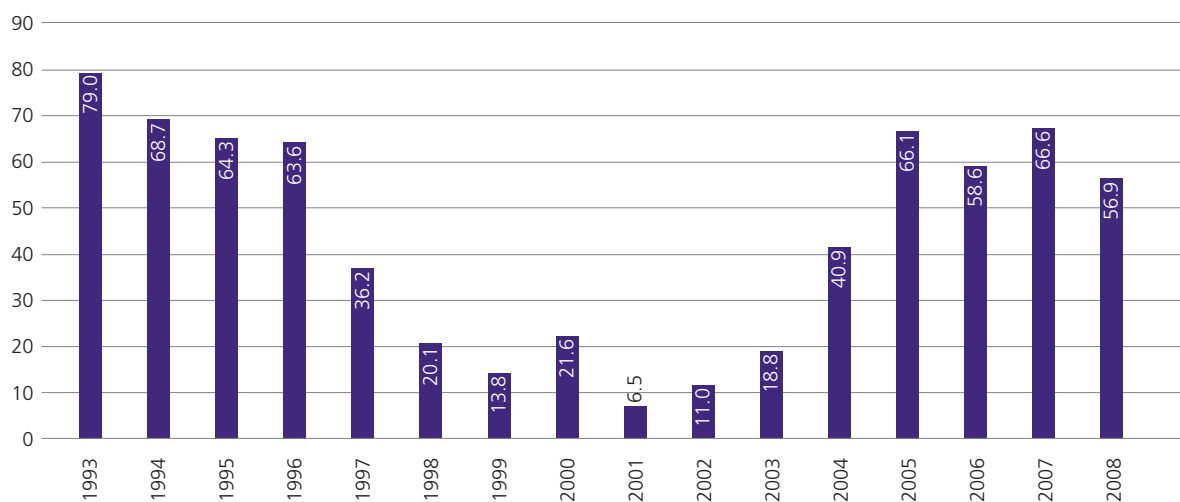
### Market Capitalization – Shares (as of 31 December, CZKbn)



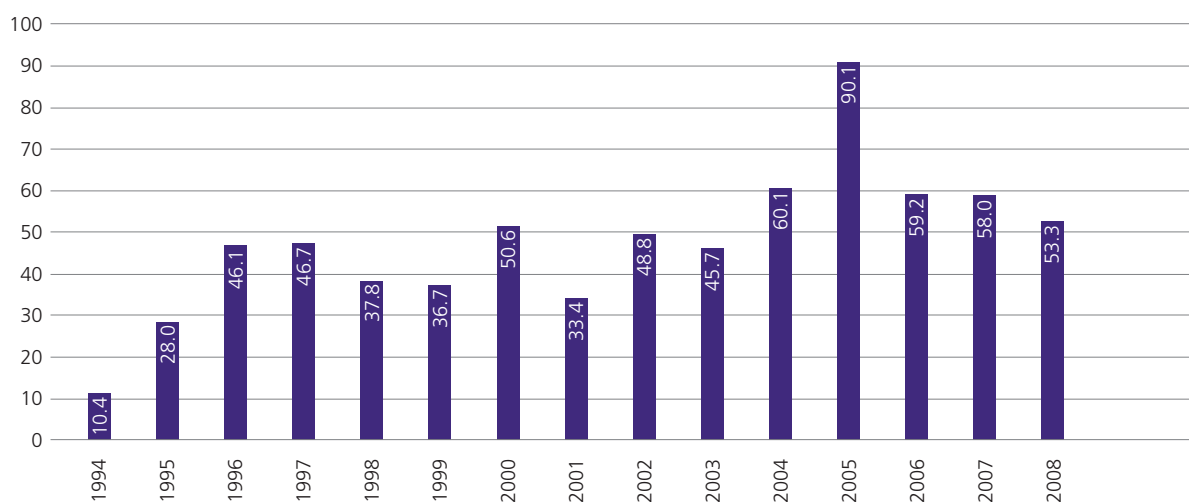


## Exchange Activities in 2008

Proportion of Shares in the Overall Trade Volume (%)



Turnover Rate on the Share Market (%)

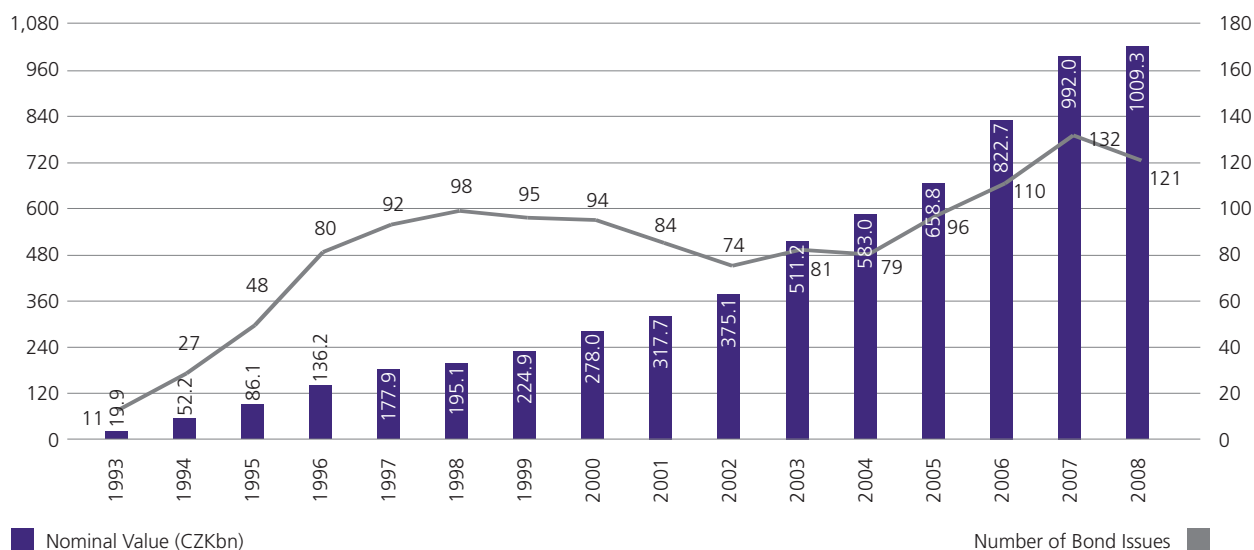


## Exchange Activities in 2008

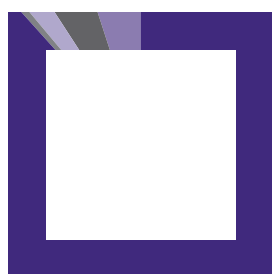
### Bond market

The total volume of bond trading reached the value of CZK 643.151 billion in 2008, up by 26.39% against 2007 (CZK 508.858 billion). As in the previous year, state bonds represented the largest volume of trades (95.86%). Mortgage bonds occupied 1.80%, corporate bonds 0.80%, bank bonds 1.51% and municipal bonds 0.03% of the overall annual volume of bond trading.

### Nominal Value and Number of Bond Issues (as of 31 December 2008)



### Value of Trades on the Bond Market in 2008 (%)



State Bonds	95.86
Municipal Bonds	0.03
Corporate Bonds	0.80
Bank Bonds	1.51
Mortgage	1.80

## Exchange Activities in 2008

### Other products

By the end of 2008, a total of 49 issues of structured products were accepted for trading, leading to trades in the volume of CZK 469.1 million.

The trading of futures products reached a total of CZK 688.9 million.

### Structured products

Total Volume of Trades (CZK million)	469.1
Quantity of Issues – End of Period	49

### Futures

Total Volume of Trades (CZK million)	688.9
Quantity of Series – End of Period	6

### Information and Trading System

The main effort of the IT division in 2008 was focused on further development of the Prague Energy Exchange (PXE), improvement of the system for the settlement of trading with investment instruments for UNIVYC, together with the continued efforts towards the development of a new trade reporting system for the Czech National Bank within the MiFID project associated with the latest EU legislation.

For PXE, the IT division organized the opening of the power spot market, allowing for the trading of hourly and daily products. To date, only monthly, quarterly and annual futures products have been traded. Furthermore, the PXE trading system was expanded to include the possibility of registering trades concluded outside the Energy Exchange, bilaterally or via a broker. The settlement of such trades is guaranteed.

During the second half of the year, the trading system was extended to include the possibility of trading Slovak energy products. The software changes made it simple to accept other products from various countries for trading.

In addition, work was in progress regarding the development of the PXE Monitor front-end software used by a vast majority of PXE participants for exchange trading.

For the needs of Prague Stock Exchange, the IT division secured the compatibility of the trading system with the European MiFID directive, including especially the collection and reporting of all trades and transfers, and their registration within the regulator's system. This task will continue in 2009 and will be extended to include PXE reports.

During the course of the year, work continued in the preparation of a trading system for Prague Stock Exchange, for the acceptance of a large number of structured products and the related anticipated increase in the system capacity requirements. Thanks to the software adjustments and strengthening of the communication lines, the IT division managed to improve the existing system throughput, based especially on a certain separation of the exchange information from the SPAD and the system with a single market maker, where structured products are traded. Potential traffic problems during certificate trading should not affect SPAD system trading.

The development of other applications for Stock Exchange employees continued in a standard manner, especially as regards the trading supervision applications and inspection activity support applications.

For the purpose of the investment instrument settlement system, the number of the settlement cycles was increased from two to four. The last cycle during a day is DFP (delivery free of payment), usually between 16:15 and 16:30; other cycles are DVP (delivery versus payment). The transfer of investment instruments registered at the Securities Centre was also simplified, together with the unification of the replacement settlement for guaranteed trades upon the failure of a member on one side of the trade.

## Exchange Activities in 2008

During the third quarter, an electronic invoicing project was implemented, with the use of an electronic mark and a qualified clock stamp in accordance with the Electronic Signature Act. This solution helped accelerate the issuing and delivery of invoices, significantly reducing the error rate while maintaining a high level of security, and allowing for electronic connections to be set up with the Stock Exchange members' accounting systems.

During the second half of the year, the ISMS project was launched (Information Security Management System), in accordance with Czech standards ČSN ISO / IEC 17799 and ČSN BS 7799-2, covering the entire holding structure including Prague Stock Exchange, UNIVYC, Prague Energy Exchange and other businesses. In 2008, basic analyses were implemented and key documents processed – Definition of ISMS, Safety Policy, Risk Analysis, Analysis of Threats and Vulnerability, System Policy, Choice and Design of Measures and Declaration of Applicability and the Risk Management Plan. The project will continue in 2009, with the aim of fulfilling all the requirements of the standard, including the implementation sections.

In order to increase the safety of the e-mail operation, the existing firewalls were replaced with new firewalls that comply with the latest e-mail traffic requirements, especially enhanced spam and virus protection, while maintaining high throughput of the firewall systems.

During the fourth quarter, a contract was signed with a new telecommunication operator within the WAN network upgrade, together with an increase in the capacity of the data connection with Exchange members to 1-2 Mbps and the modernization of the data network active elements for higher security of such a connection.

Towards the end of the year, the website technology was upgraded in order to increase the reliability and avoid solution redundancies.

At the very end of the year, penetration tests were performed by an external company without identifying any serious deficiencies regarding Internet connection safety.

### Inspection Activity

It is the objective of Exchange inspection activity to ensure compliance of market participants' actions with the legal framework regulating the capital market. The priority is the investors' protection and the adherence to fair and equal conditions for all market participants.

The inspection activity in particular included analytical monitoring based on data from the Exchange trading system, inspections among members and day-to-day communication with members. The Exchange basic inspection activities are automated, and have been fully standardized. The inspections focus especially on the detection of market abuses in the form of breaches of transparency, manipulation or abuse of internal information, as well as on checking compliance with trading rules and professional care in the provision of services to investors by Exchange members.

The Exchange's inspection activities are based on on-going analytical monitoring, including daily supervision and analysis of the exchange trade system data, together with follow-up communication with members regarding the indicated breach of Exchange rules. In 2008, approximately 1100 cases were thus investigated.

In accordance with the inspection time schedule, 7 in-depth and 6 repeated inspections were commenced in 2008, with the aim of adhering to the periodicity of one in-depth inspection in 3 years for each member. The in-depth inspections focus mainly on areas which cannot be fully supervised via analytical monitoring (principles of dealing with customers, obligation to inform and documentation).

The cases of breached Exchange rules were mostly associated with the violation of market transparency in the form of an incorrect registration of trades and errors in entering orders and instructions, the breach of the principles of dealing with customers in the acceptance and implementation of their orders, and the breach of trading rules. In accordance with the Capital Market Act, the Exchange informed the Czech National Bank about one instance of suspected trading with the use of internal information.

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

In connection with the amended Act 256/2004 Coll., on trading on the capital market (hereinafter the "Act"), the Exchange modified some of the Exchange members' rights and responsibilities to fully comply with the quoted Act and the new EU capital market regulation (MiFID), while reflecting the needs of Exchange members' regulation. One of the most important measures in the area of preventing market misuse is emphasising Exchange member responsibility for the third parties' activities intermediated in the Exchange (including, for example, Internet trading), together with the effort to prevent errors in orders entered in the Exchange trading system. The obligations of Exchange members in the provision of professional care were differentiated by the categories of customers.

The Exchange had a total of 21 members as of 31 December 2008. The law authorizes two more parties to enter into Exchange trades (the Czech National Bank and the Czech Ministry of Finance).

## Exchange Activities in 2008

### Result of Economic Activities

#### Development of indicators

CZK '000	2008	2007	2006	2005
Revenues	340,415	358,386	327,439	278,944
Operating Expenses	163,548	169,727	190,903	168,072
Operating Results	176,867	188,659	136,536	110,872
Financial Profit/Loss	136,631	36,557	33,603	30,816
Profit/loss before Taxation	313,498	225,216	170,139	141,688
Net Profit/Loss	256,389	176,337	133,044	110,102
Shareholder's Capital	564,749	462,800	457,107	444,831

#### Selected financial analysis indicators

	2008	2007	2006	2005
Return on Sales "ROS" – operating results/revenues	52.0%	52.6%	41.7%	39.7%
Return on Costs – operating results/expenses	108.1%	111.2%	71.5%	66.0%
Earnings per Share "EPS" – net profit/number of shares	96.7%	66.5%	50.0%	35.1%

## Exchange Activities in 2008

### Settlement of Exchange Trades

UNIVYC, a subsidiary of Prague Stock Exchange, has been in charge of the settlement of Exchange trades and OTC transactions involving investment instruments for the past sixteen years.

UNIVYC ensures the financial settlement of trades and transactions in Czech crowns (CZK) via payment orders sent to the Czech National Bank Clearing Centre (CC CNB). In 2008 UNIVYC sent approximately 391,000 orders to the CC CNB, up by 3% compared with 2007, in the total volume of CZK 5,358 billion, up by 7% year-on-year. The value of settled securities exchange trades and OTC transactions for 2008 reached a record value of CZK 5,170.4 billion, which represents 99.79% of all settled trades and transfers on the Czech capital market. Of the total value of transactions settled by UNIVYC, one-fifth represent exchange trades, while the rest are OTC transactions.

One of the most important extra services rendered by UNIVYC is the administration of the Exchange Guarantee Fund (GFB), which provides the security of liability and coverage of risks ensuing from Exchange trades and their settlement. The average daily value of financial means under Exchange Guarantee Fund's administration grew by 25.2% year-on-year, reaching CZK 298 million.

The most frequently used services include the settlement of the primary issues of bonds. In 2008, UNIVYC intermediated the settlement of 33 primary issues and bond tranches with a total value of CZK 163.5 billion, down by 57% year-on-year (as regards quantity) and by 60% (as regards the volume of the primary issues and tranches).

In connection with the incorporation of the MiFID directive in Czech capital market legislation and in compliance with requirements for market participants, the settlement system underwent significant changes as of 1 December 2008. The changes have helped simplify the system, and settlement participants have also been provided additional services. The increase in the number of settlement cycles was a significant change. Morning cycles were supplemented with an afternoon DVP cycle starting at 12:30 and an afternoon DFP cycle at 16:15. In addition, guarantee funds and replacement procedures for guaranteed trades were unified. A distinct communication server with separate UNIVYC recording was also created for participants. On the basis of legislation changes, UNIVYC is authorized to open customers' accounts, thus allowing participants to subsequently keep customer records. Another system modification led to the significant simplification of the settlement of automatic trades, including the cancellation of optimization.



### Corporate Responsibility

Education has always been considered the best investment. Quality education is one of the fundamental prerequisites for the future success of the young generation, which is why Prague Stock Exchange supports projects helping young people develop their skills and knowledge in various fields.

Prague Stock Exchange has sponsored Unicorn College for two years; this school offers premium-quality B.A. study programmes in IT and communication technologies, economy and management. The Exchange supports talented students by covering their tuition fees in full. It thus provides access to education for talented pupils for whom tuition fees would be a limiting factor. The support offered by the Exchange is not limited solely to financial aspects; representatives of the Exchange also participate in the teaching, sharing their knowledge and experience in the education process.

In addition, the Exchange organizes lectures for secondary-school students on its premises. The secondary-school students are thus able to understand the principles of the capital market and the Exchange, directly in the "middle of the action". Every year more than 1 200 secondary-school students visit the Exchange Palace on this occasion.

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

In addition to these projects, it is the intention of the Exchange to participate in the development of other similar activities.

## Exchange Bodies

### Exchange Chamber

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

The Exchange Chamber held 12 meetings in 2008.

#### EXCHANGE CHAMBER MEMBERS, AS OF 31 DECEMBER 2008

##### Chairperson

**Petr Kobic**

Prague Stock Exchange

Chief Executive Officer

Date of birth: 22 February 1971

Education: University of Economics, Prague

Chairperson of the Exchange Chamber since 23 June 2004, re-elected on 8 August 2007, re-elected on 16 December 2008

##### Vice-Chairpersons

**Michael Buhl**

Wiener Börse AG

Chief Executive Officer

Date of birth: 18 February 1959

Education: Universität Wien, Wirtschaftsuniversität Wien

Vice-Chairperson of the Exchange Chamber since 8 December 2008

**Hannes Takacs**

CAPMEX – The Capital Market Experts

Managing partner

APMA Takacs KEG

Managing partner

Date of birth: 20 November 1964

Education: University of Leicester

Vice-Chairperson of the Exchange Chamber since 8 December 2008

### Supervisory Board

The Supervisory Board oversees the use of the authority vested in the Exchange Chamber and the performance of Exchange operations. Supervisory Board members are elected to a 5-year term.

#### MEMBERS OF THE SUPERVISORY BOARD AS OF 31 DECEMBER 2008

##### Zdeněk Bakala

RPG Advisors, a.s.

Chairperson of the Supervisory Board of RPG Advisors, a.s., and Chairperson of the Board of Directors of OKD, a.s.

Date of birth: 7 February 1961

Supervisory Board member since 9 June 2005

##### Martin Roman

ČEZ, a.s.

Chairperson of the Board of Directors and Chief Executive Officer

Date of birth: 29 October 1969

Education: Charles University

Supervisory Board member since 24 June 2004, re-elected on 9 June 2005 and again on 1 December 2008

##### Jaroslav Míl

Confederation of Industry of the Czech Republic

President

Date of birth: 10 August 1958

Education: Czech Technical University in Prague

Supervisory Board member since 9 June 2005

##### Jiří Michal

Zentiva, a.s.

Chairperson of the Board of Directors and Chief Executive Officer

Date of birth: 23 December 1950

Education: Prague Institute of Chemical Technology

Supervisory Board member since 9 June 2005

##### Milan Šimáček

Czech Ministry of Finance

Deputy Minister

Date of birth: 25 June 1963

Education: Czech Technical University in Prague

Supervisory Board member since 14 June 2007

### Exchange Membership Committee

#### Chairperson

Peter Palečka

Komerční banka, a.s.

#### Vice-Chairperson

Alena Vodičková

Patria Finance, a.s.

#### Secretary

Vladimír Skalný

Prague Stock Exchange

In 2008 the Membership Committee held three meetings. The Membership Committee discussed the results of inspections among Exchange members, findings of the analytical monitoring, information about the status of the available funds, the quarterly results of operations and the capital adequacy among member companies.

The Committee responded to cases of significant violation of rules in the form of a letter from the Committee Chairperson informing about the identified deficiencies and requesting that corresponding measures be adopted. With respect to the character of the Exchange regulations violations and the measures adopted by the members to remedy the deficiencies, the Committee did not make use of its authority to impose sanctions in 2008.

The Committee focused especially on the matters of market transparency (including, for example, listings prior to end of trading, in connection with the possibility of affecting the rates, errors in inserting orders in the Exchange trading system) and professional care offered to customers upon the provision of investment services (including, for example, respecting the best price rule, prevention of the conflict of interests, etc.). The Committee discussed amendments to the Exchange Membership Rules in response to amended Act 230/2008 Coll., amending Act 256/2004 Coll., on trading on the capital market. The new Membership Rules also modify some rights and responsibilities of the Exchange members in the area of transparency, professional care and business documentation, reflecting the existing manner of Exchange trading and the need to regulate the Exchange members' activities.

### **Exchange Listing Committee, Exchange Committee for an Accelerated Listing Proceeding**

#### **Chairperson of both Committees**

Petr Kobic  
Prague Stock Exchange

The Listing Committee accepts securities for trading in the regulated market. It is also involved in overseeing adherence to the information requirements of issuers arising from Stock Exchange rules.

With effect as of 1 January 2008, the Exchange Committee for an Accelerated Listing Proceeding was established; this committee decides on the acceptance of individual bond programme issues for trading, individual issue tranches already accepted for trading, and short-term bonds. Thanks to the establishment of this Committee, the administration of the Listing Committee was significantly simplified.

The Listing Committee held only one meeting in 2008, otherwise adopting decisions on the basis of per-rollam voting. The Committee meeting held in April decided on the acceptance of a primary issue of the shares of New World Resources N.V., which offered investors over 83 million original and new shares, representing 31.5 per cent of the registered capital. New World Resources N.V. also made use of the regime of conditional trading, allowing for shares to be traded prior to their issue. Conditional trading is contingent on the Committee's decision regarding the acceptance for trading and the publication of a security prospectus. The commencement of trading in this issue was marked by extraordinary interest among investors.

The Exchange Committee for an Accelerated Listing Proceeding held six regular meetings, deciding in most cases on the acceptance of tranches, both as regards the issues of shares and the issues of bonds.

### **Exchange Trades Committee**

#### **Chairperson**

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

#### **Vice-Chairperson and Secretary**

Jiří Opletal  
Prague Stock Exchange

The Trades Committee held a meeting in February 2008. Throughout the year, the committee held its voting on a per-rollam basis. Modification of the Trading Hours was approved (the commencement of the SPAD open phase was moved to 9:15 instead of 9:30, the continual regime was moved to 9:10 instead of 9:25) and the Committee recommended the launch of the so-called closing auction. Another topic was the amendment of the PX Index updating principles (reduction of market capitalization in strong issues). Trading parameters were defined in accordance with the Stock Exchange legislation for the newly accepted investment certificates, together with changes to some parameters regarding existing issues. The Committee was informed of the details of reporting Exchange members' trades conducted outside the Exchange to the Czech National Bank (stipulated in a Decree adopted by the Czech National Bank).

## Prague Stock Exchange Shareholders

### Shareholders of Prague Stock Exchange as of 31 December 2008

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

\*) not a member of the Exchange, without the right to participate in Exchange trades

## Prague Stock Exchange Members

### Members of Prague Stock Exchange as of 31 December 2008

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

## Supervisory Board Report

### **Opinion of Supervisory Board regarding Documents Submitted for Approval by Stock Exchange Shareholders during the 18th Regular General Meeting of Shareholders Held on 28 May 2009**

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

During its meeting held on 18 May 2009, the Supervisory Board discussed the "Report on the Business Operations of the Exchange and the Balance of Exchange Assets in 2008". The Supervisory Board has no comments regarding the submitted Report, and therefore the Supervisory Board recommends the approval of the Report by the General Meeting of Shareholders.

#### **2. Report on the Review of 2008 Annual Regular and Consolidated Financial Statements and the Decision regarding the Distribution of Profit and Dividend Payment.**

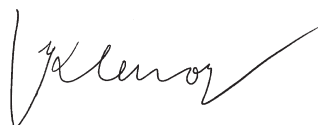
In accordance with Article 35 of the Articles of Association of the Prague Stock Exchange, the Supervisory Board reviewed the audited 2008 Regular Financial Statements and studied the auditor's report.

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

The Supervisory Board recommends that the regular 2008 Financial Statements and the proposal of the Stock Exchange Chamber for the distribution of profit be approved by the General Meeting of Shareholders.

The Supervisory Board agrees with the Stock Exchange Chamber's proposal regarding the payment of a dividend to shareholders in the amount of CZK 960 per share, and recommends that the payment of the dividend in this amount be approved by the General Meeting of Shareholders.

Prague, on 18 May 2009



**Jan Klenor**  
Chairperson of the Supervisory Board





PricewaterhouseCoopers Audit, s.r.o.  
Kateřinská 40/466  
120 00 Praha 2  
Czech Republic  
Telephone +420 251 151 111  
Fax +420 251 156 111

### INDEPENDENT AUDITOR'S REPORT

#### TO THE SHAREHOLDERS OF BURZA CENNÝCH PAPÍRŮ PRAHA, A.S.

We have audited financial statements of Burza cenných papírů Praha, a.s. ("the Company") for the year ended 31 December 2008 disclosed on pages 40 – 69 ("the financial statements") and issued the opinion dated 15 April 2009 and disclosed on pages 38 – 39. We have also audited consolidated financial statements of the Company for the year ended 31 December 2008 disclosed on pages 72 – 118 and issued the opinion dated 15 April 2009 and disclosed on pages 70 – 71.

#### Report on the Annual Report

We have verified that the other information included in the annual report of the Company for the year ended 31 December 2008 is consistent with the financial statements referred to above. The Statutory board is responsible for the accuracy of the annual report. Our responsibility is to express an opinion on the consistency of the annual report with the financial statements based on our verification procedures.

#### *Auditor's Responsibility*

We conducted our verification procedures in accordance with the International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the verification procedures to obtain reasonable assurance about whether the other information included in the annual report which describes matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that the verification procedures performed provide a reasonable basis for our opinion.

PricewaterhouseCoopers Audit, s.r.o., registered seat Kateřinská 40/466, 120 00 Prague 2, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No 021.

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

*Opinion*

In our opinion, the other information included in the annual report of the Company for the year ended 31 December 2008 is consistent, in all material respects, with the financial statements referred to above.

The maintenance and integrity of the Company's website is the responsibility of its Statutory board; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

26 June 2009

A handwritten signature in cursive script, likely belonging to a partner at PricewaterhouseCoopers Audit s.r.o.

PricewaterhouseCoopers Audit, s.r.o.  
represented by partner

A handwritten signature in cursive script, likely belonging to Petr Kříž.

Petr Kříž  
Auditor, Licence No. 1140

**Note:**

The financial statements have been prepared in Czech language and in English language. In all matters of interpretation of information, views or opinions, the Czech version of financial statements takes precedence over the English version.

## Contacts

### Prague Stock Exchange

Rybná 14  
P.O. BOX 49  
110 05 Praha 1

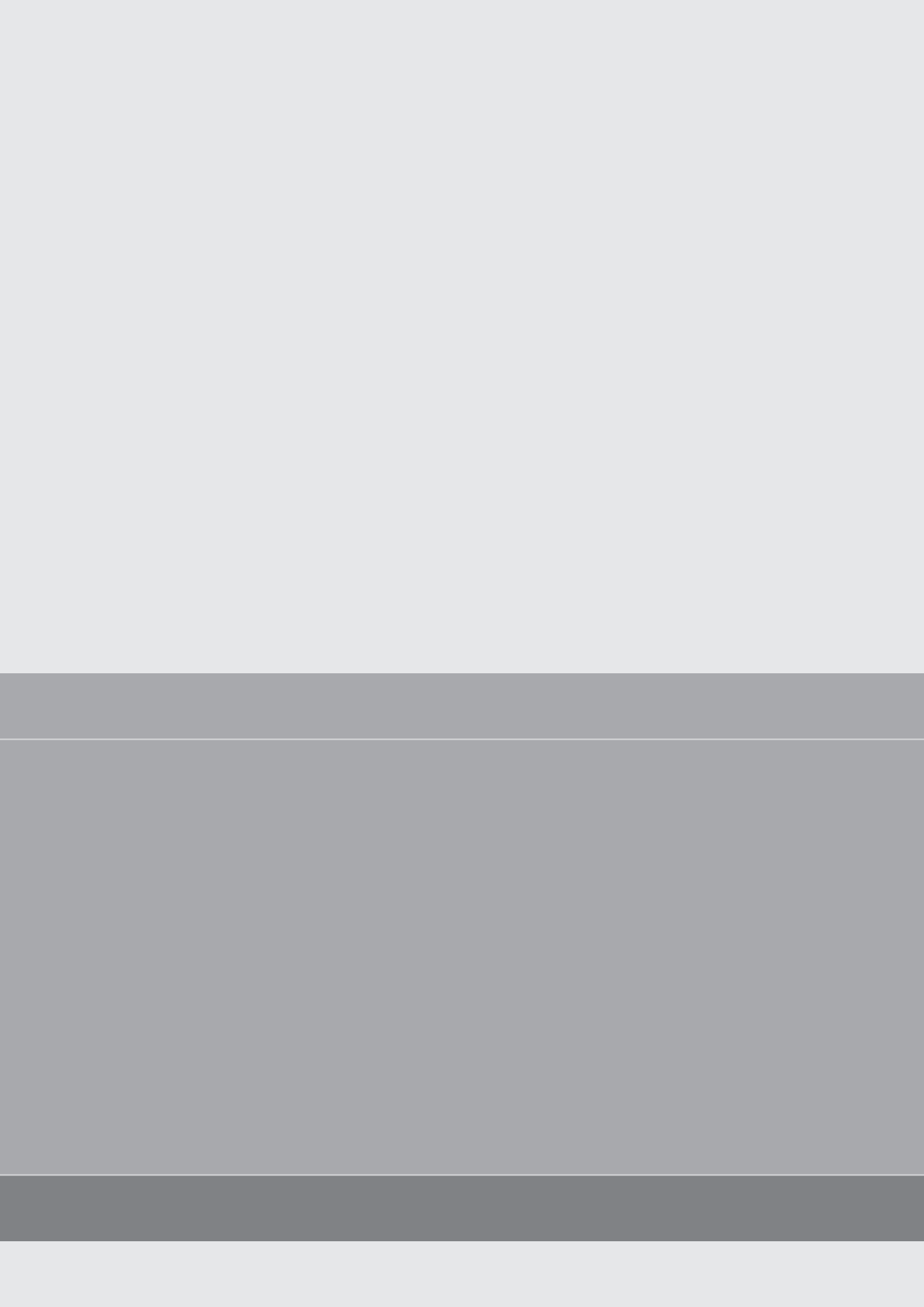
[info@pse.cz](mailto:info@pse.cz)  
<http://www.pse.cz>  
<ftp://pse.cz>

ID No.: 47115629  
VAT No.: CZ699000864

### Bank

Komerční banka, a.s., branch  
Account number 57008-011/0100

Entry in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 1773



**Financial Section**

## Auditor's Report



PricewaterhouseCoopers Audit, s.r.o.  
Kateřinská 40/466  
120 00 Praha 2  
Czech Republic  
Telephone +420 251 151 111  
Fax +420 251 156 111

### INDEPENDENT AUDITOR'S REPORT

#### TO THE SHAREHOLDERS OF BURZA CENNÝCH PAPIŘŮ PRAHA, A.S.

We have audited the accompanying separate financial statements of Burza cenných papírů Praha, a.s. ("the Company"), which comprise the balance sheet as at 31 December 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended and notes, including a summary of significant accounting policies ("the consolidated financial statements"). Details of the Company are disclosed in note 1 to these financial statements.

#### *Statutory board's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors of the Czech Republic, International Standards on Auditing and the related application 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 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 control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

PricewaterhouseCoopers Audit, s.r.o., registered seat Kateřinská 40/466, 120 00 Prague 2, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No 021.

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

#### *Auditor's Responsibility (continued)*

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 the Company as at 31 December 2008, its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

15 April 2009

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers Audit, s.r.o.'.

PricewaterhouseCoopers Audit, s.r.o.  
represented by partner

A handwritten signature in black ink, appearing to read 'Petr Kříž'.

Petr Kříž  
Auditor, Licence No. 1140

#### **Note:**

The financial statements have been prepared in Czech language and in English language. In all matters of interpretation of information, views or opinions, the Czech version of financial statements takes precedence over the English version.

## Balance Sheet

### Balance Sheet as at 31 December 2008

CZK '000	31 December 2008			31 December 2007
	ASSETS	Gross	Adjust- ment	Net
<b>B. Fixed assets</b>	<b>241,150</b>	<b>101,538</b>	<b>139,612</b>	<b>155,959</b>
<b>I. Intangible fixed assets</b>	<b>44,592</b>	<b>36,511</b>	<b>8,081</b>	<b>4,647</b>
3. Software	40,692	36,220	4,472	3,982
6. Other intangible fixed assets	3,900	291	3,609	306
7. Intangible fixed assets under construction	–	–	–	328
8. Advances paid for intangible fixed assets	–	–	–	31
<b>II. Tangible fixed assets</b>	<b>71,458</b>	<b>63,475</b>	<b>7,983</b>	<b>8,154</b>
3. Individual movable assets and sets of movable assets	71,458	63,475	7,983	8,154
<b>III. Non-current financial assets</b>	<b>125,100</b>	<b>1,522</b>	<b>123,548</b>	<b>143,158</b>
1. Equity investments in subsidiaries	97,100	1,522	95,548	92,400
2. Equity investments in associates – substantial influence	20,000	–	20,000	20,000
4. Loans and borrowings – controlling entity, substantial influence	8,000	–	8,000	30,758
<b>C. Current assets</b>	<b>490,210</b>	<b>2,461</b>	<b>487,749</b>	<b>351,404</b>
<b>II. Long-term receivables</b>	<b>3,841</b>	<b>–</b>	<b>3,841</b>	<b>212</b>
5. Long-term prepayments made	92	–	92	103
8. Deferred tax asset	3,749	–	3,749	109
<b>III. Short-term receivables</b>	<b>27,905</b>	<b>2,461</b>	<b>25,444</b>	<b>30,318</b>
1. Trade receivables	15,824	2,461	13,363	27,060
4. Receivables from shareholders/owners	3,625	–	3,625	–
7. Short-term prepayments made	2,593	–	2,593	2,620
8. Estimated receivables	5,832	–	5,832	332
9. Other receivables	31	–	31	306
<b>IV. Current financial assets</b>	<b>458,464</b>	<b>–</b>	<b>458,464</b>	<b>320,874</b>
1. Cash on hand	43	–	43	33
2. Cash at bank	84,908	–	84,908	97,246
3. Short-term securities and investments	373,513	–	373,513	223,595
<b>D. Other assets</b>	<b>16,607</b>	<b>–</b>	<b>16,607</b>	<b>19,727</b>
<b>I. Accruals and deferrals</b>	<b>16,607</b>	<b>–</b>	<b>16,607</b>	<b>19,727</b>
1. Deferred expenses	9,888	–	9,888	9,800
3. Accrued income	6,719	–	6,719	9,927
<b>TOTAL ASSETS</b>	<b>747,967</b>	<b>103,999</b>	<b>643,968</b>	<b>527,090</b>



## Balance Sheet

### Balance Sheet as at 31 December 2008

CZK '000	31 December 2008	31 December 2007
<b>LIABILITIES</b>		
<b>A. Equity</b>	<b>564,749</b>	<b>462,800</b>
<b>I. Share capital</b>	<b>265,216</b>	<b>258,322</b>
1. Share capital	265,216	265,216
2. Own shares held	–	(6,894)
<b>III. Statutory reserve fund</b>	<b>31,923</b>	<b>23,105</b>
<b>IV. Retained earnings</b>	<b>11,221</b>	<b>5,036</b>
<b>V. Profit for the current period</b>	<b>256,389</b>	<b>176,337</b>
<b>B. Liabilities</b>	<b>74,594</b>	<b>46,820</b>
<b>I. Provisions</b>	<b>16,621</b>	<b>1,611</b>
4. Other provisions	16,621	1,611
<b>II. Long-term liabilities</b>	<b>13</b>	<b>13</b>
5. Long-term advances received	13	13
<b>III. Short-term liabilities</b>	<b>57,960</b>	<b>45,196</b>
1. Trade payables	12,214	20,563
5. Liabilities to employees	9,055	1,647
6. Liabilities for social security and health insurance	946	1,171
7. State – tax payables	19,320	16,752
8. Short-term advances received	2,220	1,955
10. Anticipated liabilities	14,051	2,724
11. Other payables	154	384
<b>C. I. Other liabilities</b>	<b>4,625</b>	<b>17,470</b>
<b>I. Accruals and deferrals</b>	<b>4,625</b>	<b>17,470</b>
1. Accruals	4,545	17,470
2. Deferred revenue	80	–
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>643,968</b>	<b>527,090</b>

## Income Statement

### Income Statement for the Year Ended 31 December 2008

CZK '000	Accounting period 2008	Accounting period 2007
II. Sales	340,111	358,260
1. Sales of own products and services	340,111	358,260
B. Cost of sales	56,987	82,690
1. Raw materials and consumables	2,319	1,644
2. Services	54,668	81,046
<b>+ Added value</b>	<b>283,124</b>	<b>275,570</b>
C. Staff costs	81,133	75,594
1. Wages and salaries	62,260	52,824
2. Emoluments of board members	1,948	1,988
3. Social security and health insurance costs	12,245	16,088
4. Other social costs	4,680	4,694
D. Taxes and charges	203	207
E. Depreciation of long-term assets	8,052	9,025
III. Sales of long-term assets and materials	178	14
1. Sales of long-term assets	160	14
2. Sales of raw materials	18	–
F. Net book volume of long-term assets and raw materials sold	3	–
1. Net book volume of long-term assets sold	3	–
G. Increase in operating provisions	13,699	150
IV. Other operating income	126	112
H. Other operating charges	3,471	2,061
<b>* Operating profit</b>	<b>176,867</b>	<b>188,659</b>
VI. Income from the sale of securities and shares	144,605	24,238
J. Securities and shares sold	66,281	24,350
VII. Income from long-term investments	50,000	30,000
1. Income from investments in control entities, subsidiaries/associates	50,000	30,000
VIII. Income from short-term investments	7,716	4,014
K. Loss on investments	6,541	4,888
IX. Gain on revaluation of securities and derivatives	11,589	258
L. Loss on revaluation of securities and derivatives	11,589	258
M. Increase in financial provisions	852	–
X. Interest income	8,848	7,864
XI. Other financial income	132	15
O. Other financial expenses	996	336

## Profit and Loss Account

CZK '000	Accounting period 2008	Accounting period 2007
* Financial profit	136,631	36,557
Q. Tax on profit on ordinary activities	57,109	48,879
1. – current	60,749	49,994
2. – deferred	(3,640)	(1,115)
** Profit from ordinary activities	256,389	176,337
*** Profit for the current period	256,389	176,337
**** Profit before tax	313,498	225,216

## Cash Flow Statement

### Cash Flow Statement for the Year Ended 31 December 2008

CZK '000	Accounting period 2008	Accounting period 2007
<b>P. Opening balance of cash and cash equivalents</b>	<b>97,279</b>	<b>2,301</b>
<b>Cash flows from operating activities</b>		
Z. Net profit on ordinary activities before tax	313,498	225,216
A.1. Adjustments for non-cash movements:	(35,550)	(28,703)
A.1.1. Depreciation and amortisation of fixed assets	8,052	9,025
A.1.2. Change in provisions	15,403	150
A.1.3. Loss on the sale of fixed assets	(157)	(14)
A.1.4. Dividend income	(50,000)	(30,000)
A.1.5. Net interest expense	(8,848)	(7,864)
<b>A.* Net cash flow from ordinary activities tax, changes in working capital and items</b>	<b>277,948</b>	<b>196,513</b>
A.2. Working capital changes	(146,943)	143,628
A.2.1. Change in receivables and prepayments	4,295	(7,949)
A.2.2. Change in short-term payables and accruals	(1,319)	13,132
A.2.4. Change in short-term investments	(149,918)	138,446
<b>A.** Net cash flow from ordinary activities before tax and extraordinary items</b>	<b>131,006</b>	<b>340,142</b>
A.4. Interest received	9,377	7,282
A.5. Income tax on ordinary activities paid	(59,511)	(51,815)
A.7. Dividends received	50,000	30,000
<b>A.*** Net cash flow from ordinary activities</b>	<b>130,872</b>	<b>325,609</b>
<b>Cash flows from investing activities</b>		
B.1. Acquisition of fixed assets	15,440	(90,871)
B.2. Proceeds from sale of fixed assets	160	14
B.3. Loans to related parties	(8,000)	30,758
<b>B.*** Net cash flow from investing activities</b>	<b>7,600</b>	<b>(60,099)</b>
<b>Cash flows from financing activities</b>		
C.1. Change in liabilities from financing activities	10,534	(2,283)
C.2. Changes in equity	(161,334)	(168,249)
C.2.1. Cash decrease in share capital	-	(4,500)
C.2.5. Payments from capital funds	-	(35,998)
C.2.6. Dividends paid	(161,334)	(127,751)
<b>C.*** Net cash flow from financing activities</b>	<b>(150,800)</b>	<b>(170,532)</b>
<b>F. Net increase or decrease in cash and cash equivalents</b>	<b>(12,328)</b>	<b>94,978</b>
<b>R. Cash and cash equivalents at the end of the year</b>	<b>84,951</b>	<b>97,279</b>

## Statement of Changes in Equity

### Statement of Changes in Equity for the Year Ended 31 December 2008

CZK '000	Share capital	Own shares	Changes in share capital	Share premium	Other capital funds	Statutory reserve fund	Accumulated profits brought forward	Profit/loss for the current period	Total equity
<b>Balance at 31 December 2006</b>	265,216	(1,095)	1,100	22,769	13,229	16,453	6,391	133,044	457,107
Allocation of profit	–	–	–	–	–	6,652	126,391	(133,044)	–
Dividends paid	–	–	–	–	–	–	(127,751)	–	(127,751)
Distribution of capital funds	–	–	–	(22,769)	(13,229)	–	–	–	(35,998)
Decrease of the share capital Recorded	–	1,095	(1,100)	–	–	–	5	–	–
Purchase of own shares	–	(6,894)	–	–	–	–	–	–	(6,894)
Profit for the current period	–	–	–	–	–	–	–	176,337	176,337
<b>Balance at 31 December 2007</b>	265,216	(6,894)	–	–	–	23,105	5,036	176,337	462,800
Allocation of profit	–	–	–	–	–	8,818	167,519	(176,337)	–
Dividends paid	–	–	–	–	–	–	(161,334)	–	(161,334)
Purchase of own shares	–	(1,300)	–	–	–	–	–	–	(1,300)
Sale of own shares	–	8,194	–	–	–	–	–	–	8,194
Profit for the current period	–	–	–	–	–	–	–	256,389	256,389
<b>Balance at 31 December 2008</b>	265,216	–	–	–	–	31,923	11,211	256,389	564,749

# Notes to the Financial Statements

## 1. GENERAL INFORMATION

### 1.1. Incorporation and description of the business

Burza cenných papírů Praha, a. s. (henceforth "the Company"), with its registered office at Rybná 14, Prague 1, was incorporated by means of a Memorandum of Association dated 24 July 1992 by 12 Czechoslovak banks and five brokerage firms.

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

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

- To organise trading with registered securities issued by the Securities Commission in accordance with generally applicable legal regulations, Stock Exchange Rules and Stock Exchange Regulations, at a designated location and during set daily hours, through authorised persons, applying to the following capital market instruments:
  - a) Options in the sense of Section 8a § (1) (g) of the Securities Act, the values of which are derived from the value in the rate index composed of shares listed on the public market in the Czech Republic, in which none of the options has a weighting in excess of 35% in this index;
  - b) Futures in the sense of Section 8a § (1) (g) of the Securities Act, the values of which are derived from the value in the rate index composed of shares listed on the public market in the Czech Republic, in which none of the futures has a weighting in excess of 35% in this index;
  - c) Futures in the sense of Section 8 § 1 (d) of the Securities Act, the values of which are derived from an interest rate commonly used on the financial market in the Czech Republic;
  - d) Futures in the sense of Section 8a § 1 (d) of the Securities Act, the values of which are derived from the value of a basket of not less than two government bonds pursuant to Section 18 (1) of the Bonds Act 530/1990 of the legal code as amended, listed on a public market in the Czech Republic;
  - e) Investment certificates pursuant to Section 3 (2) (d) of the Law Governing Trading on Capital Markets;
  - f) Options, other domestic securities with which may be connected to a similar right and foreign securities carrying similar rights (warrants) pursuant to Section 3 (2) (d) and Section 3 § (3) (a) of the Law Governing Trading on Capital Markets;
  - g) Futures in the sense of Section 3 (b) or (e) of the Law Governing Trading on Capital Markets, where the underlying asset is:
    1. a share accepted for trading in an organised market in the EU or OECD countries,
    2. stock market indices of EU or OECD countries, including indices comprising shares from several countries and baskets of such indices,
    3. currency from an EU or OECD country,
    4. the interest rate from an EU or OECD currency,
    5. price and/or revenue from government bonds issued by an EU or OECD state, denominated in the currency of an EU or OECD state, including baskets of such bonds,
    6. the price of an emission credit fixed by an organised market with a registered office in an EU or OECD country,
    7. the price of commodities fixed by an organised market with a registered office in an EU or OECD country.
- to ensure publication of the results of stock exchange transactions;
- to render services involving the provision of information, even information which relates to securities not listed on a public market under the conditions set out in the Stock Exchange Act 214/1992 of the legal code as amended, to the extent of the licence issued by the Securities Commission and provided that the provision of the information is set out in the Stock Exchange Rules;

## Notes to the Financial Statements

- to undertake advisory, educational and other activities relating to the principal trading in the market,
- to provide software;
- to undertake training activities;
- to facilitate educational activities;
- to engage in technical activity related to information technologies.

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

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

Only the shareholder Patria Finance, a.s. as at 31 December 2007 had share on equity over 20%. The share was 24,84%.

The shareholder Tiger Holding Four S.a.r.l, with registered office in Luxembourg had share on equity of 13,54% as at 31 December 2007.

### 1.3. Organisational Structure of the Company

The following units report directly to the CEO:

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

### 1.4. Group Identification

As at 31 December 2008, the Prague Stock Exchange has five subsidiary companies.

UNIVYC, a.s. with registered office at Rybná 14/682, Praha 1, was recorded in the Register of Companies on 8 October 1996. The Company was incorporated by transformation of the limited liability company Burzovní Registr Cenných Papírů, s.r.o. UNIVYC became the legal successor to this company. UNIVYC is a wholly owned subsidiary of the Prague Stock Exchange. As at 31 December 2008, UNIVYC's share capital is CZK 100,000,000.

The Company, as the sole founder, decided on 21 November 2003 to form a joint-stock Company, Centrální depozitář, a.s., with registered office at Rybná 14/682, Praha 1, with the share capital of CZK 3,000,000. The sole shareholder is the Burza cenných papírů Praha, a.s. The Company was recorded in the Commercial Register on 3 March 2004. The business of Centrální depozitář, a.s. includes "activities of business, financial, organisational and economic advisors".

In 2007, a change in the Company's name to "CENTRAL COUNTERPARTY, a.s." and extension of the principal operations by "trading electricity" were registered in the Commercial Register maintained by the Municipal Court in Prague.

## Notes to the Financial Statements

On 8 January 2007 a foundation agreement for incorporation of the Prague Energy Exchange, with registered office at Rybná 14/682, Praha 1, was drawn up. The founders are as follows:

Burza Cenných Papírů Praha, a.s.	investment of CZK 20,000,000
UNIVYC, a.s.	investment of CZK 20,000,000
Centrální depozitář, a.s.	investment of CZK 20,000,000

The Company was recorded in the Commercial Register on 5 March 2007.

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

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

### 1.5. Stock Exchange Chamber and Supervisory Board as at 31 December 2008

	Position	Name
Stock Exchange Chamber	Chairman	Petr Kobic
	Vice Chairman	Michael Buhl
	Vice Chairman	Hannes Takacs
Supervisory Board	Member	Jaroslav Míl
		Milan Šimáček
		Zdeněk Bakala
		Jiří Michal
		Martin Roman



## Notes to the Financial Statements

In the year ended 31 December 2008, the following changes were made to the composition of the Stock Exchange Chamber:

Stock Exchange Chamber:

Position	Old member	New member	Date of change
Vice Chairman		Michael Buhl	8 Dec 2008
Vice Chairman		Hannes Takacs	8 Dec 2008
Vice Chairman	Jan Klenor		8 Dec 2008
Member	Peter Palečka		8 Dec 2008
Vice Chairman	Daniel Heler		27 Nov 2008
Member	Aleš Barabas		27 Nov 2008
Member	Petr Milev		27 Nov 2008

## 2. ACCOUNTING POLICIES

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

### 2.1. Tangible fixed assets

All tangible assets with a useful life longer than one year and a unit cost of more than CZK 40,000 are treated as tangible fixed assets.

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

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

Premises, machinery and equipment	3 years
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A provision for impairment is established when the carrying value of an asset is greater than its estimated recoverable amount.

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

## Notes to the Financial Statements

### 2.2. Intangible fixed assets

All intangible assets with a useful life longer than one year and a unit cost of more than CZK 60,000 are treated as intangible fixed assets.

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

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

Software	3 years
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A provision for impairment is established when the carrying value of an asset is greater than its estimated recoverable amount.

### 2.3. Investments in controlled entities/subsidiaries and associates

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

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

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

### 2.4. Other securities and investments

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

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

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

All securities and investments are initially recorded at cost, including transaction costs. Held-to-maturity investments are subsequently accounted for at amortised cost. Other investments are subsequently accounted for at fair value. The fair value is determined as the market value of the securities as at the balance sheet date. Measurement of non-traded securities is based on management estimates based on recognised models or valuation techniques.

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

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

### 2.5. Cash and cash equivalents

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

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

### 2.6. Receivables

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

### 2.7. Derivative financial instruments

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

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

Changes in the fair value of derivatives held for trading are included in net profit or loss from financial transactions.

### 2.8. Provisions

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

### 2.9. Foreign currency translation

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

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

### 2.10. Deferred taxation

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

### 2.11. Own shares

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

## Notes to the Financial Statements

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

Repurchased own shares are stated at cost as a deduction from share capital. An excess of selling price over the purchase cost of treasury shares as a result of sale is reported to financial result.

### 2.12. Related parties

The Company's related parties are considered to be the following:

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

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

### 2.13. Revenue recognition

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

### 2.14. Leasing

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

### 2.15. Employment benefits

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

### 2.16. Cash flow statement

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

### 2.17. Subsequent events

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

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

## Notes to the Financial Statements

### 3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

#### 3.1. Fixed assets

##### 3.1.1. Intangible fixed assets

Cost

CZK '000	Balance as at 1 Jan 2007	Additions	Disposals	Balance as at 31 Dec 2007	Additions	Disposals	Balance as at 31 Dec 2008
Software	35,017	4,445	1,247	38,215	2,841	364	40,692
Other intangible fixed assets	386	–	–	386	3,514	–	3,900
Intangible fixed assets under construction	328	–	–	328	–	328	–
Prepayments made	–	31	–	31	–	31	–
<b>Total</b>	<b>35,731</b>	<b>4,476</b>	<b>1,247</b>	<b>38,960</b>	<b>6,355</b>	<b>723</b>	<b>44,592</b>

Accumulated amortisation

CZK '000	Balance as at 1 Jan 2007	Additions	Disposals	Balance as at 31 Dec 2007	Additions	Disposals	Balance as at 31 Dec 2008
Software	33,006	2,474	1,247	34,233	2,353	366	36,220
Other intangible fixed assets	16	64	–	80	211	–	291
<b>Total</b>	<b>33,022</b>	<b>2,538</b>	<b>1,247</b>	<b>34,313</b>	<b>2,564</b>	<b>366</b>	<b>36,511</b>

Net book value

CZK '000	Balance as at 1 Jan 2007	Balance as at 31 Dec 2007	Balance as at 31 Dec 2008
Software	2,011	3,982	4,472
Other intangible fixed assets	370	306	3,609
Intangible fixed assets under construction	328	328	–
Prepayments made	–	31	–
<b>Total</b>	<b>2,709</b>	<b>4,647</b>	<b>8,081</b>

##### Additions to Intangible Fixed Assets

In 2008 additions to intangible fixed assets represent software – IBM Lotus Quickr CZK 201,000, in the amount of CZK 2,841,000, SW ArcSight FlexConnector in the amount of CZK 304,000 and server for concentrator of logs L3000 in the amount of CZK 442,000 and also the documentary film on the stock exchange history in the amount of CZK 3,514,000.

## Notes to the Financial Statements

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

CZK '000	Amortisation
2007	2,100
2008	2,564

In 2008 and 2007, no allowances against intangible fixed assets were created.

### 3.1.2. Tangible Fixed Assets

Cost

CZK '000	Balance as at 1 Jan 2007	Additions	Disposals	Balance as at 31 Dec 2007	Additions	Disposals	Balance as at 31 Dec 2008
Individual movable assets	76,085	5,321	11,159	70,247	5,321	4,110	71,458
– Machinery and equipment	55,691	2,935	8,232	50,394	3,368	384	53,378
– Vehicles	775	–	–	775	–	775	–
– Furniture and fixtures	6,427	–	61	6,366	836	1,482	5,720
– Low value tangible FA	13,192	2,386	2,866	12,712	1,117	1,469	12,360
Tangible FA under construction	4	–	4	–	–	–	–
<b>Total</b>	<b>76,089</b>	<b>5,321</b>	<b>11,163</b>	<b>70,247</b>	<b>5,321</b>	<b>4,110</b>	<b>71,458</b>

Accumulated depreciation and provisions

CZK '000	Balance as at 1 Jan 2007	Additions	Disposals	Balance as at 31 Dec 2007	Additions	Disposals	Balance as at 31 Dec 2008
Individual movable assets	66,327	6,925	11,159	62,093	5,492	4,110	63,475
– Machinery and equipment	46,883	6,112	8,231	44,764	4,271	384	48,651
– Vehicles	775	–	–	775	–	775	–
– Furniture and fixtures	6,079	103	61	6,121	111	1,482	4,750
– Low value tangible FA	12,590	710	2,867	10,433	1,110	1,469	10,074
<b>Total</b>	<b>66,327</b>	<b>6,925</b>	<b>11,159</b>	<b>62,093</b>	<b>5,492</b>	<b>4,110</b>	<b>63,475</b>

## Notes to the Financial Statements

Net book value

CZK '000	Balance as at 1 Jan 2007	Balance as at 31 Dec 2007	Balance as at 31 Dec 2008
Individual movable assets	9,758	8,154	7,983
– Machinery and equipment	8,808	5,630	4,728
– Furniture and fixtures	348	245	970
– Low value tangible FA	602	2,279	2,284
Tangible FA under construction	4	–	–
<b>Total</b>	<b>9,762</b>	<b>8,154</b>	<b>7,983</b>

### Additions to Tangible Fixed Assets

In 2008, additions to tangible fixed assets in amount of CZK 5,322,000 predominantly include supplies for TV studio – monitors CZK 1,242,000, partitions Barisol CZK 256,000, Flashing optical connection stock exchange with Czech TV CZK 482,000. There is also equipment of reception CZK 298,000 and servers CZK 886,000.

### Disposals of Tangible Fixed Assets

Disposals of tangible fixed assets predominantly include disposal of two cars CZK 763,000 and library CZK 125,000.

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

CZK '000	Depreciation
2007	6,925
2008	5,492

In 2007 and 2008, no allowances against tangible fixed assets were created.

None of the assets is pledged as collateral.

### 3.2. Leased assets

As at 31 December 2008, the Company has seven cars under operating leases. The aggregate amount of payments made in 2008 was CZK 1,904,000 (2007: CZK 1,508,000).

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

CZK '000	Balance as at 31 December 2008	Balance as at 31 December 2007
Current within one year	1,971	1,235
Due after one year but within five years	1,789	1,911
<b>Total</b>	<b>3,760</b>	<b>3,146</b>

## Notes to the Financial Statements

### 3.3. Long-term investments

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

#### Cost

CZK '000	Balance as at 31 Dec 2007	Additions	Balance as at 31 Dec 2008
UNIVYC, a.s.	90,100	–	90,100*
CENTRAL COUNTERPARTY, a.s.	3,000	–	3,000
Prague Energy Exchange	20,000	–	20,000
Central Clearing Counterparty, a.s.	–	2,000	2,000
Energy Clearing Counterparty, a.s.	–	2,000	2,000
<b>Total</b>	<b>113,100</b>	<b>4,000</b>	<b>117,100</b>

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

#### Provisions

CZK '000	Balance as at 31 Dec 2007	Additions	Disposals	Balance as at 31 Dec 2008
CENTRAL COUNTERPARTY, a.s.	700	–	700	–
Central Clearing Counterparty, a.s.	–	697	–	697
Energy Clearing Counterparty, a.s.	–	855	–	855
<b>Total</b>	<b>700</b>	<b>1,552</b>	<b>700</b>	<b>1,552</b>

#### Net value

CZK '000	Balance as at 31 Dec 2007	Balance as at 31 Dec 2008
UNIVYC, a.s.	90,100	90,100
CENTRAL COUNTERPARTY, a.s.	2,300	3,000
Prague Energy Exchange	20,000	20,000
Central Clearing Counterparty, a.s.	–	1,303
Energy Clearing Counterparty, a.s.	–	1,145
<b>Total</b>	<b>112,400</b>	<b>115,548</b>

As at 31 December 2008, UNIVYC, a.s. reports equity of CZK 128,752,000. It generated a net profit of CZK 21,255,000 for year 2008. On the basis of a decision of the sole shareholder, in 2008 dividends were paid out of 2007 profits of CZK 50,000,000.



## Notes to the Financial Statements

As at 31 December 2008, CENTRAL COUNTERPARTY, a.s. (formerly Centrální depozitář, a.s.) reports equity of CZK 10,968,000, generated profit of CZK 9,911,000 for year 2008.

As at 31 December 2008, the Prague Energy Exchange reports equity of CZK 61,898,000. In the period from the beginning of its activity to 31 December 2008 it generated a loss of CZK 2,786,000.

As at 31 December 2008, the Central Clearing Counterparty, a.s. reports equity of CZK 1,303,000. In the period from the beginning of its activity to 31 December 2008 it generated a loss of CZK 697,000.

As at 31 December 2008, the Energy Clearing Counterparty, a.s. reports equity of CZK 1,145,000. In the period from the beginning of its activity to 31 December 2008 it generated a loss of CZK 855,000.

### Loans to subsidiaries

Loan to its subsidiary CENTRAL COUNTERPARTY, a.s. provided in 2007 in the amount of CZK 30,250,000, part payment on 31 December 2008 of CZK 22,250,000 was made including interest in amount of CZK 720,000.

In the course of the year 2008, the Company provided a loan to its subsidiary CENTRAL COUNTERPARTY, a.s. in the amount of CZK 32,000,000 with the interest rate of 14D PRIBOR + 0.375% p.a. The loan has been repaid on 3 April 2008, including interest in amount of CZK 33,000.

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

### 3.4. Financial assets

CZK '000	Balance as at 31 Dec 2008	Balance as at 31 Dec 2007
Cash on hand	43	33
Current accounts	84,908	97,246
Short-term securities	373,513	223,595
– held to maturity – depository notes	251,013	60,010
– at fair value through profit or loss	122,500	163,585
with fixed income	85,941	123,864
with variable yield	36,559	39,721
<b>Total financial assets</b>	<b>458,464</b>	<b>320,874</b>

According to the Asset management contract, the Company held in bonds of domestic and foreign counterparties as at 31 December 2008 and 2007.

The Company has a restricted term deposit in amount of CZK 40,000,000 at Komerční banka, a.s. at 31 December 2008.

## Notes to the Financial Statements

### 3.5. Short-term receivables

CZK '000	Balance as at 31 Dec 2008	Balance as at 31 Dec 2007
Trade receivables – customers	13,363	27,060
Operating prepayments made	2,593	2,620
Receivables from partners	3,625	–
Estimated receivables	5,832	332
Other receivables and social security	31	306
<b>Total short-term receivables, net</b>	<b>25,444</b>	<b>30,318</b>

As a change of the year 2007 in short-term receivables are now the receivables from partners and participants in association.

On 1 January 2008 was established the union between Burza cennych papiru Praha, a.s. and UNIVYC, a.s for the purpose of co-operation with the settlement of exchange and off-exchange trades.

Increase of estimated receivables represents the estimated receivables for financial information from Reuters and Thomson.

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

#### 3.5.1. Ageing of short-term trade receivables

Year	Category	Before due date	Past due date				Total past due date	Total
			0–60 days	61–180 days	181–360 days	1–2 years 2 and more years		
2008	Nominal value	13,273	1	89	–	–	2,461	15,824
	Allowances	–	–	–	–	–	2,461	2,461
	Net	13,273	1	89	–	–	90	13,363
2007	Nominal value	26,752	307	1	–	6	3,766	30,832
	Allowances	–	–	–	–	6	3,766	3,772
	Net	26,752	307	1	–	–	308	27,060

## Notes to the Financial Statements

### 3.5.2. Allowances

CZK '000	Provisions for trade receivables
Balance as at 1 January 2007	4,130
Creation	8
Release	25
Usage	341
Balance as at 31 December 2007	3,772
Creation	–
Release	228
Usage	1,083
Balance as at 31 December 2008	2,461

### 3.5.3. Inter-company receivables

CZK '000	Balance as at 31 Dec 2008	Balance as at 31 Dec 2007
<b>Short-term trade receivables</b>		
UNIVYC, a.s.	4,035	10,024
CENTRAL COUNTERPARTY, a.s.	358	258
Prague Energy Exchange	1,962	554
Central Clearing Counterparty, a.s.	39	–
<b>Total short-term receivables</b>	<b>6,394</b>	<b>10,836</b>

No inter-company receivables are past due.

### 3.5.4. Estimated receivables

CZK '000	Balance as at 31 Dec 2008	Balance as at 31 Dec 2007
Unbilled rental services	582	332
Unbilled information services provided by BCPP	5,250	–
<b>Estimated receivables</b>	<b>5,832</b>	<b>332</b>

## Notes to the Financial Statements

### 3.6. Deferred expenses and accrued income

CZK '000	Balance as at 31 Dec 2008	Balance as at 31 Dec 2007
<b>Deferred expenses</b>	<b>9,888</b>	<b>9,800</b>
Rental of non-residential premises	3,588	2,282
Insurance	3,685	5,546
Other	2,615	1,972
<b>Accrued income</b>	<b>6,719</b>	<b>9,927</b>
Stock exchange information	6,624	9,811
Interest	95	116
<b>Total accruals and deferrals</b>	<b>16,607</b>	<b>19,727</b>

### 3.7. Equity

#### 3.7.1. Share capital

The Company's share capital recorded in the Commercial Register as at 31 December 2008 of CZK 265,216,000 (2007: CZK 265,216,000) is split into 265,216 shares of registered stock with a nominal value of CZK 1,000 per share.

#### 3.7.2. Profit for the year 2007

The net profit for the year 2007 of CZK 176,337,000 was approved and allocated by the general meeting of shareholders on 5 June 2008.

#### 3.7.3. Statutory reserve fund

CZK '000	
<b>Balance as at 31 December 2006</b>	<b>16,453</b>
Creation 2006	6,652
<b>Balance as at 31 December 2007</b>	<b>23,105</b>
Creation 2007	8,818
<b>Balance as at 31 December 2008</b>	<b>31,923</b>

### 3.8. Provisions

CZK '000	Reserve for potential liability from termination of employment	Reserve life insurance and staff bonuses	Total
<b>Balance as at 31 December 2006</b>	<b>981</b>	<b>122</b>	<b>1,103</b>
Creation	–	508	508
<b>Balance as at 31 December 2007</b>	<b>981</b>	<b>630</b>	<b>1,611</b>
Creation	–	15,010	15,010
<b>Balance as at 31 December 2008</b>	<b>981</b>	<b>15,640</b>	<b>16,621</b>

## Notes to the Financial Statements

As at 31 December 2005, other provisions were created for potential liabilities arising from the verdict of the Municipal Court for Prague, as the appeal court, of 28 January 2005. The Court decided that the termination of employment delivered to a former employee on 26 July 2002 was invalid. The provision was created in the amount of CZK 981,000, equalling lost earnings and statutory insurance. In 2008, the legal dispute referred to above was not finalised.

Further, a provision for life insurance for selected employees is being created. The provision will be used at the completion or termination of individual contracts. As at 31 December 2008, it amounts to CZK 1,140,000. As at 31 December 2008 the Company also created provision for staff bonus liability in amount of CZK 14,500,000.

### 3.9. Short-term liabilities

Short-term liabilities have the following structure:

CZK '000	Balance as at 31 Dec 2008	Balance as at 31 Dec 2007
Trade payables – Czech Republic	11,734	20,563
Trade payables – Foreign countries	480	–
Prepayments received	2,220	1,955
Estimated payables	14,051	2,724
Tax liabilities	19,321	16,752
Payables to staff	9,055	1,647
Social security and health insurance payables	946	1,171
Other payables	153	384
<b>Total short-term payables</b>	<b>57,960</b>	<b>45,196</b>

No trade payables as at 31 December 2008 and 2007 are overdue.

## Notes to the Financial Statements

### 3.9.1. Inter-company payables

CZK '000	Balance as at 31 Dec 2008	Balance as at 31 Dec 2007
<b>UNIVYC, a.s.</b>	<b>378</b>	<b>16,436</b>
– payables from trading	0	16,063
– received prepayments	378	373
<b>CENTRAL COUNTERPARTY, a.s. (formerly Centrální depozitář)</b>	<b>23</b>	<b>23</b>
– received unbilled prepayments	23	23
<b>Prague Energy Exchange</b>	<b>139</b>	<b>52</b>
–received unbilled prepayments	139	52
<b>Central Clearing Counterparty, a.s.</b>	<b>17</b>	<b>–</b>
– received unbilled prepayments	17	–
<b>Energy Clearing Counterparty, a.s.</b>	<b>14</b>	<b>–</b>
– received unbilled prepayments	14	–
<b>Total short-term intercompany payables</b>	<b>571</b>	<b>16,511</b>

In the year 2008 the payables to UNIVYC, a.s. decreased significantly due to newly concluded contract on co-operation with Burza cenných papírů Praha, a.s. and for the purpose of reducing mutual transactions.

The Company maintains no collateralised payables or payables otherwise secured and are not due over five years.

### 3.10. Deferred tax

The deferred tax asset as at 31 December 2008 is calculated at 20% (the rate enacted for 2009), 19% (the rate enacted for 2010 and subsequent years) depending on the period when the temporary differences are expected to reverse. Deferred tax as at 31 December 2007 was calculated at 21% (the rate enacted for 2008), 20% (the rate enacted for 2009) and 19% (the rate enacted for 2010).

The deferred tax asset can be analysed as follows:

Deferred tax CZK '000	Balance as at 31 Dec 2008	Balance as at 31 Dec 2007
Accumulated depreciation and amortisation of fixed assets	(259)	(805)
Provisions	3,324	339
Provision to financial investments	310	–
Social security and health insurance	374	575
<b>Deferred tax asset</b>	<b>3,749</b>	<b>109</b>
<b>Deferred tax income</b>	<b>(3,640)</b>	<b>(1,115)</b>

## Notes to the Financial Statements

### 3.11. Income tax on ordinary activities

The charge for the year can be reconciled to the profit per the profit and loss account, as follows:

CZK '000	Balance as at 31 Dec 2008	Balance as at 31 Dec 2007
Profit before tax	313,498	225,216
Tax at tax rate of 21% (2007: 24%)	65,835	54,052
Tax effect of not deductible expenses	6,259	3,230
Tax effect of non-taxable income	(11,345)	(7,311)
Adjustment of prior years tax expense	–	23
<b>Current tax</b>	<b>60,749</b>	<b>49,994</b>
Deferred tax income	(3,640)	(1,115)
<b>Total income tax on ordinary activities</b>	<b>57,109</b>	<b>48,879</b>

### 3.12. Details of revenues by principal activity

CZK '000	2008			2007		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Stock exchange fees	181,343	3,380	184,723	263,883	3,616	267,499
– Annual trading fees	14,520	–	14,520	15,180	–	15,180
– Listing fees	7,575	3,380	10,955	10,070	3,616	13,686
– Trading fees	159,248	–	159,248	238,633	–	238,633
Services relating to settlement	88,999	–	88,999	39,972	–	39,972
Services for Prague Energy Exchange	11,940	–	11,940	12,440	–	12,440
Other services	11,341	43,108	54,449	10,713	27,636	38,349
<b>Total income from the sale of services</b>	<b>293,623</b>	<b>46,488</b>	<b>340,111</b>	<b>327,008</b>	<b>31,252</b>	<b>358,260</b>

## Notes to the Financial Statements

### 3.13. Related party transactions

#### 3.13.1. Revenues from related party transaction

CZK '000

2008

Entity

Entity	Relation to the Company	Services	Other operating income	Financial income	Total
UNIVYC	Subsidiary	47	1,649	–	1,696
CENTRAL COUNTERPARTY	Subsidiary	–	102	753	855
Prague Energy Exchange	Subsidiary	11,940	614	–	12,554
Central Clearing Counterparty	Subsidiary	–	70	–	70
Energy Clearing Counterparty	Subsidiary	–	60	–	60
<b>Total</b>		<b>11,987</b>	<b>2,495</b>	<b>753</b>	<b>15,235</b>

CZK '000

2007

Entity

Entity	Relation to the Company	Services	Other operating income	Financial income	Total
UNIVYC	Subsidiary	39,972	2 253	–	42,225
CENTRAL COUNTERPARTY	Subsidiary	–	93	508	601
Prague Energy Exchange	Subsidiary	12,440	231	–	12,671
<b>Total</b>		<b>52,412</b>	<b>2 577</b>	<b>508</b>	<b>55,497</b>

The Company provides Prague Energy Exchange with services supporting electric energy trading. Other income includes the lease of non-residential premises including services related to the lease and services related to lease. Financial income includes the loan interest. Compared to 2007 services from settlement to UNIVYC decreased significantly. From 1 January 2008 contract on corporation between Burza cenných papírů Praha, a.s. and UNIVYC, a.s. was concluded. As a result of this contract mutual transactions have been reduced significantly.

#### 3.13.2. Costs

In 2008 Prague Stock Exchange purchased services from Patria Finance CF, a.s. in amount of CZK 750,000 related to escrow agent function in relation to sale of shares of Prague Stock Exchange.

CZK '000

2007

Entity

Entity	Relation to the Company	Services
UNIVYC	Subsidiary	32,368



## Notes to the Financial Statements

In year 2007 the Company purchased services related to settlement of trades with securities from UNIVYC, a.s.. There are no realized transactions with related parties in 2008. These services related to settlement of trades with securities are now proceeded within cooperation of Burza cenných papírů Praha, a.s. and UNIVYC, a.s

### 3.14. Services

CZK '000	2008	2007
Repairs and maintenance	7,997	5,246
Travel expenses	1,008	1,191
Representation costs	977	484
Telephone, fax, postage	1,453	1,276
Low value intangible assets brought into use	41	105
Rental	16,041	13,478
Operating leases	1,904	1,508
Costs relating to settlement	–	32,368
Advisory services, audit	8,186	7,665
Promotion	5,195	8,802
Other services	13,319	10,199
<b>Total</b>	<b>54,668</b>	<b>81,046</b>

### 3.15. Other operating income

CZK '000	2008	2007
Contractual penalties and penalty interest	112	78
Sundry operating income	14	34
<b>Total other operating income</b>	<b>126</b>	<b>112</b>

### 3.16. Other operating expenses

CZK '000	2008	2007
Gifts	982	52
Contractual penalties and penalty interest	–	103
Write-offs of receivables and transferred receivables	1,083	342
Insurance premiums	1,177	1,549
Sundry operating expenses	229	15
<b>Total other operating expenses</b>	<b>3,471</b>	<b>2,061</b>

## Notes to the Financial Statements

### 3.17. Proceeds from the sale of securities and investments

Current Financial Assets (FVPL)

CZK '000	2008 Selling price	2007 Selling price
Czech bonds	58,040	24,238
Sale of Treasury shares	86,565	–
<b>Total proceeds from the sale of securities</b>	<b>144,605</b>	<b>24,238</b>

### 3.18. Income from non-current financial assets

CZK '000	2008	2007
Dividends received from subsidiaries	50,000	30,000

### 3.19. Income from current financial assets

CZK '000	2008	2007
Interest from income depository notes	3,194	3,069
Gains from revaluation of FVPL securities	4,522	945
<b>Toal income from financial assets</b>	<b>7,716</b>	<b>4,014</b>

### 3.20. Securities and investments sold

Current financial assets (all FVPL)

CZK '000	2008 Purchase price	2007 Purchase price
Czech bonds	58,087	24,320
Foreign bonds	–	30
Own shares	8,194	–
<b>Total expenses financial assets</b>	<b>66,281</b>	<b>24,350</b>

### 3.21. Interest income

CZK '000	2008	2007
Interest on current bank accounts	2,912	2
Interest on deposit bank accounts	–	101
Interest, accrued interest income, coupon on securities	5,183	7,253
Other interest received from the loan to a subsidiary	753	508
<b>Total interest income</b>	<b>8,848</b>	<b>7,864</b>

## Notes to the Financial Statements

### 3.22. Other financial income

CZK '000	2008	2007
Foreign exchange gains	130	13
Other	2	2
<b>Total</b>	<b>132</b>	<b>15</b>

### 3.23. Other financial expenses

CZK '000	2008	2007
Foreign exchange losses	817	203
Banking charges – bank guarantee	120	23
Banking charges – portfolio	18	5
Banking charges – other	41	105
<b>Total</b>	<b>996</b>	<b>336</b>

## 4. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

### 4.1. Staff costs and number of employees

The following tables summarise the average number of the Company's employees and management for the years ended 31 December 2008 and 2007:

Figures in persons	Average headcount – 2008	Average headcount – 2007
Employees	38	41
Management	6	5
<b>Total</b>	<b>44</b>	<b>46</b>

The number of employees is based on the average headcount.

CZK '000	No.	Wages costs	Social and health insurance	Other costs	Total personal cost
2008					
Employees	38	35,235	10,072	6,628	51,935
Management	6	27,025	2,173	–	29,198
<b>Total</b>	<b>44</b>	<b>62,260</b>	<b>12,245</b>	<b>6,628</b>	<b>81,133</b>

## Notes to the Financial Statements

CZK '000 2007	No.	Wages costs	Social and health insurance	Other costs	Total personal cost
Employees	41	30,855	8,399	6,682	45,936
Management	5	21,969	7,689	–	29,658
<b>Total</b>	<b>46</b>	<b>52,824</b>	<b>16,088</b>	<b>6,682</b>	<b>75,594</b>

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

### 4.2. Loans, borrowings and other benefits provided

During the years ended 31 December 2008 and 2007, the members of the Stock Exchange Chamber and management received the following loans and bonuses in addition to their basic salaries:

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

CZK '000 2007	Stock Exchange Chamber	Management	Total
Life and pension insurance contributions	–	966	966
Bonuses	1,988	10,985	12,973
Cars/other movable and immovable assets to be used for private purposes	–	281	281
Other benefits	–	136	136
<b>Total</b>	<b>1,988</b>	<b>12,368</b>	<b>14,356</b>

Supervisory board members did not receive any bonuses during the years 2008 and 2007.

### 5. CONTINGENT LIABILITIES AND OFF BALANCE SHEET COMMITMENTS

The Company received a bank guarantee provided by Komerční banka, a.s. as at 31 December 2008 in amount of CZK 3,500,000 for rent.

#### Legal Disputes

As at 31 December 2008, the Company was involved in no legal disputes, the outcome of which would significantly impact the Company's financial statements, except for the legal dispute with a former employee of the Company for which a provision was created (Note 3.8.).

### 6. POST BALANCE SHEET EVENTS

No events have occurred subsequent to year-end that would have a material impact on the financial statements as at 31 December 2008.

### 7. VOLATILITY ON GLOBAL AND LOCAL FINANCIAL MARKETS

The ongoing global financial crisis which commenced in the middle of 2007 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and, at times, higher interbank lending rates and very high volatility in stock markets. The uncertainties in the global financial markets, have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere. Indeed the full extent of the impact of the ongoing financial crisis is proving to be impossible to anticipate or completely guard against.

Prague, 15 April 2009

Statutory body signature:

Function Chairman of the Stock Exchange Chamber

Name Ing. Petr Kobic

Signature 

Function Vice Chairman of the Stock Exchange Chamber

Name Michael Buhl

Signature 

## Auditor's Report



PricewaterhouseCoopers Audit, s.r.o.  
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Fax +420 251 156 111

### INDEPENDENT AUDITOR'S REPORT

#### TO THE SHAREHOLDERS OF BURZA CENNÝCH PAPIŘŮ PRAHA, A.S.

We have audited the accompanying consolidated financial statements of Burza cenných papírů Praha, a.s. ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated balance sheet as at 31 December 2008, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and notes, including a summary of significant accounting policies ("the consolidated financial statements"). Details of the Company are disclosed in note 1 to these financial statements.

#### *Statutory Board Responsibility for the Financial Statements*

The Statutory Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors of the Czech Republic, International Standards on Auditing and the related application 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 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 control relevant to the Group'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 Group's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

PricewaterhouseCoopers Audit, s.r.o., registered seat Kateřinská 40/466, 120 00 Prague 2, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No 021.

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

#### *Auditor's Responsibility (continued)*

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 accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2008, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

In addition, in our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2008, and of the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the IASB.

15 April 2009

PricewaterhouseCoopers Audit, s.r.o.  
represented by partner

Petr Kříž  
Auditor, Licence No. 1140

#### **Note:**

The financial statements have been prepared in Czech language and in English language. In all matters of interpretation of information, views or opinions, the Czech version of financial statements takes precedence over the English version.

## Consolidated Balance Sheet

### Consolidated Balance Sheet as at 31 December 2008

CZK '000	Note	31 December 2008	31 December 2007
<b>CURRENT ASSETS</b>			
Cash	6	3,448,785	5,991,804
Trade receivables	7	32,867	32,633
Securities held for trading	8	191,992	262,825
Securities held to maturity	9	510,611	413,883
Other current assets	10	626,546	48,999
<b>Total current assets</b>		<b>4,810,801</b>	<b>6,750,144</b>
<b>NON-CURRENT ASSETS</b>			
Equipment	11	14,122	12,366
Intangible assets	12	9,095	6,369
Other non-current assets	13	5,140	5,123
Deferred tax asset	19	4,971	4,481
<b>Total non-current assets</b>		<b>33,328</b>	<b>28,339</b>
<b>TOTAL ASSETS</b>		<b>4,844,129</b>	<b>6,778,483</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	14	442,279	29,302
Liabilities to association members	15	229,077	426,936
Liabilities from margin deposits	15	3,232,924	5,602,011
Other current liabilities	16	105,455	147,780
Short-term advances received	18	2,068	4,440
Current income tax liability		10,028	23,662
Short-term bank loans	17	190,645	–
<b>Total current liabilities</b>		<b>4,212,476</b>	<b>6,234,131</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	20	2,121	10,793
Long-term liabilities	21	16,420	–
<b>Total non-current liabilities</b>		<b>18,541</b>	<b>10,793</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	22	265,216	265,216
Share premium	22	78,371	–
Treasury shares	22	–	(6,894)
Other funds	22	48,975	37,749
Retained earnings	30	220,550	237,488
<b>Total shareholders' equity</b>		<b>613,112</b>	<b>533,559</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>4,844,129</b>	<b>6,778,483</b>



## Consolidated Balance Sheet

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

Prague, 15 April 2009



Petr Kobic  
Chairman of the Stock Exchange Chamber



Michael Buhl  
Vice Chairman of the Stock Exchange Chamber

## Consolidated Income Statement

### Consolidated Income Statement for 2008

CZK '000	Note	2008	2007
<b>Revenues</b>	<b>23</b>	<b>451,619</b>	<b>461,967</b>
Services used	24	(83,973)	(72,522)
Material used	24	(3,757)	(2,754)
Employee benefit expenses	25	(138,775)	(110,570)
Depreciation and amortisation expenses	26	(15,328)	(14,083)
Other net operating expenses	27	(3,317)	(9,598)
<b>Profit from operating activities</b>		<b>206,469</b>	<b>252,440</b>
Interest income	28	173,772	84,669
Interest expense	28	(163,037)	(76,090)
Net trading income	28	4,466	3,860
Other net financial income/(expenses)	28	5,480	(1,802)
<b>Net financial income</b>	<b>28</b>	<b>20,681</b>	<b>10,637</b>
<b>Profit before income tax</b>		<b>227,150</b>	<b>263,077</b>
Income tax expense	29	(71,379)	(64,606)
<b>Profit for the year</b>		<b>155,771</b>	<b>198,471</b>

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

## Consolidated Statement of Changes in Equity

### Consolidated Statement of Changes in Equity for the Year 2008

CZK '000	Share capital	Share premium	Treasury shares	Other funds	Retained earnings	Total
<b>31 December 2006</b>	<b>266,316</b>	<b>-</b>	<b>(1,095)</b>	<b>51,937</b>	<b>188,572</b>	<b>505,730</b>
Allocation of retained earnings	-	-	-	8,581	(8,581)	-
Payment of dividends	-	-	-	-	(127,750)	(127,750)
Repayment of funds to shareholders	-	-	-	(22,769)	(13,229)	(35,998)
Acquisition of treasury shares	-	-	(6,894)	-	-	(6,894)
Share capital decrease	(1,100)	-	1,095	-	5	-
Net profit	-	-	-	-	198,471	198,471
<b>31 December 2007</b>	<b>265,216</b>	<b>-</b>	<b>(6,894)</b>	<b>37,749</b>	<b>237,488</b>	<b>533,559</b>
Allocation of retained earnings	-	-	-	11,226	(11,226)	-
Other movements	-	-	-	-	(149)	(149)
Payment of dividends	-	-	-	-	(161,334)	(161,334)
Acquisition of treasury shares	-	-	(1,300)	-	-	(1,300)
Sale of treasury shares	-	78,371	8,194	-	-	86,565
Net profit	-	-	-	-	155,771	155,771
<b>31 December 2008</b>	<b>265,216</b>	<b>78,371</b>	<b>-</b>	<b>48,975</b>	<b>220,550</b>	<b>613,112</b>

Treasury shares of the Company were sold on 8 December 2008 to Wiener Börse AG.

The share capital decrease in 2007 was due to the cancellation of treasury shares. The treasury shares reserve were reduced by the cancelled shares and increased by the acquisition of further treasury shares.

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

## Consolidated Cash Flow Statement

### Consolidated Cash Flow Statement for the Year Ended 31 December 2008

CZK'000	Note	31 December 2008	31 December 2007
<b>Profit before tax</b>		<b>227,150</b>	<b>263,077</b>
Adjustments for non-cash transactions:			
Depreciation and amortisation		15,328	14,083
Increase/(decrease) in provisions		(780)	3,551
Profit or loss on the sale of tangible and intangible fixed assets		(232)	(21)
Interest income		(173,772)	(84,669)
Interest expense		163,037	76,090
Foreign exchange differences		–	162
Increase in accounts receivable		(578,014)	(40,864)
Decrease in securities held for trading		70,833	49,996
Increase/(decrease) in accounts payable		(2,280,357)	5,751,969
<b>Net operating cash flow before taxation and interest</b>		<b>(2,556,807)</b>	<b>6,033,374</b>
Interest received		170,150	84,669
Interest paid		(159,814)	(76,090)
Income tax paid		(84,477)	(72,619)
<b>Net cash flow from ordinary activities</b>		<b>(2,630,948)</b>	<b>5,969,334</b>
Acquisition of tangible and intangible fixed assets		(19,970)	(10,964)
Proceeds from securities held to maturity		58,486	38,899
Proceeds from the sale of tangible and intangible fixed assets		392	28
<b>Net cash flow from investing activities</b>		<b>38,908</b>	<b>27,963</b>
Increase in bank loans		190,645	–
Acquisition of own treasury shares		(1,300)	(6,894)
Proceeds from sale of own treasury shares		86,565	–
Dividends paid		(161,334)	(127,750)
Distribution of funds to shareholders		–	(35,998)
<b>Net cash flow from financial activities</b>		<b>114,576</b>	<b>(170,642)</b>
Effect of exchange rate changes on cash held		(33,960)	(172,525)
<b>Net increase in cash and cash equivalents</b>		<b>(2,511,424)</b>	<b>5,654,130</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>38</b>	<b>6,296,379</b>	<b>642,249</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>38</b>	<b>3,784,955</b>	<b>6,296,379</b>

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

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# Notes to the Consolidated Financial Statements

## 1. BACKGROUND INFORMATION

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

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

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

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

Company name	ID No.	Activity	Share in the consolidated Group	
			2008	2007
UNIVYC, a.s.	250 81 489	Settlement of securities trades	100%	100%
CENTRAL COUNTERPARTY, a.s. (former Centrální depository, a.s.)	271 22 689	Financial, organisational and economic advisory; settlement of supplies of electricity	100%	100%
Central Clearing Counterparty, a.s.	283 81 696	Rent of property; electroenergy – supply of electricity (branch)	100%	–
Energy Clearing Counterparty, a.s.	284 41 681	Rent of property; trading with electricity	100%	–
Energetická burza Praha	278 65 444	Electricity derivatives market	100%	100%

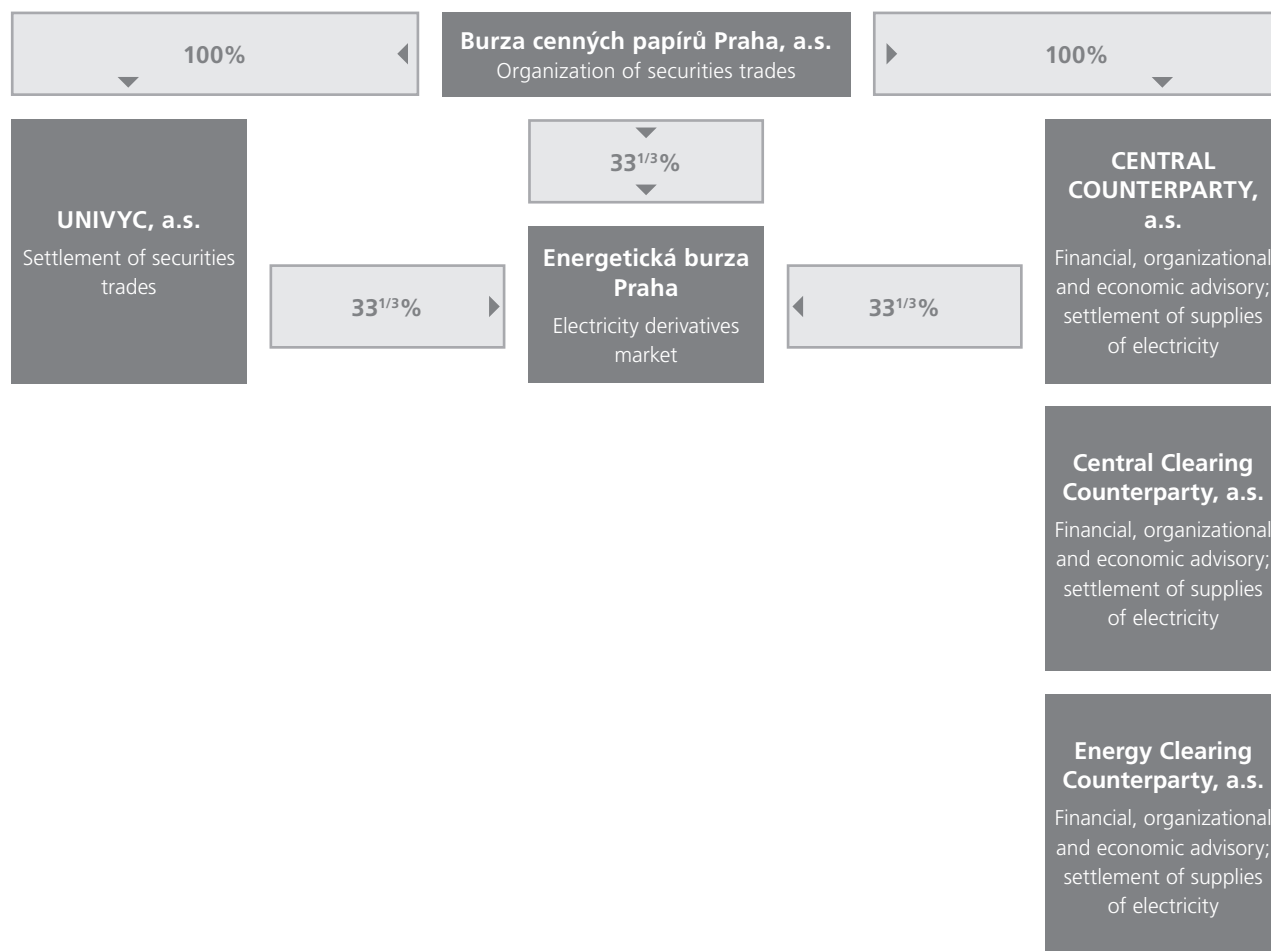
All companies stated above have their registered office at: Praha 1, Rybná 682/14, postcode 110 05.

Companies newly included in the consolidation in 2008:

Company name	Share in voting rights	Acquisition cost (investment)
Central Clearing Counterparty, a.s.	100%	2,000,000 CZK
Energy Clearing Counterparty, a.s.	100%	2,000,000 CZK

## Notes to the Consolidated Financial Statements

### Structure of the Consolidated Group





### 2. SPECIFIC DEVELOPMENTS IMPACTING THE GROUP'S OPERATIONS DURING 2008

The company Wiener Börse AG (hereafter "Wiener Börse" became the parent company of the Group on 8 December 2008 as it acquired 92.739% of shares in Burza cenných papírů Praha, a.s.

Simultaneously the Prague Stock Exchange sold all 5 000 own shares to Wiener Börse on 8 December 2008, which resulted in recognition of a share premium of CZK 78,371,000 as a difference between the selling price and cost of these shares.

The Prague Stock Exchange has established a new company Energy Clearing Counterparty, a.s. with share capital of CZK 2,000,000 on 18 July 2008. It was entered into Commercial Register with the following business activities: rent of property, residential and commercial premises; electricity trading on 6 August 2008.

The Prague Stock Exchange has also established a new company Central Clearing Counterparty, a.s. with share capital of CZK 2,000,000 on 31 March 2008. It was entered into Commercial Register with the following business activities: rent of property, residential and commercial premises. There was a branch established in the Slovak Republic with business activities "electroenergy – supply of electricity".

Considering the European Union requirement for standardising settlement of securities transaction processes and the securities registration system, work on establishing the company Centrální deponitář, a.s. continued the subsidiary UNIVYC, a.s., until 2007. In 2008, UNIVYC, a.s. withdrew its licence request and this withdrawal has been accepted by CNB on 31 March 2008.

### 3. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the "EU") and International Financial Reporting Standards as issued by the IASB. All International Financial Reporting Standards issued by the IASB and effective at the time of preparing these consolidated financial statements have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of the International Accounting Standard IAS 39 "Financial Instruments: Recognition and Measurement". Following recommendations from the Accounting Regulatory Committee, the European Commission adopted the Regulations 2086/2004 and 1864/2005 requiring the use of IAS 39, minus certain provisions on portfolio hedging of core deposits, by all listed companies from 1 January 2005.

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

The consolidated financial statements are prepared on an accrual basis of accounting whereby the effects of transactions and other events are recognised when they occur and are reported in the financial statements of the periods to which they relate, considering the going concern assumption. The consolidated financial statements include a balance sheet, a profit and loss account, a statement of changes in equity, a cash flow statement 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.

## Notes to the Consolidated Financial Statements

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

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 4.1. Principles of Consolidation

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

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

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

#### 4.2. Cash and Cash Equivalents

Cash comprises cash in hand and cash in transit.

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

#### 4.3. Financial assets

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

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

## Notes to the Consolidated Financial Statements

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

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

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

### 4.3.1. Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedging instruments.

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

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

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

### 4.3.2. Loans and receivables

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

## Notes to the Consolidated Financial Statements

### 4.3.3. Held-to-maturity financial assets

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

### 4.4. Tangible and Intangible Fixed Assets

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

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

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

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

### 4.5. Impairment of Financial Assets

#### Financial assets carried at amortised cost

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

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

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

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

## Notes to the Consolidated Financial Statements

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

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

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

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

#### 4.6. Impairment of non-financial assets

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

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

The largest components of the Group's assets are periodically tested for impairment and temporary impairments are provisioned through the profit and loss account line "Other net operating income/(expenses)". An increased carrying amount arising from the reversal of a temporary impairment must not exceed the carrying amount that would have been determined (net of amortisation or accumulated amortisation) had no impairment loss been recognised for the asset in prior years.

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

#### 4.7. Revenue recognition

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

#### 4.8. Interest income and expense

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

## Notes to the Consolidated Financial Statements

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

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

### 4.9. Current and deferred income tax

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

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

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

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

### 4.10. Provisions

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

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

### 4.11. Foreign Currency Translation

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

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

## Notes to the Consolidated Financial Statements

As each balance sheet date:

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

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

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

### 4.12. Share capital and Treasury shares

Ordinary shares are classified as equity. Where the Group purchases its own treasury shares or obtains rights to purchase share capital, the consideration paid including any attributable transaction costs is deducted from total shareholders' equity as treasury shares until they are redeemed / cancelled. Where such shares are subsequently sold or reissued, any consideration received is added to the shareholders' equity.

### 4.13. Stock Exchange Guarantee Fund, Collateral Fund and Obligations to the Association Participants

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

In relation to stock exchange trades with derivatives, part of SEGF is also guarantee fund for derivative trades (Margin Fund).

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

Interest income generated from the financial assets held within the SEGF is included in the income statement of the Group. For administering the funds of the SEGF, the Group was paid a fee in an amount set by the SEGF rules. The fee is included in the revenues of the Group. Income received, net of the administration fee paid to the Group, was fully distributed among the individual members of the SEGF in accordance with the rules agreed. This distribution is shown as interest expense in the income statement of the Group.

The Company administers the funds included in the SEGF in accordance with the rules of the SEGF.

The Group further acts as an administrator of the Collateral Fund. The Collateral Fund holds cash collateral that has been deposited by participants who have borrowed securities lent by different participants. The accounting treatment of the cash collateral is analogous to the accounting treatment of the funds in SEGF.

#### 4.14. Margin Deposits and Clearing Fund

Both the Margin Deposit and Clearing Fund were established in connection with trading on the Prague Energy Exchange. The Margin Deposit serves as a guarantee of fulfilment of obligations from electricity transactions on the stock exchange (hereinafter "Margin Deposits"). The Group will use the Margin Deposits of the 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 purpose of the Clearing fund is to secure obligations and cover risks arising from the settlement of electrical energy trading on the exchange. The accounting treatment of both the Margin Deposits and the Clearing Fund is analogous to the accounting treatment of funds in the SEGF.

#### 4.15. Accounting for Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is concluded and are subsequently re-valued at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models. All derivatives are carried 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 profit and loss statement within the Other net financial expenses.

#### 4.16. Changes in Accounting Policies arising from the Adoption of New IFRS and Amendments to existing IAS effective since 1 January 2008

During the current accounting period the Group adopted all new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board which relate to its line of business, are applicable to the accounting period beginning on 1 January 2008 and were adopted by the European Union.

##### Impact of issued but not yet effective standards and interpretations

As at the date of authorisation of these financial statements, the following standards were issued (and approved for use in the European Union) but were not yet effective:

IFRS 8 Operating Segments (effective for accounting periods beginning on or after 1 January 2009). The change does not have any impact on the Group as Company's shares are not listed.

Amendment to IFRS 2, Share-based Payment (effective for annual periods beginning on or after 1 January 2009). The amendment clarifies that only service conditions and performance conditions are vesting conditions. It is not expected that the amendment will have a material impact on the Group's consolidated financial statements.

IFRIC 13, Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The arrangement will be applied if the Group creates loyalty programmes.



## Notes to the Consolidated Financial Statements

IAS 1 (revised in 2007), Presentation of Financial Statements (revised September 2008; effective for annual periods beginning on or after 1 January 2009). This standard newly defines obligatory financial statements for disclosure. The Group expects the revised IAS 1 to have a slight impact on its financial statements disclosures.

Puttable Financial Instruments and Obligations Arising on Liquidation IAS 32 and IAS 1 Amendment (effective from 1 January 2009). The amendment requires classification as equity of some financial instruments that meet the definition of a financial liability. It is not expected that the amendment will have a material impact on the Group's consolidated financial statements.

Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate – IFRS 1 and IAS 27 Amendment (effective for annual periods beginning on or after 1 January 2009). The Company currently assesses the potential impact of the possibility to assess the investment into a subsidiary company either in the fair value or according to previous regulations on the Group's financial statements.

IAS 23, Borrowing Costs (revised in 2007; effective for annual periods beginning on or after 1 January 2009). The revised standard applies prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. The change does not have any impact on the methods applied by the Group.

International accounting standards IAS 1, IAS 8, IAS 10, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41 – the changes are mainly improvements of the previous versions (effective from 1 January 2009).

None of above-mentioned changes will require changes of accounting policy or valuation methods in 2009. There will be an immaterial impact on disclosed structure and the form of the statements.

As at the date of authorisation of these financial statements, the following standards were issued (but not approved for use in the European Union) but were not yet effective:

- IAS 27 (as revised in 2008) Consolidated and Separate Financial Statements and IFRS 3 (as revised in 2008) Business Combinations (effective for accounting periods beginning on or after 1 July 2009)
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRS 1 – First-time Adoption of International Financial Reporting Standards (Amendment effective from 1 January 2009)
- IAS 39 – Financial Instruments: Recognition and Measurement – identification of hedged item;
- IFRS 3 – Business Combinations (Effective for business combination with the acquisition date later than the first day of the accounting period beginning 1 July 2009);
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 – Transfers of Assets from Customers

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

### 4.17. Application of IFRS 7 – Financial Instruments: Disclosures

The Group's consolidated financial statements for the year ended 31 December 2008 were prepared in accordance with the accounting standard IFRS 7 – Financial Instruments: Disclosures.

## Notes to the Consolidated Financial Statements

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

The Group recognises the following types of financial instruments:

Classification of categories and classes of financial instruments as at 31 December 2008 (CZK '000)

Categories	Loans and receivables	Securities held-to maturity	Securities held for trading	Financial liabilities	Financial assets held for trading (derivatives)	Financial liabilities held for trading (derivatives)
<b>Classes</b>						
Cash	3,448,785	-	-	-	-	-
Trade receivables	32,867	-	-	-	-	-
Securities held for trading	-	-	191,992	-	-	-
Securities held to maturity	-	510,611	-	-	-	-
Other current assets	21,312	-	-	-	28,877	-
Other non-current assets	5,019	-	-	-	-	-
Trade payables	-	-	-	442,279	-	-
Liabilities to association members	-	-	-	229,077	-	-
Liabilities from Margin Deposits	-	-	-	3,232,924	-	-
Other current liabilities	-	-	-	74,177	-	4,628
Short-term bank loans	-	-	-	190,645	-	-
Other long-term liabilities	-	-	-	3,446	-	-
<b>Total</b>	<b>3,507,983</b>	<b>510,611</b>	<b>191,992</b>	<b>4,172,548</b>	<b>28,877</b>	<b>4,628</b>

## Notes to the Consolidated Financial Statements

Classification of categories and classes of financial instruments as at 31 December 2007 (CZK '000)

Categories	Loans and receivables	Securities held-to maturity	Securities held for trading	Financial liabilities	Financial assets held for trading (derivatives)	Financial liabilities held for trading (derivatives)
<b>Classes</b>						
Cash	5,991,804	–	–	–	–	–
Trade receivables	32,633	–	–	–	–	–
Securities held for trading	–	–	262,825	–	–	–
Securities held to maturity	–	413,883	–	–	–	–
Other current assets	16,424	–	–	–	–	–
Trade payables	–	–	–	29,302	–	–
Liabilities to association members	–	–	–	426,936	–	–
Liabilities from Margin Deposits	–	–	–	5,602,011	–	–
Other current liabilities	–	–	–	143,239	–	258
<b>Total</b>	<b>6,040,861</b>	<b>413,883</b>	<b>262,825</b>	<b>6,201,488</b>	<b>–</b>	<b>258</b>

Gains and losses by categories of financial instruments as at 31 December 2008 (CZK '000)

Categories	Loans and receivables	Securities held-to maturity	Securities held for trading	Financial liabilities	Financial assets held for trading (derivatives)	Financial liabilities held for trading (derivatives)
Interest income	7,806	165,966	–	–	–	–
Interest expense	–	–	–	(163,037)	–	–
Net financial income	262,006	–	4,466	(299,264)	140,277	(97,539)
<b>Total</b>	<b>269,812</b>	<b>165,966</b>	<b>4,466</b>	<b>(462,301)</b>	<b>140,277</b>	<b>(97,539)</b>

Gains and losses by categories of financial instruments as at 31 December 2007 (CZK '000)

Categories	Loans and receivables	Securities held-to maturity	Securities held for trading	Financial liabilities	Financial assets held for trading (derivatives)	Financial liabilities held for trading (derivatives)
Interest income	510	84,159	–	–	–	–
Interest expense	–	–	–	(76,090)	–	–
Net financial income	173,184	–	4,118	(174,994)	–	(258)
<b>Total</b>	<b>173,694</b>	<b>84,159</b>	<b>4,118</b>	<b>(251,084)</b>	<b>–</b>	<b>(258)</b>

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

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

#### 5.1. Impairment losses on trade receivables

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

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

In 2008, the Group has no indications that its receivables would not be paid in full and therefore no impairment has been accounted for.

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

#### 5.2. Held-to-maturity investments

The Group follows IAS 39 guidelines on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount or sale close to maturity – it will be required to reclassify the entire category as available-for-sale.

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

#### 5.3. Income taxes

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

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

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

## Notes to the Consolidated Financial Statements

### 6. CASH

Cash as at 31 December 2008 and 2007 consists of the following balances:

CZK '000	2008	2007
Cash in hand	414	191
Cash at bank	21,318	47,434
Stock Exchange Guarantee Fund and Collateral Fund	95,691	251,007
Term deposits	83,313	87,250
Margin Deposits for trades with electricity	3,248,049	5,605,922
<b>Total cash</b>	<b>3,448,785</b>	<b>5,991,804</b>

### 7. TRADE RECEIVABLES

Trade receivables as at 31 December 2008 and 2007 consist of the following balances:

CZK '000	2008	2007
Trade receivables*	35,433	36,510
Provision	(2,566)	(3,877)
<b>Total receivables (net)</b>	<b>32,867</b>	<b>32,633</b>

\* Represent mainly fee receivables from activities of members of both Prague Stock Exchange and Prague Energy Exchange.

Impairment provisions can be analysed as follows:

CZK '000	2008	2007
Balance as at 1 January	3,877	5,901
Additions to provisions	–	8
Release of provisions	(228)	(31)
Use for write-offs of receivables	(1,083)	(2,001)
<b>As at 31 December</b>	<b>2,566</b>	<b>3,877</b>

### 8. SECURITIES HELD FOR TRADING

CZK '000	2008	2007
Traded debt securities and other fixed income securities	127,057	188,497
Traded shares and other variable yield securities	64,935	74,328
<b>Total securities held for trading</b>	<b>191,992</b>	<b>262,825</b>

## Notes to the Consolidated Financial Statements

### 9. SECURITIES HELD TO MATURITY

CZK '000	2008	2007
Treasury-bills acquired from SEGF's funds	174,441	232,927
Depository bills of exchange acquired from SEGF's funds issued by Czech banks	–	53,450
Depository bills of exchange issued by Czech banks	336,170	127,506
<b>Total</b>	<b>510,611</b>	<b>413,883</b>

### 10. OTHER CURRENT ASSETS

CZK '000	2008	2007
Accrued income	6,751	9,936
Estimated receivables	9,163	1,140
Positive fair value of derivatives	28,877	–
Other financial assets	5,398	5,348
<b>Financial assets</b>	<b>50,189</b>	<b>16,424</b>
Prepayments	11,172	13,139
Short-term advances	3,932	4,331
Receivable from the state for VAT refund	561,253	15,105
<b>Non-financial assets</b>	<b>576,357</b>	<b>32,575</b>
<b>Total</b>	<b>626,546</b>	<b>48,999</b>

## Notes to the Consolidated Financial Statements

### 11. EQUIPMENT

CZK '000	Equipment	Vehicles	Fixtures and fittings	Other	Total
<b>Cost</b>					
As at 1 January 2008	64,937	1,345	9,418	12,723	88,423
Additions	3,439	11,650	836	1,173	17,098
Disposals	(3,108)	(1,331)	(2,314)	(1,469)	(8,222)
<b>As at 31 December 2008</b>	<b>65,268</b>	<b>11,664</b>	<b>7,940</b>	<b>12,427</b>	<b>97,299</b>
<b>Accumulated depreciation</b>					
As at 1 January 2008	55,449	1,345	8,829	10,434	76,057
Depreciation charge	8,216	5,865	133	1,128	15,342
Disposals	(3,108)	(1,331)	(2,314)	(1,469)	(8,222)
<b>As at 31 December 2008</b>	<b>60,557</b>	<b>5,879</b>	<b>6,648</b>	<b>10,093</b>	<b>83,177</b>
<b>Net book value</b>					
As at 1 January 2008	9,488	–	589	2,289	12,366
<b>As at 31 December 2008</b>	<b>4,711</b>	<b>5,785</b>	<b>1,292</b>	<b>2,334</b>	<b>14,122</b>
<b>As at 31 December 2007</b>					
CZK '000	Equipment	Vehicles	Fixtures and fittings	Other	Total
<b>Cost</b>					
As at 1 January 2007	71,084	1,345	9,425	13,196	95,050
Additions	3,025	–	65	2,397	5,487
Disposals	(9,172)	–	(72)	(2,870)	(12,114)
<b>As at 31 December 2007</b>	<b>64,937</b>	<b>1,345</b>	<b>9,418</b>	<b>12,723</b>	<b>88,423</b>
<b>Accumulated depreciation</b>					
As at 1 January 2007	53,945	1,345	9,041	12,590	76,921
Depreciation charge	10,417	–	118	711	11,246
Disposals	(8,913)	–	(330)	(2,867)	(12,110)
<b>As at 31 December 2007</b>	<b>55,449</b>	<b>1,345</b>	<b>8,829</b>	<b>10,434</b>	<b>76,057</b>
<b>Net book value</b>					
As at 1 January 2007	17,139	–	384	606	18,129
<b>As at 31 December 2007</b>	<b>9,488</b>	<b>–</b>	<b>589</b>	<b>2,289</b>	<b>12,366</b>

Tangible fixed assets of the Group predominantly include computers necessary to secure trading and store data. New lease contracts for vehicles were arranged by the Group in 2008.

## Notes to the Consolidated Financial Statements

### 12. INTANGIBLE ASSETS

2008

CZK '000	Software	Other	Total
<b>Cost</b>			
As at 1 January 2008	40,376	1,914	42,290
Additions	2,954	3,515	6,469
Disposals	(1,021)	(359)	(1,380)
<b>As at 31 December 2008</b>	<b>42,309</b>	<b>5,070</b>	<b>47,379</b>
<b>Accumulated amortisation</b>			
As at 1 January 2008	35,661	260	35,921
Amortisation charge	2,950	435	3,385
Disposals	(1,022)	–	(1,022)
<b>As at 31 December 2008</b>	<b>37,589</b>	<b>695</b>	<b>38,284</b>
<b>Net book value</b>			
As at 1 January 2008	4,715	1,654	6,369
<b>As at 31 December 2008</b>	<b>4,720</b>	<b>4,375</b>	<b>9,095</b>

2007

CZK '000	Software	Other	Total
<b>Cost</b>			
As at 1 January 2007	36,947	756	37,703
Additions	4,761	1,173	5,934
Disposals	(1,332)	(15)	(1,347)
<b>As at 31 December 2007</b>	<b>40,376</b>	<b>1,914</b>	<b>42,290</b>
<b>Accumulated amortisation</b>			
As at 1 January 2007	33,906	65	33,971
Amortisation charge	3,086	195	3,281
Disposals	(1,331)	–	(1,331)
<b>As at 31 December 2007</b>	<b>35,661</b>	<b>260</b>	<b>35,921</b>
<b>Net book value</b>			
As at 1 January 2007	3,041	691	3,732
<b>As at 31 December 2007</b>	<b>4,715</b>	<b>1,654</b>	<b>6,369</b>

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



## Notes to the Consolidated Financial Statements

### 13. OTHER NON-CURRENT ASSETS

CZK '000	2008	2007
Long-term advances paid	5,140	5,123

Other non-current assets include long-term advances issued according to the contracts, which will be settled on expiration of the contractual arrangement.

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

### 14. TRADE PAYABLES

CZK '000	2008	2007
Trade payables from electricity trading	421,638	20,413
Other trade payables	20,641	8,889
<b>Total</b>	<b>442,279</b>	<b>29,302</b>

Overdue status of trade payables was as follows:

Year	Category	Before due date	After maturity				Total after due date	Total
			0–90 days	91–180 days	181–360 days	1–2 years		
2008	Current	442,279	–	–	–	–	–	442,279
2007	Current	28,604	698	–	–	–	698	29,302

### 15. LIABILITIES FROM MARGIN DEPOSITS AND TO ASSOCIATION MEMBERS

CZK '000	2008	2007
<b>Financial liabilities</b>		
Liabilities from electricity trading (Margin Deposits)	3,232,924	5,602,011
Liabilities to association members	229,077	426,936
<b>Total</b>	<b>3,462,001</b>	<b>6,028,947</b>

## Notes to the Consolidated Financial Statements

### 16. OTHER CURRENT LIABILITIES

CZK '000	2008	2007
Accrued expenses	4,803	31,176
Estimated payables	25,835	–
Payables from received guarantees for lent securities (Collateral Fund)	41,052	110,100
Payables from lease of vehicles	2,487	–
Negative fair value of derivatives	4,628	258
Miscellaneous payables	–	1,963
<b>Financial liabilities</b>	<b>78,805</b>	<b>143,497</b>
Payables to staff	22,381	2,451
Social security and health insurance payables	1,569	1,832
Miscellaneous payables	2,700	–
<b>Non-financial liabilities</b>	<b>26,650</b>	<b>4,283</b>
<b>Other current liabilities</b>	<b>105,455</b>	<b>147,780</b>

Accrued expenses principally comprise unbilled services related to the lease of the Stock Exchange Palace building and estimated payables in respect of staff bonuses.

### 17. BANK LOANS

The Group has general agreement with Komerční banka, a.s. for providing credit line in amount of CZK 230,000,000. The Group has drawn down CZK 190,645,000 as at 31 December 2008 (2007: CZK nil).

### 18. SHORT-TERM ADVANCES RECEIVED

As at 31 December 2008, the Group reported short-term advance received from Reuters amounting to CZK 1,650,000 related to the provision of stock exchange information. Short-term advances received in 2007 in amount of CZK 4,440,000 were used to cover time discrepancy between due dates of Securities centre's ("SCP") invoices and encashment of payments by trader. In 2008 these advances are of long-term character and therefore are reported in long-term advances received (Note 21).

### 19. DEFERRED TAX

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

## Notes to the Consolidated Financial Statements

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

CZK '000	2008	2007
Fixed assets	(39)	(738)
Provisions	3,774	2,267
Assets recognised only in CAS for tax purposes	–	1,815
Other	1,236	1,137
<b>Deferred tax asset</b>	<b>4,971</b>	<b>4,481</b>

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

CZK '000	2008	2007
As at 1 January	4,481	(563)
Income statement tax credit (Note 29)	490	5,044
<b>As at 31 December</b>	<b>4,971</b>	<b>4,481</b>

## 20. PROVISIONS

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

CZK '000	2008	2007
Software services from Asseco, a.s. (former PVT, a.s.)	–	9,182
Other provisions	2,121	1,611
<b>Total</b>	<b>2,121</b>	<b>10,793</b>
<b>Impact on profit (creation)/release</b>	<b>8,672</b>	<b>(5,478)</b>

Based on the Agreement on cooperation concluded with the company PVT, a.s. on 28 January 2005 the Group received services paid in 2008 and therefore the Group created a provision totalling to CZK 9,182,000 as at 31 December 2007. This provision was fully utilised during 2008.

Other provisions are created for expenses related to the lawsuit with a former employee of CZK 981,000 as at 31 December 2008 (2007: CZK 981,000) and for expenses on social and health insurance relating to contracts on capital insurance of CZK 1,140,000 as at 31 December 2008 (2007: CZK 630,000). These provisions will be used/released after the end of the lawsuit and at the moment of the expiration or cancellation of individual capital insurance contracts.

## Notes to the Consolidated Financial Statements

### 21. LONG-TERM LIABILITIES

Time discrepancy regularly arises between due dates of Securities centre's invoices and encashment of payments by trader and this is to be covered by collected long-term advances from traders received which totalled CZK 5,974,000 as at 31 December 2008. In 2007 these advances were of short-term character and were reported in short-term advances received in amount of CZK 4,440,000 (Note 18).

Other long-term payables comprise payables to employees in relation to bonuses which are to be paid in 2010 in amount of CZK 7,000,000 (2007: nil) and financial lease payable in amount of CZK 3,446,000 (2007: nil).

### 22. SHARE CAPITAL AND SHAREHOLDERS' FUNDS

#### Share capital

The balance of the Group's share capital recorded in the Commercial Register comprises 265,216 registered common shares in nominal value of CZK 1,000 per share as at 31 December 2008 and 2007.

#### Treasury shares and share premium

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

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

Set out below is the development and structure of the Company's treasury shares purchased from and sold to the shareholders during 2008 and 2007.

CZK '000	Nominal value of shares	Purchase cost of shares
Balance as at 1 January 2007	1,100	1,095
Purchases	4,500	6,894
Cancellations	(1,100)	(1,095)
Balance as at 31 December 2007	4,500	6,894
Purchases	500	1,300
Sale	(5,000)	(8,194)
Balance as at 31 December 2008	–	–

Recognised share premium represents the excess of selling price over the purchase cost of treasury shares resulting from their sale to Wiener Börse AG on 8 December 2008 (Note 2).

## Notes to the Consolidated Financial Statements

### Other funds

CZK '000	31 December 2008	31 December 2007
Other capital funds	9,900	9,900
Statutory reserve fund	39,075	27,849
<b>Total</b>	<b>48,975</b>	<b>37,749</b>

### Other capital funds

As at 31 December 2008 and 2007, part of the share capital of the subsidiary UNIVYC, a.s. of CZK 9,900,000 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 five percent of net profit to the statutory reserve fund until the level of 20% of share capital is achieved. This reserve can be used exclusively to cover losses. The Prague Energy Exchange is not subject to this duty.

## 23. REVENUES

The following table sets out the structure of revenues:

	2008		2007	
	Volume CZK '000	Structure %	Volume CZK '000	Structure %
Exchange charges	184,693	40.90	267,499	57.9
of which: membership fees	14,520	3.22	15,180	3.28
listing charges	10,955	2.43	13,686	2.96
dealing charges	159,218	35.25	238,633	51.66
Charge for trading with derivatives	30	0.01	–	–
Information service	45,675	10.11	–	–
Revenues from settlement of trades	137,858	30.53	92,936	20.12
Revenues of PXE from electricity trading	54,578	12.08	39,862	8.63
Income from primary issues	185	0.04	909	0.2
Revenues from securities custody and administration	19,711	4.36	21,499	4.65
Revenues from mediation of payments of revenues from securities	92	0.02	47	0.01
Revenues from other services	8,797	1.95	39,215	8.49
<b>Total revenues</b>	<b>451,619</b>	<b>100.00</b>	<b>461,967</b>	<b>100.00</b>

Sales of other services principally comprise fees for the provision of information to non-stock exchange entities and other fees.

## Notes to the Consolidated Financial Statements

### 24. COST OF SERVICES AND MATERIAL

The following table sets out the structure of services:

CZK '000	2008	2007
Consumed material	(3,757)	(2,754)
<b>Total material used</b>	<b>(3,757)</b>	<b>(2,754)</b>
Rent	(23,325)	(25,263)
Outsourcing (security, wages)	(1,405)	(3,585)
Custody	(569)	(567)
Other services (member fees to associations, information services, carriage)	(8,345)	(5,203)
Audit fees	(3,302)	(2,552)
Professional advisory services (tax and legal)	(20,270)	(12,755)
Repairs and maintenance	(10,663)	(6,434)
Travel and representation expenses	(3,930)	(3,166)
Advertising and promotion	(12,164)	(12,997)
<b>Total services used</b>	<b>(83,973)</b>	<b>(72,522)</b>
<b>Total</b>	<b>(87,730)</b>	<b>(75,276)</b>

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

### 25. EMPLOYEE BENEFIT EXPENSES

CZK '000	2008	2007
Short-term employee benefits	(112,205)	(107,774)
of which: Key management personnel	(42,058)	(31,727)
Remuneration to members of Exchange Chambers, Boards of Directors and Supervisory Boards	(2,942)	(2,796)
Other short-term employee benefits	(9,750)	–
Other long-term employee benefits	(7,000)	–
Other expenses	(6,878)	–
<b>Total</b>	<b>(138,775)</b>	<b>(110,570)</b>

Mandatory social and health insurance contribution paid during 2008 of CZK 19,530,000 (2007: CZK 23,878,000) is included in staff cost.

Other employee benefits include contractual bonuses which will be paid under given conditions in 2009 of CZK 9,750,000 and in 2010 of CZK 7,000,000.

Key management personnel are defined as Chief executive officers and chiefs of departments of the Group companies.

## Notes to the Consolidated Financial Statements

In 2008 and 2007 members of Exchange Chambers, Boards of Directors and key management personnel obtained the following bonuses and perks in addition to the contractual salary:

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

CZK '000	2007		
	Exchange Chambers and Boards of Directors	Supervisory Boards	Key management personnel
Contributions to life and pension insurance	–	–	1,208
Bonuses	2,711	85	13,185
Cars/Other movables and real estate available for private use	–	–	547
Other benefits	–	–	136
<b>Total</b>	<b>2,711</b>	<b>85</b>	<b>15,076</b>

### 26. DEPRECIATION AND AMORTISATION EXPENSES

CZK '000	2008	2007
Depreciation of tangible fixed assets (Note 11)	(11,979)	(11,240)
Amortisation of intangible fixed assets (Note 12)	(3,349)	(2,843)
<b>Total</b>	<b>(15,328)</b>	<b>(14,083)</b>

## Notes to the Consolidated Financial Statements

### 27. OTHER NET OPERATING EXPENSES

Other operating income/(expenses) are as follows:

CZK '000	2008	2007
Other operating income	20,028	14,939
Change in operating provisions and allowances (Note 7 and 20)	801	(3,551)
Gains from the sale of fixed assets and raw material	250	21
Write-off of receivables	(1,288)	-
Insurance	(2,833)	-
Gifts	(993)	-
Other taxes and fees	(392)	(434)
Other operating expenses	(18,890)	(20,573)
<b>Total</b>	<b>(3,317)</b>	<b>(9,598)</b>

Other operating income consisted primarily of fees for suspended and unsettled trades of CZK 13,963,000 in 2008 (2007: CZK 8,538,000) and fees for inter-bank payments of CZK 3,877,000 in 2008 (2007: CZK 3,692,000).

Other operating expenses constitute primarily the costs for administration of foreign securities in the amount of CZK 11,742,000 (2007: CZK 11,828,000) and the amount of CZK 1,288,000 (2007: CZK 1,657,000) representing receivables written off in bankruptcy proceedings for which the municipal court decided on the final distribution of assets converted into cash. Another significant amount is represented by fees for giro payments to CNB of CZK 1,972,000 (2007: CZK 1,877,000).



## Notes to the Consolidated Financial Statements

### 28. NET FINANCIAL INCOME

Net financial income is made up as follows:

CZK '000	2008	2007
Net trading income	4,466	3,860
Interest income	173,772	84,669
of which: Income from Guarantee Fund	17,209	11,907
Income from Collateral Fund	2,404	12,194
Income from Margin and Clearing Fund	146,353	55,694
Interest income from own financial assets	7,806	4,874
Interest expense	(163,037)	(76,090)
of which: Expense from Guarantee fund	(15,063)	(10,418)
Expense from Collateral fund	(1,923)	(10,524)
Expense from Margin and Clearing Fund	(144,889)	(55,148)
Other interest income	(1,162)	–
Net result from transactions with derivatives	42,738	–
Other financial income/(expense)	(37,258)	(1,802)
<b>Net financial income</b>	<b>20,681</b>	<b>10,637</b>

Increase in interest income and interest expense results primarily from trading on the Prague Energy Exchange and related Margin Deposits.

### 29. INCOME TAX EXPENSE

Income tax expense can be analysed as follows:

CZK '000	2008	2007
Income tax payable – current period	71,869	69,650
Deferred tax (Note 19)	(490)	(5,044)
Total income tax	71,379	64,606

## Notes to the Consolidated Financial Statements

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

CZK '000	2008	2007
<b>Profit before tax</b>	<b>227,150</b>	<b>263,077</b>
Theoretical tax calculated at a tax rate of 21% (2007: 24%)	47,702	63,138
Permanent differences from taxation of sale of treasury shares	16,457	–
Income not subject to tax	(11,528)	(91)
Expenses not deductible for tax purposes	7,587	2,927
Other	11,161	(1,391)
<b>Income tax expense</b>	<b>71,379</b>	<b>64,583</b>
Additional income tax payments	–	23
<b>Total income tax expense</b>	<b>71,379</b>	<b>64,606</b>

### 30. RETAINED EARNINGS

CZK '000	2008	2007
<b>Retained earnings from prior years</b>	<b>237,488</b>	<b>188,572</b>
Profit for the period	155,771	198,471
Share capital decrease	–	5
Other movements	(149)	–
Dividends paid	(161,334)	(127,750)
Allocations to other funds	(11,226)	(8,581)
Distribution of retained earnings	–	(13,229)
<b>Retained earnings as at 31 December</b>	<b>220,550</b>	<b>237,488</b>

### 31. COMMITMENTS

The Group has following commitments from lease of vehicles:

CZK '000				Total
Maturity date	Up to 1 year	1 to 5 years	Over 5 years	
Payable from lease	2,487	3,446	–	5,933

### 32. ESTIMATED FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

Payables to association members represent payables of the Group that arise from financial resources accepted for the Stock Exchange Guarantee Fund, Collateral Fund and other funds. The maturity date of these financial resources is not defined and their volume is dependent on the volume of trades and volume of securities lent. These financial resources would become callable if the exchange stopped trading. Surplus of these funds is paid back to the participants according to the rules of trading and settlement. Based on above-mentioned reasons, the Group assumes fair value of these financial resources is close to their nominal value.

## Notes to the Consolidated Financial Statements

### 33. MANAGEMENT OF CREDIT RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group actively reduces the credit risk, which arises mainly on the settlement of trades with securities and derivatives of UNIVYC, a.s., Prague Energy Exchange and CENTRAL COUNTERPARTY, a.s. In order to reduce the credit risk, the market participants are obliged to contribute to the Stock Exchange Guarantee Fund and observe the DVP settlement rules (delivery versus payment), i.e. to give UNIVYC, a.s. direct debit authorisation for their current accounts.

Transactions on the energy exchange are performed via Margin Deposits, which serve as collateral for claims to the market participants.

The Group actively reduces the credit risk of its investments in securities. Management of the securities' portfolio was outsourced and is performed by an external contractor, who is bound under the contract to purchase only high credit quality securities and keep the portfolio diversified from the market risk point of view.

The investment strategy is aimed at obtaining optimum returns on funds entrusted to the external contractor for a minimum period of six months. As the purpose is to increase the portfolio value, the funds are invested in bonds of the main subsidiary as well as open market of the Prague Stock Exchange, into mortgage bonds of Czech issuers, bonds traded in the markets of the OECD member states denominated in Czech crowns and to the money market instruments so that the maximum volume of funds invested in individual instruments does not exceed the limits set out below

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

#### Maximum exposure to credit risk and the quality of assets

CZK '000	2008	2007
Cash	3,448,785	5,991,804
Trade receivables	32,867	32,633
Securities held for trading	191,992	262,825
Securities held to maturity	510,611	413,883
Other current assets	50,189	16,424
Other non-current assets	5,019	-
<b>Total</b>	<b>4,239,463</b>	<b>6,717,569</b>

## Notes to the Consolidated Financial Statements

Quality of financial assets which are not after maturity or impaired

Rating of agency S&P	AAA	AA- do AA+	A- do A+	BBB	No rating	Total
<b>CZK '000</b>						
<b>2008</b>						
Securities held for trading	40,485	–	151,507	–	–	191,992
Securities held to maturity	–	–	510,611	–	–	510,611
Cash	–	–	3,446,558	–	2,227	3,448,785
Trade receivables	–	–	–	–	32,867	32,867
Other financial assets	–	–	–	–	50,189	50,189
Other non-current assets	–	–	–	–	5,019	5,019
<b>Total</b>	<b>40,485</b>	<b>–</b>	<b>4,108,676</b>	<b>–</b>	<b>90,302</b>	<b>4,239,463</b>

Rating of agency S&P	AAA	AA- do AA+	A- do A+	BBB	No rating	Total
<b>CZK '000</b>						
<b>2007</b>						
Securities held for trading	–	45,945	159,160	29,337	28,383	262,825
Securities held to maturity	–	–	360,483	–	53,400	413,883
Cash	–	–	5,989,148	–	2,656	5,991,804
Trade receivables	–	–	–	–	32,633	32,633
Other financial assets	–	–	–	–	16,424	16,424
<b>Total</b>	<b>–</b>	<b>45,945</b>	<b>6,508,791</b>	<b>29,337</b>	<b>133,496</b>	<b>6,717,569</b>

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

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

Trade receivables arise mainly from fees for services that the Group provides to the participants of trade and settlement. Prague Stock Exchange 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.

## Notes to the Consolidated Financial Statements

### Individually impaired financial assets

The Group owns individually impaired receivables in the amount of CZK 2,566,000 (2007: CZK 3,877,000). 100% allowance was created for these receivables totalling CZK 2,566,000 (2007: CZK 3,877,000). These receivables are not secured.

Out of these receivables there is claimed:

- at the Court as at 31 December 2008 CZK 1,249,000 (2007: CZK 1,499,000)
- under forced administration as at 31 December 2008 CZK 1,317,000 (2007: CZK 2,378,000)

### Past due financial assets

The Group records past due receivables of CZK 427,000 as at 31 December 2008 (2007: CZK 1,006,000).

Out of these receivables CZK 338,000 is less than 90 days past due as at 31 December 2008 (2007: CZK 1,005,000). And as at 31 December 2008 CZK 89,000 is more than 90 days but less than 180 days past due (2007: CZK 1,000).

## 34. MANAGEMENT OF LIQUIDITY RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

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

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

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.

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

The Group attempts to hold only liquid financial means.

Trade payables as at 31 December 2008 and 2007 have due dates of less than 3 months.

Liabilities to association members are in the amount of CZK 229,077,000 in 2008 (2007: CZK 426,936,000) and their maturity date is not defined. Their amount is dependant on the volume of trades processed on the Prague Stock Exchange and the Prague Energy Exchange and is regularly updated.

Liabilities from electricity trading in the amount of CZK 3,232,924 represent payables from the settlement of trades with electricity (2007: CZK 5,602,011). These payables are due within 1 month.

Other financial liabilities comprise of accrued expenses, payables from guarantees received for borrowed securities and miscellaneous payables. As at 31 December 2008 and 2007 they are due in less than three months.

## Notes to the Consolidated Financial Statements

In case of delay in cash refund from excessive value added tax deductions, the Group is ready to secure funding from additional sources, in particular by making use of credit up to the credit facility available under the Agreement.

### Derivatives

The Group has concluded contracts of derivatives with ČEZ, a.s. and Komerční banka, a.s.

Sale of EUR	Payment (EUR '000)	Received (CZK '000)	Settlement date	Fair value of derivative as at 31 Dec 2008 (CZK '000)
	3,646	95,890	26 Jan 2009	(2,340)
	1,800	47,336	21 Jan 2009	(1,148)
	1,800	47,336	9 Jan 2009	(1,140)
<b>Negative fair value of derivatives</b>				<b>(4,628)</b>

Purchase of EUR	Payment (EUR '000)	Received (CZK '000)	Settlement date	Fair value of derivative as at 31 Dec 2008 (CZK '000)
	298,723	11,856	26 Jan 2009	20,632
	263,565	10,090	26 Jan 2009	8,245
<b>Positive fair value of derivatives</b>				<b>28,877</b>

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.

### 35. MANAGEMENT OF MARKET RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

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

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

#### Sensitivity analysis to measure foreign exchange risk

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

## Notes to the Consolidated Financial Statements

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

The Group uses only EUR as a foreign currency.

For internal risk management the Group defined two scenarios of possible EUR currency trends in 2009. First predicates increase in the rate (depreciation of CZK) by CZK 2.54, second predicates decrease in the rate (appreciation of CZK) by CZK 3.96

- Sensitivity analysis of foreign currency (EUR) derivatives:

Variant of increase: If the exchange rate of EUR to CZK increases by CZK 2.54, the financial profit will increase by CZK 61,562,000 due to derivative and consequently increases profit for 2008 before tax.

Variant of decrease: If the exchange rate of EUR to CZK decreases by CZK 3.96, the financial profit will decrease by CZK 33,925,000 due to derivatives and consequently decreases profit before tax for 2008.

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

Variant of increase: If the exchange rate of EUR to CZK increases by CZK 2.54 CZK as at 31 December 2008, the financial profit will decrease by CZK 38,777,000 due to translation of assets and liabilities denominated in EUR and consequently decreases profit for profit before tax for 2008.

Variant of decrease: If the exchange rate of EUR to CZK decreases by CZK 3.96 as at 31 December 2008, the financial profit will increase by CZK 60,456,000 due to translation of assets and liabilities denominated in EUR and consequently increases profit for 2008 before tax.

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

CZK '000	CZK	EUR	USD	Total
<b>Assets</b>				
Cash	196,046	3,252,725	14	3,448,785
Trade receivables (net)	22,985	9,882	–	32,867
Advance payments made and other current assets	597,669	–	–	597,669
Receivables from derivative transactions	28,877	–	–	28,877
Securities held for trading at fair value	191,992	–	–	191,992
Securities held to maturity	510,611	–	–	510,611
Equipment	14,122	–	–	14,122
Intangible assets	9,095	–	–	9,095
Other non-current assets	5,140	–	–	5,140
Deferred tax asset	4,971	–	–	4,971
<b>Total assets</b>	<b>1,581,508</b>	<b>3,262,607</b>	<b>14</b>	<b>4,844,129</b>



## Notes to the Consolidated Financial Statements

CZK '000	CZK	EUR	USD	Celkem
<b>Liabilities</b>				
Trade payables	18,169	424,110	–	442,279
Liabilities to association members	229,077	–	–	229,077
Taxes and other payables	104,599	3,249,626	–	3,354,225
Short-term bank loans	190,645	–	–	190,645
Payables from derivative transactions	4,628	–	–	4,628
Short-term advances received	2,068	–	–	2,068
Long-term advances received	5,974	–	–	5,974
Provisions	2,121	–	–	2,121
Shareholders' equity	613,112	–	–	613,112
<b>Total liabilities</b>	<b>1,170,393</b>	<b>3,673,736</b>	<b>–</b>	<b>4,844,129</b>
<b>Net currency position as at 31 December 2008</b>	<b>411,115</b>	<b>(411,129)</b>	<b>14</b>	<b>–</b>

The following table shows the currency position of the Group as at 31 December 2007:

CZK '000	CZK	EUR	USD	Total
<b>Assets</b>				
Cash	382,333	5,609,459	12	5,991,804
Trade receivables (net)	29,738	2,895	–	32,633
Advance payments made and other current assets	48,999	–	–	48,999
Securities held for trading at fair value	262,825	–	–	262,825
Securities held to maturity	413,883	–	–	413,883
Equipment	12,366	–	–	12,366
Intangible assets	6,369	–	–	6,369
Other non-current assets	5,123	–	–	5,123
Deferred tax asset	4,481	–	–	4,481
<b>Total assets</b>	<b>1,166,117</b>	<b>5,612,354</b>	<b>12</b>	<b>6,778,483</b>

## Notes to the Consolidated Financial Statements

CZK '000	CZK	EUR	USD	Total
<b>Liabilities</b>				
Trade payables	29,302	–	–	29,302
Liabilities to association's members	426,936	–	–	426,936
Taxes and other payables	144,225	5,628,970	–	5,773,195
Payables from derivative transactions	258	–	–	258
Short-term advances received	4,440	–	–	4,440
Provisions	10,793	–	–	10,793
Shareholders' equity	533,559	–	–	533,559
Total liabilities	1,149,513	5,628,970	–	6,778,483
<b>Net currency position as at 31 December 2007</b>	<b>16,604</b>	<b>(16,616)</b>	<b>12</b>	<b>–</b>

### Interest rate risk

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

### Interest rate sensitivity analysis

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

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

If the PRIBOR interest rate decreases by 100 basis points as at 31 December 2008, profit for 2008 before tax will increase by CZK 2,156,000.

If the PRIBOR interest rate increases by 100 basis points as at 31 December 2008, profit for 2008 before tax will decrease by CZK 1,211,000

## Notes to the Consolidated Financial Statements

### Interest rate sensitivity as at 31 December 2008

CZK '000	Up to 3 months	3 months to 1 year	1 to 5 years	Not specified	Total
<b>Assets</b>					
Cash	3,448,785	–	–	–	3,448,785
Trade receivables	–	–	–	32,867	32,867
Advance payments made and other current assets	–	–	–	626,546	626,546
Securities held for trading at fair value	64,935	109,946	–	17,111	191,992
Securities held to maturity	336,170	174,441	–	–	510,611
Equipment	–	–	–	14,122	14,122
Intangible assets	–	–	–	9,095	9,095
Other non-current assets	–	–	–	5,140	5,140
Deferred tax asset	–	–	–	4,971	4,971
<b>Total assets</b>	<b>3,849,890</b>	<b>284,387</b>	<b>–</b>	<b>709,852</b>	<b>4,844,129</b>
<b>Liabilities</b>					
Trade payables	442,279	–	–	–	442,279
Liabilities to association members	–	–	–	229,077	229,077
Taxes and other payables	3,232,924	–	–	125,929	3,358,853
Short-term advances received	–	–	–	2,068	2,068
Long-term advances received	–	–	–	5,974	5,974
Short-term bank loans	190,645	–	–	–	190,645
Provisions	–	–	–	2,121	2,121
Shareholders' equity	–	–	–	613,112	613,112
<b>Total liabilities and equity</b>	<b>3,865,848</b>	<b>–</b>	<b>–</b>	<b>978,281</b>	<b>4,844,129</b>
<b>Net interest risk as at 31 December 2008</b>	<b>(15,958)</b>	<b>284,387</b>	<b>–</b>	<b>(268,429)</b>	<b>–</b>

## Notes to the Consolidated Financial Statements

### Interest rate sensitivity as at 31 December 2007

CZK '000	Up to 3 months	3 months to 1 year	1 to 5 years	Not specified	Total
<b>Assets</b>					
Cash	5,991,804	–	–	–	5,991,804
Trade receivables	–	–	–	32,633	32,633
Advance payments made and other current assets	–	–	–	48,999	48,999
Securities held for trading at fair value	74,328	39,942	148,555	–	262,825
Securities held to maturity	180,906	232,977	–	–	413,883
Equipment	–	–	–	12,366	12,366
Intangible assets	–	–	–	6,369	6,369
Other non-current assets	–	–	–	5,123	5,123
Deferred tax asset	–	–	–	4,481	4,481
<b>Total assets</b>	<b>6,247,038</b>	<b>272,919</b>	<b>148,555</b>	<b>109,971</b>	<b>6,778,483</b>
<b>Liabilities</b>					
Trade payables	–	–	–	29,302	29,302
Liabilities to association members	–	–	–	426,936	426,936
Taxes and other payables	5,602,811	–	–	170,642	5,773,453
Short-term advances received	–	–	–	4,440	4,440
Provisions	–	–	–	10,793	10,793
Shareholders' equity	–	–	–	533,559	533,559
<b>Total liabilities and equity</b>	<b>5,602,811</b>	<b>–</b>	<b>–</b>	<b>1,175,672</b>	<b>6,778,483</b>
<b>Net interest risk as at 31 December 2007</b>	<b>644,227</b>	<b>272,919</b>	<b>148,555</b>	<b>(1,065,701)</b>	<b>–</b>

### 36. CAPITAL MAINTENANCE

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

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

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

## Notes to the Consolidated Financial Statements

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

The main tool of management of the equity level is the dividend policy.

### 37. RELATED PARTIES

Starting from 8 December 2008, the parent company of the Group is Wiener Börse AG with controlling interest.

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

As at 31 December 2008, the Group does not register any receivables from Patria Finance, a.s. and its direct subsidiaries (2007: CZK 3,765,000). The total income generated during the period 1 January to 7 December 2008 was nil (2007: 3,765,000). Total expense for the same period from transactions with Patria Finance reached CZK 750,000 (2007: CZK nil). These expenses related to services in relation to the sale of shares in Burza cenných papírů Praha, a.s.

As at 31 December 2008, the Group does not register any intercompany receivables or payables.

### 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.

CZK '000	2008	2007
Cash and balances with banks (Note 6)	3,448,785	5,991,804
Treasury bills (Note 9)	–	123,619
Depository bills of exchange (Note 9)	336,170	180,956
<b>Total</b>	<b>3,784,955</b>	<b>6,296,379</b>

### 39. SUBSEQUENT EVENTS

Energetická burza Praha received a licence from Česká národní banka ("ČNB") on 4 February 2009 to organise a commodity derivatives market. Commodity derivatives, which are regularly traded on an organized market, are now considered as investment instruments according to the amendment to the Capital Market Entrepreneurship Act and therefore each market organiser with such instruments is subject to supervision by ČNB and its licensing rules.

This licence will allow Energetická burza Praha to organize a market not only with derivatives with physical settlement but will also allow the offering of products with financial settlements. Another contribution is that the licence from financial market regulator is acknowledged throughout the whole European Union. For this reason, Energetická burza Praha can flexibly resolve other expansion tasks in Central and Eastern Europe.

Simultaneously with Energetická burza Praha's acquisition of the licence, a similar licence was also extended to UNIVYC, a.s. which operates clearing system for all trades concluded on Energetická burza Praha.

### 40. CURRENT VOLATILITY ON GLOBAL AND CZECH FINANCIAL MARKETS

The ongoing global liquidity crisis which commenced in the middle of 2007 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and, at times, higher interbank lending rates and very high volatility in stock markets. The uncertainties in the global financial markets, have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere. Indeed the full extent of the impact of the ongoing financial crisis is proving to be impossible to anticipate or completely guard against.

