

# **Annual report 2015**

Prague Stock Exchange



## Contents

Company profile .....	3
Report of the exchange chamber on business activities and the state of assets .....	4
Introduction.....	4
Key data .....	5
Non-consolidated financial performance.....	6
Consolidated financial performance.....	7
Activities in 2015.....	8
Trading and securities .....	8
Report on relations .....	9
Financial section.....	13
Financial statements .....	13
Auditor's report on the annual report.....	48
Consolidated financial statements .....	51
Auditor's report on the consolidated annual report .....	101
Contact information .....	104

## Company profile

Prague Stock Exchange (Burza cenných papírů Praha, a.s.; PSE) is the largest and oldest securities market organiser in the Czech Republic. By law, PSE is a joint stock company, the largest shareholder of which is CEESEG Aktiengesellschaft, with a 92.739% interest.

Trading is conducted via licensed traders, who are also members of the exchange. The results of stock exchange trades and other data are published on [www.pse.cz](http://www.pse.cz) and further communicated via information agencies and the media.

PSE and its subsidiaries form the PX group. Apart from PSE, the most important members of the group are POWER EXCHANGE CENTRAL EUROPE, a.s. (PXE) and Central Securities Depository Prague (CSD Prague). Established in 2007, PXE is a trading platform for electricity trading in the Czech Republic, Slovakia, Hungary, Poland and Romania. In cooperation with Central European Gas Hub AG (CEGH), it operates an exchange for natural gas delivered to the Czech market, and provides end customers with the option to purchase electricity and natural gas via an electronic auction. CSD Prague, which has a dominant position in the field of settling securities trades on the Czech capital market, maintains a central register of dematerialised securities issued in the Czech Republic, and allocates legal entity identifiers (LEIs or, initially, pre-LEIs) to legal entities and international securities identification numbers (ISINs) to investment instruments.

PSE, its subsidiaries and the Vienna Stock Exchange (Wiener Börse) are members of the CEE Stock Exchange Group (CEESEG). PSE has no branches abroad.

## Report of the exchange chamber on business activities and the state of assets

### Introduction

*In 2015, as in previous years, the PX group exceeded its financial targets, this time thanks to all components of the group.*

*This year the Prague Stock Exchange itself acquired another issue from the food and drink industry – Kofola. 2015 saw the reversal of the trend of falling trading volumes. Although the number of traded securities and transactions has been increasing for three years now, it was not until 2015 that a significant shift occurred in both volume and money terms.*

*Power Exchange Central Europe, a company trading in Central European power futures, had a very good year. Its most significant development initiative included a major expansion of trades for end customers, which now also include a number of state and local government organisations. Organising the purchase of energy for the city of Prague could well be described as the company's most significant contract. Major progress was also made in negotiations regarding the company's strategic cooperation with EEX, the largest European commodity exchange, which will hopefully culminate in 2016 with EEX making an equity investment in PXE.*

*The number of issues maintained by Central Securities Depository Prague (CSD Prague) continued to increase in 2015, growing by approximately 200 issues, of which half were share issues. To improve and standardise communication with Clearstream Banking Luxembourg, an international depository, CSD Prague started using a fully automated channel via the global SWIFT network. In close cooperation with participants, the project of implementing a central counterparty – the Austrian company CCP.A – as a new method of settling exchange trades continues. In order to make dematerialised securities more attractive, CSD Prague carries on with its long-term strategy of reducing fees charged to securities issuers, for both bond and share issues.*

*Since autumn 2015 the Central Depository has been making intensive preparations for the implementation of a new regulation governing central depositories in the European Union. Unfortunately, we expect the implementation of the regulation to utilise up to half of our development capacity for 2016, while increasing expenses and bringing no additional benefits to either our group or market participants.*

**Petr Kobic, CEO**

and Chairman of the Exchange Chamber of the Prague Stock Exchange

David Kučera, Member of the Exchange Chamber of the Prague Stock Exchange

## Key data

	2011	2012	2013	2014	2015
Number of exchange days	253	251	250	250	249
<b>SHARES</b>					
Total trading volume (BCZK)	370.99	250.58	174.74	153.49	167.90
Average daily volume (MCZK)	1 466.35	998.33	698.96	613.95	674.28
Market capitalisation (BCZK)	1 060.77	1 142.09	1 093.48	1 040.29	1 100.47
Number of issues (year-end)	26	28	26	23	25
PX Index	911.10	1 038.70	989.04	946.71	956.33
PX-TR Index	1 181.29	1 397.82	1 389.42	1 384.89	1 455.91
PX-GLOB Index	1 160.50	1 295.79	1 239.49	1 183.83	1 240.95
<b>BONDS</b>					
Total trading volume (BCZK)	628.02	594.21	1.93	8.23	5.10
Number of issues (year-end)	95	98	110	116	112
<b>STRUCTURED PRODUCTS</b>					
Total trading volume (MCZK)	133.94	50.66	122.16	568.65	262.01
Number of issues (year-end)	81	30	103	68	89

## Non-consolidated financial performance

In 2015 the Prague Stock Exchange (PSE) generated revenue from own services of TCZK 187 561 (2014: TCZK 183 811), which can be analysed as follows:

	(in TCZK)	2015	2014
Stock exchange fees		48 339	44 104
Services relating to settlement of securities		58 873	55 476
Stock exchange information		37 242	36 456
Services for POWER EXCHANGE CENTRAL EUROPE, a.s.		4 635	7 269
Services for Central Securities Depository Prague		29 262	30 727
Other services (for PSE Group members)		9 210	9 779
<b>Revenue from own services</b>		<b>187 561</b>	<b>183 811</b>

PSE was able to increase revenue from own services due to a higher volume of share trades and a higher number of transactions. As in previous years, the most traded issue was ČEZ (BCZK 59.68), followed by Komerční banka (BCZK 53.39) and Erste Group Bank (BCZK 23.56). In December 2015 trading in the newly subscribed shares of Kofola ČeskoSlovensko started. During a total of 19 trading days in 2015, shares of MCZK 43.96 were traded. PSE's share of trading in this issue (the issue is simultaneously traded at the Warsaw Stock Exchange) is 99.95%.

PSE posted a net profit of TCZK 159 413 for 2015 (2014: TCZK 125 047). The year-on-year increase in net profit was caused mainly by profit shares within the PSE Group.

During the reporting period, PSE primarily utilised fixed assets, particularly IT equipment and applications, acquired in previous years. It recognised depreciation expense of TCZK 3 564 (2014: TCZK 2 391) in respect of these fixed assets.

PSE's total assets as at 31 December 2015 amounted to TCZK 504 377 (2014: TCZK 467 764). Their structure was as follows:

	(in TCZK)	2015	2014
Fixed assets (net)		132 313	135 179
Receivables and other current assets (net)		47 910	51 599
Short-term financial assets (net)		324 154	280 986
<b>Total assets</b>		<b>504 377</b>	<b>467 764</b>

PSE's fixed assets also include long-term investments comprising PSE's ownership interests in subsidiaries, amounting to TCZK 126 446 (2014: TCZK 126 446). On 23 April 2015 PSE's general meeting decided to pay dividends of CZK 472 per share.

PSE achieved the above results with the help of an average of 35 (2014: 37) employees. PSE complies with all applicable labour laws and regulations. It enables its employees to continuously improve their qualifications and language skills. In the reporting period, PSE provided TCZK 813 (2014: TCZK 626) for the technical, IT and language training of its staff. PSE conducted applied research and experimental development activities featuring a valuable element of novelty and the clarification of research or technical uncertainty. As PSE's activity is inherently environmentally friendly, no special activities are conducted in this area.

## Consolidated financial performance

In 2015 the Group generated revenue from own services of TCZK 432 730 (2014: TCZK 443 409), which can be analysed as follows (excluding the discontinued operations of POWER EXCHANGE CENTRAL EUROPE, a.s.):

(in TCZK)	2015	2014
Exchange trading fees	27 787	25 044
Revenue from keeping central register of securities (excl. settlements)	266 618	283 779
Revenue from settlement of trades	75 673	71 061
Stock exchange information	36 787	35 974
Administrative fees	20 553	19 060
Licence fees for trading on exchange and other revenue from provided services	5 312	8 491
<b>Revenue</b>	<b>432 730</b>	<b>443 409</b>

The Group posted lower revenue from services relating to the central register of securities due to the existing policy of reducing fees for bond issues and for keeping records of share issues. These changes were aimed at the issuer group most encumbered by fees. On the other hand, the Group posted higher revenue from services arising from a higher volume of share trades and a higher number of transactions on the stock exchange, as compared with 2014.

Despite the slight decline in revenue from own services, the Group posted a net profit of TCZK 163 523 for 2015 (2014: TCZK 156 162), mainly due to operating expenses, amounting to TCZK 232 758, being lower than in the previous year (2014: TCZK 258 859).

During the reporting period, as in the prior period, the Group primarily utilised fixed assets, particularly IT equipment and applications, acquired in previous years. It recognised depreciation expense of TCZK 32 490 (2014: TCZK 38 572) in respect of these fixed assets.

The Group's total assets as at 31 December 2015 amounted to TCZK 836 937 (2014: TCZK 746 605). Their structure was as follows:

(in TCZK)	2015	2014
Total fixed assets (net)	140 163	170 062
Receivables and other current assets (net)	204 548	211 672
Short-term financial assets (net)	456 732	364 871
Assets held for sale	35 494	0
<b>Total assets</b>	<b>836 937</b>	<b>746 605</b>

In connection with the signing on 20 January 2016 of an agreement between the European Energy Exchange (EEX) and the shareholders of PXE under which EEX will acquire 66.67% of the shares in PXE in 2016 from the existing shareholders Centrální depozitář cenných papírů, a.s. and Energy Clearing Counterparty, a.s. (which will result in EEX becoming PXE's new majority owner and PXE becoming an associated company within the consolidated financial statements), the Group decided to designate all ordinary activities of PXE in the 2015 consolidated financial statements as assets or liabilities held for sale and discontinued operations.

The Group achieved the above results with the help of an average of 80 (2014: 84) employees. The Group complies with all applicable labour laws and regulations.

## Activities in 2015

### Trading and securities

#### Securities

On 1 June 2015 trading was started on the Free Market in the issue of shares in CETIN (Česká telekomunikační infrastruktura, a.s.), which arose in connection with a special spin-off operation involving the O2 C.R. issue. Trading in this issue was terminated at the end of 2015.

On 23 September PSE decided to admit Kofola ČeskoSlovensko a.s. for trading on the Prime Market. Instead of a public offering of shares, this step only involved a so-called technical listing (Kofola ČS), which relates to the relocation of the company's registered office from Poland to the Czech Republic. On 2 December 2015 the number of securities in the issue increased, which was followed by the start of trading in the issue with the participation of market makers.

#### Trading

In 2015 no major changes or events occurred with respect to trading on the exchange.

#### Market promotion

- In February 2015 Roklen 360 became another market maker on the exchange; at the end of 2015, however, it terminated its operations and its exchange membership.
- In April 2015 BH Securities a.s. started quoting Komerční banka shares.
- In June 2015 CETIN shares became quoted, with J&T Banka, a.s., Patria Finance, a.s., BH Securities, a.s. and Fio banka, a.s. as the market makers.
- In November 2015 Equilor Investment Ltd. joined the ranks of market makers for the O2 C.R. issue.
- In December 2015 the Kofola ČS issue joined the ranks of quoted share issues, with the following six market makers – BH Securities, a.s., Česká spořitelna, a.s., Fio banka, a.s., J&T Banka, a.s., Patria Finance, a.s. and Wood & Company Financial Services, a.s.



## Report on relations



## **Report on relations between the controlling entity and the controlled entity and between the controlled entity and other entities controlled by the same controlling entity for the 2015 accounting period**

In accordance with Section 82 of Act No. 90/2012 Coll., Act on Corporations and Cooperatives (Act on Business Corporations), as amended ("BCA"), the Stock Exchange Chamber of **Burza cenných papírů Praha, a.s.** has prepared this report on relations between

the controlling entity **CEESEG Aktiengesellschaft**, with its registered office in 1010 Wien, Wallnerstraße 8, recorded in the Commercial Register maintained by the Commercial Court in Vienna (Handelsgericht Wien) under file No. FN 161826f ("the Controlling Entity" or "CEESEG")

and

the controlled entity **Burza cenných papírů Praha, a.s.**, with its registered office in Praha 1, Rybná 14/682, identification No. 471 15 629, recorded in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 1773 (the "Controlled Entity" or "PSE")

for the 2015 accounting period.

The report also contains information on relations between the Controlled Entity and entities controlled by the same Controlling Entity. For at least a part of the past accounting period, these entities included:

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

**The structure of relations** between the above entities is characterised by the amount of the participation interest which the Controlling Entity holds in WB, amounting to 100%. Until 30 December 2015, the Controlling Entity held a 100% participation interest in LB. After this date, the Controlling Entity has no participation interest in LB. The Controlling Entity held a 50.45% participation interest in BSE. It disposed of this participation interest based on an agreement dated 20 November 2015. The Controlling Entity holds a 92.74% participation interest in the Controlled Entity.

This report does not include any description of relations of the Controlled Entity with subsidiaries. The list of subsidiaries and companies in which the Controlled Entity exercises its influence is as follows:

- **Energy Clearing Counterparty, a.s.**, with its registered office in Praha 1, Rybná 682/14, identification No. 284 416 81
- **Centrální depozitář cenných papírů, a.s.**, with its registered office in Praha 1, Rybná 14, identification No. 250 81 489
- **POWER EXCHANGE CENTRAL EUROPE, a.s.**, with its registered office in Praha 1, Rybná 682/14, identification No. 278 65 444.

Relations between these companies and the Controlled Entity are described in the reports on relations of the individual companies listed herein.

Pursuant to Section 82 (2) (b) and a (c) of BCA, **control is exercised** through a share in the voting rights in accordance with Section 75 (1, 2) of BCA. No holding agreement, joint venture agreement, agreement to exercise voting rights or another similar agreement have been concluded. The Controlled Entity can be considered an independent and highly autonomous company which is a controlled entity by definition and whose principal activity is stipulated by law.

### **Overview of acts and agreements**

The report also includes:

- a) information indicating the acts performed in the 2015 accounting period at the instigation or in the interest of the Controlling Entity or entities controlled by the Controlling Entity where such

- acts concern assets with a value exceeding 10% of the Controlled Entity's equity identified from the last financial statements (Section 82 (2) (d) of BCA; and
- b) an overview of agreements concluded between the Controlled Entity and the Controlling Entity or between controlled entities (Section 82 (2) (e) of BCA).

Concerning a), the general meeting held on 23 April 2015 approved the 2014 financial statements of BCPP and the proposal for profit distribution in form of paying a share of profits of CZK 472 per share, totalling TCZK 125 107. The general meeting further primarily decided to change the Articles of Association and elected a member of the Supervisory Board.

No other acts pursuant to Section 82 (2) (d) of BCA were performed in the 2015 accounting period.

Concerning b), contracts and agreements were concluded under Section 82 (2) (e) of BCA.

The following agreements defined the relations between the Controlling Entity and the Controlled Entity in the 2015 accounting period:

Date of agreement	Name of agreement	Description of performance
1 August 2011	Agreement on opening of account in securities central register and provision of related services	Opening and maintaining a securities property account in CDCP
6 August 2013	Mutual Agreement on Providing Authority to conclude cross-membership agreements with CEESEG members	Agreement authorising other stock exchanges to make cross-membership at partner stock exchanges, together with WB, LB, BSE  The participation of BSE and LB was terminated based on an agreement as a result of termination of the Controlling Entity's participation in these companies.

The following agreements defined the relations between WB and the Controlled Entity in the 2015 accounting period:

Date of agreement	Name of agreement	Description of performance
11 February 2009	Confirmation - free use of the PSE data transmitted via Thomson Reuters	Bilateral agreement on the use of data to calculate the index
1 July 2009	FRAMEWORK AGREEMENT - INDEX LICENSING BUSINESS	Framework contract to sell the indices
18 August 2009	Data Vending Cooperation Agreement, as amended by Amendment No. 5 dated 11 June 2014	Cooperation in vending data
23 December 2011	MASTER FRAMEWORK AGREEMENT („MFA“), as amended by Amendment No. 2 dated 30 November 2015	Framework agreement for migration of technical trading system to the XETRA single business system
23 December 2011	Supplement Agreement for TTR Services, Supplement Agreement for Remote Member Services, Supplement Agreement for Market Maintenance Services, Supplement Agreement for Index Services, Supplement Agreement for Connectivity Services, Supplement Agreement for Exchange Services	Supplement agreements for PSE services in connection with MFA above
30 October 2012	Agreement on Market Maintenance Service	Supplement agreement relating to MFA above specifying initial configuration of XETRA
6 August 2013	Mutual Agreement on Providing Authority to conclude cross-membership agreements with CEESEG members	Agreement authorising other stock exchanges to make cross-membership at partner stock exchanges
18 December 2014	Letter of Intent, as amended by Amendment No.	Approval of the intent to cooperate on creating a

	1 dated 30 March 2015	unified format of the Group's web pages
18 February 2015	Agreement on the disclosure of information relevant for the Service Provision Project	Agreement on provision of information relevant for the project of a unified format of web pages

No acts in accordance with Section 82 (2) (d) of BCA were performed in 2015 and no valid agreements **between LB, BSE and the Controlled Entity** regulated the rights and obligations of these related parties in the 2015 accounting period, with the exception of multilateral agreements referred to above.

#### **Assessment of possible harm to the Controlled Entity**

The Exchange Chamber represents that the Controlled Entity did not incur any harm resulting from the above agreements or from acts performed in accordance with Section 82 (2) (d) of BCA.

#### **Assessment of advantages and disadvantages arising from relations within the group of companies**

The benefit of the relations within the group for the Controlled Entity is the possibility to participate in the synergies of a strong group of stock exchanges regarding the IT expenses, coordinated procedures for data vending, and mutual sharing of the expertise of the group. We are not aware of any disadvantages and risks.

The report is to be attached to the annual report pursuant to a special legal regulation (Section 84 (2) of BCA). The report will be reviewed by the Supervisory Board pursuant to Section 83 (1) of BCA.

Prague, on 11 March 2016

.....  
Petr Kobic  
Chairman of the Exchange Chamber

.....  
Helena Čacká  
Member of the Exchange Chamber

## **Financial section**

### **Financial statements**



**FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2015**

**Name of the Business Corporation:** Burza cenných papírů Praha, a.s.

**Registered Office:** Prague 1, Rybná 14/682

**Legal Form:** Joint Stock Company

**Identification Number:** 471 15 629

**Date of Preparation:** 11 March 2016

**Translation note**

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

<b>BALANCE SHEET .....</b>	<b>1</b>
<b>INCOME STATEMENT .....</b>	<b>3</b>
<b>STATEMENT OF CHANGE IN EQUITY .....</b>	<b>4</b>
<b>1. GENERAL INFORMATION .....</b>	<b>5</b>
1.1 INCORPORATION AND DESCRIPTION OF THE BUSINESS CORPORATION .....	5
1.2 YEAR-ON-YEAR CHANGES AND AMENDMENTS TO THE COMMERCIAL REGISTER.....	5
1.3 ORGANIZATIONAL STRUCTURE OF THE COMPANY .....	5
1.4 GROUP IDENTIFICATION .....	6
1.5 EXCHANGE CHAMBER AND SUPERVISORY BOARD AS AT 31 DECEMBER 2015.....	8
<b>2. ACCOUNTING POLICIES .....</b>	<b>9</b>
2.1 BASIC PRINCIPLES OF FINANCIAL STATEMENTS PREPARATION.....	9
2.2 TANGIBLE FIXED ASSETS .....	9
2.3 INTANGIBLE FIXED ASSETS.....	9
2.4 INVESTMENTS IN CONTROLLED ENTITIES/SUBSIDIARIES AND ASSOCIATES .....	10
2.5 OTHER SECURITIES AND INVESTMENTS .....	10
2.6 CASH AND CASH EQUIVALENTS .....	11
2.7 FOREIGN CURRENCY TRANSLATION.....	11
2.8 RECEIVABLES.....	11
2.9 DERIVATIVE FINANCIAL INSTRUMENTS .....	11
2.10 PROVISIONS .....	11
2.11 INCOME TAX .....	12
2.12 DEFERRED TAXATION.....	12
2.13 OWN SHARES .....	12
2.14 RELATED PARTIES.....	12
2.15 REVENUE RECOGNITION.....	12
2.16 LEASING.....	12
2.17 SUPPLEMENTARY RETIREMENT INSURANCE AND LIFE INSURANCE .....	13
2.18 GROUP REGISTRATION FOR VAT .....	13
2.19 USE OF ESTIMATES .....	13
2.20 SUBSEQUENT EVENTS.....	13
2.21 CHANGE IN ACCOUNTING POLICIES AND PROCEDURES .....	13
<b>3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT . 14</b>	
3.1 FIXED ASSETS .....	14
3.1.1 <i>Intangible fixed assets</i> .....	14
3.1.2 <i>Tangible Fixed Assets</i> .....	15
3.2 LEASED ASSETS.....	16
3.3 LONG-TERM INVESTMENTS .....	16
3.4 FINANCIAL ASSETS.....	18
3.5 SHORT-TERM RECEIVABLES.....	18
3.5.1 <i>Trade receivables</i> .....	18
3.5.2 <i>Ageing of short-term trade receivables</i> .....	18
3.5.3 <i>Adjustments to receivables</i> .....	18
3.5.4 <i>Tax receivables</i> .....	19
3.5.5 <i>Estimated receivables</i> .....	19
3.5.6 <i>Receivables from related parties</i> .....	20
3.6 DEFERRED EXPENSES AND ACCRUED INCOME .....	20

3.7	EQUITY .....	21
3.7.1	<i>Share capital</i> .....	21
3.7.2	<i>Profit for the year 2014 and planned distribution of profit 2015</i> .....	21
3.8	PROVISIONS .....	21
3.9	LIABILITIES .....	22
3.9.1	<i>Short-term trade payables</i> .....	22
3.9.2	SOCIAL SECURITY AND HEALTH INSURANCE LIABILITIES .....	22
3.9.3	TAX LIABILITIES AND SUBSIDIES .....	22
3.9.4	ESTIMATED PAYABLES.....	22
3.9.5	PAYABLES TO RELATED PARTIES.....	23
3.10	ACCRUALS .....	23
3.11	DEFERRED TAX.....	24
3.12	INCOME TAX ON ORDINARY ACTIVITIES.....	24
3.13	DETAILS OF REVENUES BY PRINCIPAL ACTIVITY .....	25
3.14	SERVICES .....	25
3.15	OTHER OPERATING INCOME.....	25
3.16	OTHER OPERATING EXPENSES.....	26
3.17	FINANCIAL INCOME.....	26
3.18	FINANCIAL EXPENSES.....	26
3.19	RELATED PARTY TRANSACTIONS.....	27
3.19.1	REVENUES FROM RELATED PARTY TRANSACTIONS.....	27
3.19.2	SERVICES PURCHASED FROM RELATED PARTIES .....	28
<b>4.</b>	<b>EMPLOYEES, MANAGEMENT AND STATUTORY BODIES.....</b>	<b>29</b>
4.1	STAFF COSTS AND NUMBER OF EMPLOYEES .....	29
4.2	LOANS, BORROWINGS AND OTHER BENEFITS PROVIDED .....	29
4.3	CONTINGENT LIABILITIES .....	29
4.3.1	<i>Bank guarantees</i> .....	29
4.3.2	<i>Legal Disputes</i> .....	29
4.4	EXCHANGE ARBITRATION COURT .....	30
<b>5.</b>	<b>SUBSEQUENT EVENTS.....</b>	<b>31</b>



**BALANCE SHEET**Burza cenných papírů Praha, a.s.  
Identification number: 471 156 29as at 31. 12. 2015  
(in TCZK)Rybná 14/682  
110 05 Praha 1

		31. 12. 2015			31. 12. 2014
		Brutto	Correction	Netto	Netto
	<b>TOTAL ASSETS</b>	<b>585 072</b>	<b>-80 695</b>	<b>504 377</b>	<b>467 764</b>
<b>B.</b>	<b>Fixed assets</b>	<b>212 062</b>	<b>-79 749</b>	<b>132 313</b>	<b>135 179</b>
I.	<b>Intangible fixed assets</b>	<b>45 636</b>	<b>-45 523</b>	<b>113</b>	<b>302</b>
3.	Software	41 736	-41 623	113	302
6.	Other intangible fixed assets	3 900	-3 900	0	0
II.	<b>Fixed assets</b>	<b>35 980</b>	<b>-30 226</b>	<b>5 754</b>	<b>8 431</b>
3.	Plant and equipment	35 980	-30 226	5 754	8 431
III.	<b>Long-term investment</b>	<b>130 446</b>	<b>-4 000</b>	<b>126 446</b>	<b>126 446</b>
1.	Equity investments – subsidiaries	110 446	-4 000	106 446	106 446
2.	Equity investments – associated companies	20 000	0	20 000	20 000
<b>C.</b>	<b>Current assets</b>	<b>368 732</b>	<b>-946</b>	<b>367 786</b>	<b>329 029</b>
II.	<b>Long-term receivables</b>	<b>87</b>	<b>0</b>	<b>87</b>	<b>41</b>
5.	Long term advanced paid	87	0	87	41
III.	<b>Short-term receivables</b>	<b>44 491</b>	<b>-946</b>	<b>43 545</b>	<b>48 002</b>
1.	Trade receivables	12 372	-946	11 426	10 070
4.	Receivables from shareholders/members	19	0	19	149
6.	Tax receivables	13 180	0	13 180	20 094
7.	Short-term advances paid	17	0	17	41
8.	Estimated receivables	18 881	0	18 881	17 635
9.	Other receivables	22	0	22	13
IV.	<b>Current financial assets</b>	<b>324 154</b>	<b>0</b>	<b>324 154</b>	<b>280 986</b>
1.	Cash	409	0	409	161
2.	Bank accounts	293 864	0	293 864	251 093
3.	Short-term securities and ownership interest	29 881	0	29 881	29 732
<b>D. I.</b>	<b>Deferrals</b>	<b>4 278</b>	<b>0</b>	<b>4 278</b>	<b>3 556</b>
1.	Prepaid expenses	4 265	0	4 265	3 256
3.	Accrued revenues	13	0	13	300

Financial statements for the year 2015

		31. 12. 2015	31. 12. 2014
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>504 377</b>	<b>467 764</b>
<b>A.</b>	<b>Equity</b>	<b>476 652</b>	<b>442 345</b>
I.	<b>Registered capital</b>	<b>264 026</b>	<b>264 026</b>
1.	Registered capital	265 216	265 216
2.	Own shares and ownership interests (-)	-1 190	-1 190
III.	<b>Funds from profit</b>	<b>53 043</b>	<b>53 043</b>
1.	Reserve fund	53 043	53 043
IV.	<b>Retained earnings</b>	<b>170</b>	<b>229</b>
1.	Retained profits	170	229
V.	<b>Profit (loss) for the current period (+/-)</b>	<b>159 413</b>	<b>125 047</b>
<b>B.</b>	<b>Liabilities</b>	<b>27 161</b>	<b>24 636</b>
I.	<b>Provisions</b>	<b>249</b>	<b>185</b>
3.	Income tax provision	249	0
4.	Other provisions	0	185
II.	<b>Long-term liabilities</b>	<b>101</b>	<b>3</b>
5.	Long-term advances received	0	2
10.	Deferred tax liability	101	1
III.	<b>Short-term liabilities</b>	<b>26 811</b>	<b>24 448</b>
1.	Trade payables	11 387	3 645
4.	Liabilities toward shareholders	10 573	15 946
5.	Liabilities toward employees	15	0
7.	Tax liabilities and subsidies	92	95
10.	Estimated payables	4 744	4 760
11.	Other payables	0	2
<b>C. I.</b>	<b>Accruals</b>	<b>564</b>	<b>783</b>
1.	Accrued expenses	109	717
2.	Deferred revenues	455	66

<b>INCOME STATEMENT</b>		<b>Burza cenných papírů Praha, a.s.</b>	
<b>Classification by nature</b>		<b>Identification number: 471 15 629</b>	
as at 31. 12. 2015 (in TCZK)		Rybná 14/682 110 05 Praha 1	
		<b>As at 31. 12. 2015</b>	<b>As at 31. 12. 2014</b>
II.	Revenues from production	187 561	183 811
1.	Revenues from own products and services	187 561	183 811
B.	Cost of sales	52 986	51 159
1.	Materials and consumables	1 631	1 961
2.	Services	51 355	49 198
<b>+</b>	<b>Added value</b>	<b>134 575</b>	<b>132 652</b>
C.	Personnel expenses	54 346	56 735
1.	Wages and salaries	38 141	39 869
2.	Remuneration of board members	1 992	2 066
3.	Social security and health insurance expenses	11 693	12 150
4.	Social expenses	2 520	2 650
D.	Taxes and charges	97	128
E.	Depreciation of intangible and tangible fixed assets	3 564	2 391
III.	Proceeds from disposals of fixed assets and raw material	8	17
1.	Proceeds from disposal of fixed assets	8	17
G.	Change in provision and adjustments relating to operating activity and change in complex prepaid expenses	-763	-133
IV.	Other operating revenues	7	194
H.	Other operating expenses	1 432	1 750
<b>*</b>	<b>Operating profit (loss)</b>	<b>75 914</b>	<b>71 992</b>
VII.	Revenues from long-term investments	99 380	64 160
1.	Revenues from investments in group undertaking and associated companies	99 380	64 160
VIII.	Revenues from short-term financial investments	443	584
K.	Financial assets expenses	293	320
X.	Interest revenue	190	1 879
XI.	Other financial revenues	334	519
O.	Other financial expenses	2 941	233
<b>*</b>	<b>Profit (loss) from financial operations</b>	<b>97 113</b>	<b>66 589</b>
Q.	Income tax on ordinary profit (loss)	13 614	13 534
1.	- current	13 514	13 363
2.	- deferred	100	171
<b>**</b>	<b>Profit (loss) from financial operations</b>	<b>159 413</b>	<b>125 047</b>
<b>***</b>	<b>Profit (loss) on ordinary activities after tax</b>	<b>159 413</b>	<b>125 047</b>
<b>****</b>	<b>Profit (loss) for the accounting period</b>	<b>173 027</b>	<b>138 581</b>

## STATEMENT OF CHANGE IN EQUITY

Burza cenných papírů Praha, a.s.  
Identification number: 471 15 629as at 31. 12. 2015  
(in TCZK)Rybná 14/682  
110 05 Praha 1

	Registered capital	Treasury shares	Reserve fund and other funds based on profit	Retained profit	Profit (Loss) for the current period	EQUITY TOTAL
<b>Balance at 31/12/2013</b>	<b>265 216</b>	<b>-100</b>	<b>53 043</b>	<b>198</b>	<b>143 426</b>	<b>461 783</b>
Distribution of profit	0	0	0	31	-31	0
Dividends paid	0	0	0	0	-143 395	-143 395
Purchase of treasury shares	0	-1 090	0	0	0	-1 090
Profit/loss for the current period	0	0	0	0	125 047	125 047
<b>Balance at 31/12/2014</b>	<b>265 216</b>	<b>-1 190</b>	<b>53 043</b>	<b>229</b>	<b>125 047</b>	<b>442 345</b>
Distribution of profit	0	0	0	0	0	0
Dividends paid	0	0	0	-59	-125 047	-125 106
Purchase of treasury shares	0	0	0	0	0	0
Profit/loss for the current period	0	0	0	0	159 413	159 413
<b>Balance at 31/12/2015</b>	<b>265 216</b>	<b>-1 190</b>	<b>53 043</b>	<b>170</b>	<b>159 413</b>	<b>476 652</b>

## **1. GENERAL INFORMATION**

### **1.1 Incorporation and description of the business corporation**

Burza cenných papírů Praha, a.s. (henceforth the “Company” or “BCPP”), with its registered office at Rybná 14/682, Prague 1, was incorporated by means of a Memorandum of Association dated

24 July 1992 by twelve Czechoslovak banks and five brokerage firms.

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

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

### **1.2 Year-on-year changes and amendments to the Commercial Register**

On 21 July 2015 one member of Supervisory Board was deleted from the Commercial Register.

The corporation has conformed to Act No. 90/2012 Coll., on Corporations and Cooperatives, as a whole in accordance with Section 777 (5) of the Act.

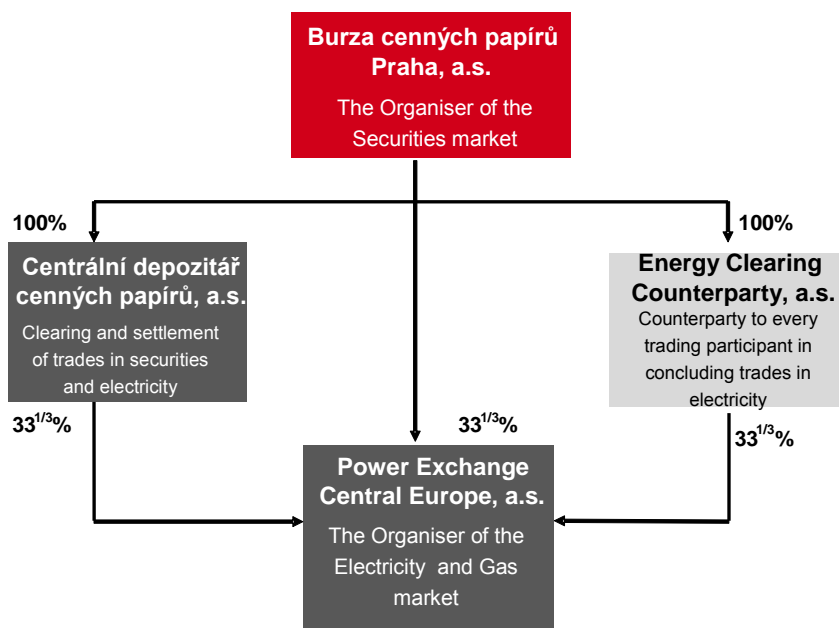
### **1.3 Organizational Structure of the Company**

The following units report directly to the CEO:

- Legal Department;
- Internal Audit and Security Department;
- Secretariat of Chief Executive Officer and mail room;
- Trading and Securities Department;
- Information Technological Development and Operation Department;
- Software Development Department;
- Finance and Administration Department;
- External Communication Department.

## 1.4 Group Identification

### Structure as at 31 December 2015



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

- On 8 January 2007, a foundation agreement for the incorporation of Energetická burza Praha, with its registered office at Rybná 682/14, Praha 1, was drawn up.

The founders are as follows:

Burza cenných papírů Praha, a.s.	investment of TCZK 20 000
UNIVYC, a.s. (Centrální depozitář cenných papírů, a.s.)	investment of TCZK 20 000
Centrální depozitář, a.s. (CENTRAL COUNTERPARTY, a.s.)	investment of TCZK 20 000

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

On 1 July 2009 Energetická burza Praha was renamed to POWER EXCHANGE CENTRAL EUROPE, a.s. The Czech National Bank (henceforth "CNB") granted a licence to PXE on 4 February 2009 to organize a commodity derivatives market. According to the amended Act on Capital Markets (amended Act 230/2008 Coll. adopted in 2008), regularly traded commodity derivatives are considered investment instruments. Consequently, each entity that provides and organizes such a market is supervised and licensed by the CNB. The Licence allows PXE to provide a market with physical settlement as well as financial settlement. The Licence is recognized across the European Union, which simplifies possible expansion in the Central and Eastern Europe region.

In December 2013 PXE opened in cooperation with the Central European Gas Hub AG, registered in Austria, a gas exchange market in the Czech Republic. The commodities portfolio of PXE was thus expanded to include gas delivered onto the Czech market.

As a result of the merger of Energy Clearing Counterparty, a.s. (henceforth "EnCC"), CENTRAL COUNTERPARTY, a.s. (henceforth "CCP") and Central Clearing Counterparty, a.s. (henceforth "CCC") at 1 January 2014, PXE's shareholder has been changed. An ownership interest in PXE has been transferred from CCP to EnCC.

Information about Centrální depozitář cenných papírů, a.s. (henceforth "CDCP"):

- CDCP (formerly "UNIVYC, a.s."), with its registered office at Rybná 14, Praha 1, was entered into the Commercial Register on 8 October 1996.
- The Company was established upon transformation of Burzovní registr cenných papírů, s.r.o. CDCP is its legal successor. Burza cenných papírů Praha, a.s. is the sole shareholder of CDCP.
- The registered capital of CDCP as at 31 December 2015 amounts to TCZK 100 000.
- The CNB granted a licence to UNIVYC, a.s. enabling it to operate a settlement system for all trades concluded on PXE. UNIVYC, a.s. requested the regulatory body for permission to perform central depository services according to the Act on Capital Markets 256/2004, Section 100.
- According to the CNB's decision dated 14 August 2009, the function of a central depository was granted to UNIVYC, a.s. Subsequently, UNIVYC, a.s. changed its registered name to Centrální depozitář cenných papírů, a.s.
- Based on the licence from the CNB, the central depository started operating on 7 July 2010. The transfer of registered and immobilized securities from Středisko cenných papírů was successfully carried out.
- The principal activities of CDCP include operation of a settlement system for exchange and OTC transactions with investment instruments, lending of securities, administration and management of guarantee instruments, custody and management of investment instruments, settlement of electricity trades (until 1 September 2013), administration of central records of registered dematerialised securities issued in the Czech Republic, and assignment of identification codes (ISIN) to investment instruments. The central depository operates on a participant principle. It provides services related to administration of central records of securities as well as trade settlement through participants. It also provides services connected with administration of issues of securities to security issuers.

Information about Energy Clearing Counterparty, a.s. (henceforth "EnCC"):

- On 18 July 2008 the Energy Clearing Counterparty, a.s. was established, with its registered office at Rybná 682/14, Praha 1, by a foundation agreement for incorporation.
- Energy Clearing Counterparty, a.s. was recorded in the Commercial Register on 6 August 2008.
- The share capital as at 31 December is TCZK 2 000.
- The business of Energy Clearing Counterparty, a.s. includes "rent of real estate, flats and non-residential units, and trading in electricity".

As at 1 January 2014, “EnCC” acquired assets of the dissolving companies “CCP” and “CCC” including rights and obligations arising from employment relations and has thus become a universal legal successor of the dissolved companies.

On 8 December 2008 CEESEG AG became a new majority shareholder (92.74%) of the Company. The number of shareholders decreased from 27 to 10. In 2014, the number of shareholders decreased as a result of a buyback of treasury shares. At present, the Company has 7 shareholders (see Note 3.7).

On 18 December 2015, CDCP and PXE transformed their share certificates to book-entered shares.

### 1.5 Exchange Chamber and Supervisory Board as at 31 December 2015

	<b>Position</b>	<b>Name</b>
<b>Exchange Chamber</b>	Chairman	Petr Koblíček
	Member	Michael Buhl
		Ludwig Niessen
		Helena Čácká
		David Kučera
<b>Supervisory Board</b>	Member	Jan Vedral
		Jan Sýkora
		Martin Novák
		Daniel Heler

In 2015, the composition of the Supervisory Board changed. Martin Roman terminated his membership in the Supervisory Board on 21 July 2015.



## 2. ACCOUNTING POLICIES

### 2.1 Basic principles of financial statements preparation

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

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

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

These financial statements are not consolidated.

### 2.2 Tangible fixed assets

Tangible fixed assets with a useful life of more than one year and a unit cost of more than TCZK 30 are treated as tangible fixed assets.

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

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

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

Asset category	Accounting depreciation
Computer equipment	3 Years
Furniture and fixtures	3 Years
Non-capitalized tangible assets	2 - 3 Years

#### Establishment of adjustments

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

Repairs and maintenance expenditures of tangible fixed assets are charged to expenses as incurred. Technical improvement of tangible fixed assets is capitalized.

### 2.3 Intangible fixed assets

All intangible assets with a useful life of more than one year and a unit cost of more than TCZK 40 are treated as intangible fixed assets.

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

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

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

Asset category	Accounting depreciation
Software	3 Years
Other intangible fixed assets	3 Years
Low value intangible assets	2 - 3 Years

#### Establishment of adjustments

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

## **2.4 Investments in controlled entities/subsidiaries and associates**

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

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

Investments in subsidiaries and associates are recorded at cost less a provision for potential impairment. Cost includes expenses directly incurred in connection with the acquisition, such as fees and commissions paid to brokers and advisors.

## **2.5 Other securities and investments**

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

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

Investments with a fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, unless the date of maturity falls within 12 months of the balance sheet date. In case of maturity shorter than 12 months, debt securities are recognised in short term assets.

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

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

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

## **2.6 Cash and cash equivalents**

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

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

## **2.7 Foreign currency translation**

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

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

## **2.8 Receivables**

Receivables are stated at nominal value less a provision for doubtful amounts. An adjustment for bad debts is created on the basis of an ageing analysis and individual evaluation of the recoverability of the receivables. Receivables from related parties are not provided for. Bad debts are written off after the bankruptcy proceedings of the debtor.

## **2.9 Derivative financial instruments**

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

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

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

## **2.10 Provisions**

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

### **2.11 Income tax**

Income tax for the period comprises current tax and the change in deferred tax. Current tax comprises an estimate of tax payable calculated based on the taxable income, having the tax rate valid as at first day of the accounting period, and any adjustments to taxes for previous periods.

### **2.12 Deferred taxation**

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

### **2.13 Own shares**

The transferability of shares is restricted as they may be transferred to third parties only after the approval of the Exchange Chamber members in attendance. Approval is subject to the consent of a two-thirds majority of the Exchange Chamber members in attendance. The Company is obligated to repurchase its own shares if the Exchange Chamber does not approve the transfer to another party. The Company is required to sell these shares within a three-year period from the acquisition. If it fails to do so, it is obligated to withdraw those shares from circulation and reduce its share capital balance by their nominal value, according to valid articles of association at the date of preparation of the financial statements.

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

### **2.14 Related parties**

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

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

Material transactions and outstanding balances with related parties are disclosed in Note 3.5.6, 3.9.5, and 3.19.

### **2.15 Revenue recognition**

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

### **2.16 Leasing**

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

### **2.17 Supplementary retirement insurance and life insurance**

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.

### **2.18 Group registration for VAT**

The companies Burza cenných papírů Praha, a.s., POWER EXCHANGE CENTRAL EUROPE, a.s. (henceforth "PXE"), and CDCP (henceforth "CDCP") established a group with effect from 1 January 2009 for the purposes of registration for value added tax under Act No. 235/2004 Coll., as amended. Further, as of 1 January 2011 all of the following companies have a joint tax identification number.

As at 1 January 2015, the Group used an advance coefficient of 94% (at 1 January 2014: 93%). The Group applied this coefficient for calculating a proportional VAT deduction on acquired supplies in 2015. In the VAT return for December 2015 a settlement coefficient of 100% was calculated and represents the advance coefficient for 2016. The difference between the applied deduction based on the advance coefficient during the entire calendar year and the VAT deduction calculated based on the settlement coefficient was settled in December 2015.

The VAT tax return is submitted for the Group by its representing member, i.e. BCPP. Other Group members recognize parts of their own tax duty falling on them, resp. the excessive deduction, and register a payable for resp. a receivable from BCPP in their books.

### **2.19 Use of estimates**

The preparation of financial statements requires the application of estimates and forecasts influencing reported values of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses for the accounting period. The Company's management is convinced that the applied estimates and forecasts will not significantly differ from real values in forthcoming accounting periods.

### **2.20 Subsequent events**

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

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

### **2.21 Change in accounting policies and procedures**

The Company did not change any accounting policies and procedures in 2015 or 2014.

**3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT****3.1 Fixed assets****3.1.1 Intangible fixed assets**

(in TCZK)			
<b>Acquisition cost</b>	<b>Software</b>	<b>Other intangible FA</b>	<b>Total</b>
<b>Balance as at 1/1/2014</b>	<b>43 443</b>	<b>3 900</b>	<b>47 343</b>
Additions	187	0	187
Disposals	-1 969	0	-1 969
<b>Balance as at 31/12/2014</b>	<b>41 661</b>	<b>3 900</b>	<b>45 561</b>
Additions	75	0	75
Disposals	0	0	0
<b>Balance as at 31/12/2015</b>	<b>41 736</b>	<b>3 900</b>	<b>45 636</b>

(in TCZK)			
<b>Accumulated amortization</b>	<b>Software</b>	<b>Other intangible FA</b>	<b>Total</b>
<b>Balance as at 1/1/2014</b>	<b>42 974</b>	<b>3 900</b>	<b>46 874</b>
Additions	354	0	354
Disposals	-1 969	0	-1 969
<b>Balance as at 31/12/2014</b>	<b>41 359</b>	<b>3 900</b>	<b>45 259</b>
Additions	264	0	264
Disposals	0	0	0
<b>Balance as at 31/12/2015</b>	<b>41 623</b>	<b>3 900</b>	<b>45 523</b>

(in TCZK)			
<b>Net Book value</b>	<b>Software</b>	<b>Other intangible FA</b>	<b>Total</b>
Balance as at 1/1/2014	469	0	469
Balance as at 31/12/2014	302	0	302
Balance as at 31/12/2015	113	0	113

Additions to intangible fixed assets in the amount of TCZK 76 (2014: TCZK 187) are represented mainly by purchase of software.

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

(in TCZK)	
	<b>Amortization</b>
2015	264
2014	354

In 2015 and 2014 no adjustments to intangible fixed assets were created.

The Company reported off-balance sheet assets of TCZK 365 (2014: TCZK 365).

## 3.1.2 Tangible Fixed Assets

(in TCZK)

Acquisition cost	Computer equipment	Furniture and fixtures	Non-capitalised tangible assets	Tangible FA under const.	Total
<b>Balance as at 1/1/2014</b>	<b>43 090</b>	<b>7 664</b>	<b>9 069</b>	<b>0</b>	<b>59 823</b>
Additions	4 656	1 686	169	0	6 511
Disposals	-27 121	-1 381	-1 065	0	-29 567
<b>Balance as at 31/12/2014</b>	<b>20 625</b>	<b>7 969</b>	<b>8 173</b>	<b>0</b>	<b>36 767</b>
Additions	624	0	0	0	624
Disposals	-208	-871	-332	0	-1 411
<b>Balance as at 31/12/2015</b>	<b>21 041</b>	<b>7 098</b>	<b>7 841</b>	<b>0</b>	<b>35 980</b>

(in TCZK)

Accumulated depreciation	Computer equipment	Furniture and fixtures	Non-capitalised tangible assets	Tangible FA under const.	Total
<b>Balance as at 1/1/2014</b>	<b>40 797</b>	<b>6 422</b>	<b>8 647</b>	<b>0</b>	<b>55 866</b>
Additions	1 356	358	323	0	2 037
Disposals	-27 121	-1 381	-1 065	0	-29 567
<b>Balance as at 31/12/2014</b>	<b>15 032</b>	<b>5 399</b>	<b>7 905</b>	<b>0</b>	<b>28 336</b>
Additions	2 463	644	194	0	3 301
Disposals	-208	-871	-332	0	-1 411
<b>Balance as at 31/12/2015</b>	<b>17 287</b>	<b>5 172</b>	<b>7 767</b>	<b>0</b>	<b>30 226</b>

(in TCZK)

Accumulated depreciation	Computer equipment	Furniture and fixtures	Non-capitalised tangible assets	Tangible FA under const.	Total
Balance as at 1/1/2014	2 293	1 242	422	0	3 957
Balance as at 31/12/2014	5 593	2 570	268	0	8 431
Balance as at 31/12/2015	3 754	1 927	73	0	5 754

In 2015, additions to tangible fixed assets in the amount of TCZK 624 (2014: TCZK 6 511) are represented by the acquisition of computer equipment in connection with the renewal of outdated computer equipment.

Disposals of tangible fixed assets amounted to TCZK 1 410 in 2015 (2014: TCZK 29 567). The disposals for 2015 represent disposal of video-conferencing equipment, obsolete computers, and servers.

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

(in TCZK)

	Depreciation
2015	3 300
2014	2 037

In 2015 and 2014 no adjustments against tangible fixed assets were created.

Off-balance sheet tangible fixed in operational records assets amount to TCZK 4 434 (2014: TCZK 3 729).

None of the assets is pledged as collateral.

### 3.2 Leased assets

As at 31 December 2015, the Company has cars under operating leases. The aggregate amount of payments excluding VAT made in 2015 was TCZK 1 922 (2014: TCZK 1 751). The Company resides in the rented premises. The rent amounted to TCZK 9 995 in 2015 (2014: TCZK 9 862).

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

	(in TCZK)	
	Balance as at 31 December 2015	Balance as at 31 December 2014
Current within one year	11 924	12 623
Due after one year but within five years	23 842	37 051
After five years	0	0
<b>Total</b>	<b>35 766</b>	<b>49 674</b>

### 3.3 Long-term investments

The Company is the sole shareholder of Centrální depozitář cenných papírů, a.s., Energy Clearing Counterparty a.s. and has one-third share in POWER EXCHANGE CENTRAL EUROPE, a.s.

The share capital of Centrální depozitář cenných papírů, a.s. amounts to TCZK 100 000 and that of Energy Clearing Counterparty, a.s. amounts to TCZK 2 000. The Company also holds a one third share in POWER EXCHANGE CENTRAL EUROPE, a.s. whose share capital amounts to TCZK 60 000 (refer to Note 1.4).

	(in TCZK)			
Acquisition Cost	Balance as at 31 December 2014	Additions	Disposals	Balance as at 31 December 2015
Centrální depozitář cenných papírů, a.s. <sup>1)</sup>	90 100	0	0	90 100
POWER EXCHANGE CENTRAL EUROPE, a.s.	20 000	0	0	20 000
Energy Clearing Counterparty, a.s. <sup>2)</sup>	20 346	0	0	20 346
<b>Total</b>	<b>130 446</b>	<b>0</b>	<b>0</b>	<b>130 446</b>

<sup>1)</sup> Centrální depozitář cenných papírů a.s. is the legal successor of Burzovní registr cenných papírů, s.r.o. In 1996 and 1999, the registered capital of Centrální depozitář cenných papírů a.s. was increased using the retained profits of Burzovní registr cenných papírů, s.r.o. and Centrální depozitář cenných papírů a.s.

<sup>2)</sup> In 2014, Energy Clearing Counterparty, a.s. merged with CCP and CCC. The registered capital of CCP of TCZK 3 000, the registered capital of CCC of TCZK 2 000 and other capital contributions of CCC of TCZK 7 166 have become an integral part of the company's long-term investments. Energy Clearing Counterparty offset these amounts against accumulated losses.

	(in TCZK)			
Adjustment	Balance as at 31 December 2014	Additions	Disposals	Balance as at 31 December 2015
Energy Clearing Counterparty, a.s.	4 000	0	0	4 000
<b>Total</b>	<b>4 000</b>	<b>0</b>	<b>0</b>	<b>4 000</b>



Net value	(in TCZK)			
	Balance as at 31 December 2014	Additions	Disposals	Balance as at 31 December 2015
Centrální depozitář cenných papírů, a.s.	90 100	0	0	90 100
POWER EXCHANGE CENTRAL EUROPE, a.s.	20 000	0	0	20 000
Energy Clearing Counterparty, a.s.	16 346	0	0	16 346
<b>Total</b>	<b>126 446</b>	<b>0</b>	<b>0</b>	<b>126 446</b>

As at 31 December 2015, Centrální depozitář cenných papírů, a.s. reports equity of TCZK 222 506 (2014: TCZK 216 607). In 2015 it generated a profit of TCZK 103 699 (2014: TCZK: 97 797). Based on the decision of its sole shareholder, the shares on profits from the 2014 profit were paid in 2015 in the amount of TCZK 97 800 (2014: TCZK 59 300).

As at 31 December 2015, POWER EXCHANGE CENTRAL EUROPE, a.s. reports equity of TCZK 63 267 (2014: TCZK 67 158). In 2015 it generated a profit after tax of TCZK 849 (2014: TCZK 4 722). Based on the decision of the general meeting, the shares on profit were paid in 2015 in the amount TCZK 1 580 (2014: TCZK 4 860).

In 2016, based on a decision of the general meeting of PXE dated 17 December 2015 the existing amount of the registered capital of TCZK 60 000 (as at 31 December 2015) will be reduced by TCZK 30 000. The amount of TCZK 30 000, corresponding to the reduction of the registered capital of PXE, will be distributed among PXE's shareholders according to their shares. The reason for the reduction of PXE's registered capital is the fact that its amount significantly exceeds the statutory requirement for the amount of registered capital or equity and the shareholders can use the funds available after the reduction of the registered capital for other purposes. Centrální depozitář cenných papírů, a.s., a shareholder of PXE, can use its share of the available funds to increase its registered capital in order to be in compliance with the new EU regulation.

The reduction of the registered capital of PXE will be carried out as a reduction of the nominal value of all PXE shares, specifically reducing the nominal value of 60 registered shares with a nominal value of TCZK 1 000 per share to a new nominal value of TCZK 500 per share. As a result of the decision of PXE's general meeting on transformation of all ordinary registered shares issued as share certificates to registered book-entered shares, the reduction of the nominal value will be carried out by PXE giving an order to the entity authorised to keep the records of book-entered shares to change the nominal value of each share to the new nominal value of TCZK 500.

As at 31 December 2015, Energy Clearing Counterparty, a.s. reports equity of TCZK 8 182 (2014: 6 080 TCZK) and profit of TCZK 2 102 for 2015 (2014: TCZK 2 425).

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

**3.4 Financial assets**

	(in TCZK)	
	Balance as at 31 December 2015	Balance as at 31 December 2014
<b>Financial assets</b>		
<b>Cash, of it:</b>	<b>409</b>	<b>161</b>
- Cash in hand	43	76
- valuables	366	85
<b>Bank accounts, of it:</b>	<b>293 864</b>	<b>251 093</b>
- Current accounts	293 864	251 093
- Term accounts in banks	0	0
<b>Debt securities held for trading in accordance with the Portfolio administration contract</b>	<b>29 881</b>	<b>29 732</b>
<b>Total financial assets</b>	<b>324 154</b>	<b>280 986</b>

As at 31 December 2015 and 31 December 2014, the Company held a EIB VAR/18 bond with ISIN: CZ0000000179 at a total nominal value of TCK 30 000.

**3.5 Short-term receivables****3.5.1 Trade receivables**

	(in TCZK)	
	Balance as at 31 December 2015	Balance as at 31 December 2014
<b>Short-term</b>		
- trade receivables	12 353	11 520
- other trade receivables	19	74
<b>Total trade receivables</b>	<b>12 372</b>	<b>11 594</b>
- adjustments	-946	-1 524
<b>Total</b>	<b>11 426</b>	<b>10 070</b>

**3.5.2 Ageing of short-term trade receivables**

Year	Category	Due	(in TCZK)					Total
			Past due date					
			1 – 90 Days	91 – 180 days	181 – 365 days	1 - 2 years	2 and more years	
<b>2015</b>	Short-term	8 694	0	0	0	0	946	<b>9 640</b>
	Adjustments	0	0	0	0	0	-946	<b>-946</b>
	<b>Net</b>	<b>8 694</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8 694</b>
<b>2014</b>	Short-term	10 034	0	0	0	36	1 524	<b>11 594</b>
	Adjustments	0	0	0	0	0	-1 524	<b>-1 524</b>
	<b>Net</b>	<b>10 034</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36</b>	<b>0</b>	<b>10 070</b>

Unpaid trade receivables are not secured. The Company has receivables which are more than five years after maturity amounting to TCZK 946 (2014: TCZK 1 524). These receivables are covered by adjustments of 100%.

**3.5.3 Adjustments to receivables**

	(in TCZK)	
<b>Adjustments to receivables</b>	<b>2015</b>	<b>2014</b>
Balance as at 1 January	1 524	1 696
Addition	0	0
Release	-578	-172
<b>Balance as at 31 December</b>	<b>946</b>	<b>1 524</b>

**3.5.4. Tax receivables**

	(in TCZK)	
	Balance as at 31 December 2015	Balance as at 31 December 2014
Income tax	0	2 038
VAT	13 180	18 056
<b>Total</b>	<b>13 180</b>	<b>20 094</b>

In November and December 2015, the VAT clearing in the Group amounted to TCZK 1 601, resp. TCZK 10 967 (in 2014, a receivable of TCZK 17 784 was reported). The receivable was further divided among the VAT members of the Group (note 3.5.6 and 3.9.5). The item also includes the right to the VAT deduction of TCZK 612 (2014: TCZK 272) that will be exercised in January 2016. It concerns payments received in 2015 where the date of implementation of taxable supplies was determined for January 2016.

**3.5.5 Estimated receivables**

	(in TCZK)	
Name of the company	Balance as at 31 December 2015	Balance as at 31 December 2014
Not invoice estimates - others	27	35
Not invoiced stock exchange information from Wiener Börse AG	18 774	17 600
Not invoiced services connected with lease	80	0
<b>Total of estimated receivables</b>	<b>18 881</b>	<b>17 635</b>

The amount of estimates is represented especially by non accounted services connected to selling of exchange information in the amount of TCZK 18 774 (2014: TCZK 17 600).

**3.5.6 Receivables from related parties**

(in TCZK)

Name of the company	Balance as at 31 December 2015	Balance as at 31 December 2014
<b>Short-term trade receivables</b>		
Centrální depozitář cenných papírů, a.s.	7 142	5 942
POWER EXCHANGE CENTRAL EUROPE, a.s.	750	722
Energy Clearing Counterparty, a.s.	203	2
Wiener Börse AG (Affiliate)	0	125
<b>Total short-term receivables</b>	<b>8 095</b>	<b>6 791</b>

(in TCZK)

Name of the company	Balance as at 31 December 2015	Balance as at 31 December 2014
<b>Receivables – group undertakings</b>		
POWER EXCHANGE CENTRAL EUROPE, a.s.	19	149
<b>Total</b>	<b>19</b>	<b>149</b>

Receivables from shareholders represent especially VAT.

(in TCZK)

Name of the company	Balance as at 31 December 2015	Balance as at 31 December 2014
<b>Estimate receivables</b>		
Centrální depozitář cenných papírů, a.s.	23	31
POWER EXCHANGE CENTRAL EUROPE, a.s.	3	3
Energy Clearing Counterparty, a.s.	1	1
Wiener Börse AG (Affiliate)	18 774	17 600
<b>Total</b>	<b>18 801</b>	<b>17 635</b>

(in TCZK)

Name of the company	Balance as at 31 December 2015	Balance as at 31 December 2014
<b>Accrued revenues</b>		
Centrální depozitář cenných papírů, a.s.	0	259
POWER EXCHANGE CENTRAL EUROPE, a.s.	12	34
Energy Clearing Counterparty, a.s.	0	5
<b>Total</b>	<b>12</b>	<b>298</b>

No receivables from related parties are overdue.

**3.6 Deferred expenses and accrued income**

(in TCZK)

	Balance as at 31 December 2015	Balance as at 31 December 2014
Rental of non-residential premises	498	0
IT	3 008	2 490
Insurance	160	185
Other	599	581
<b>Deferred expenses</b>	<b>4 265</b>	<b>3 256</b>
Other	13	300
<b>Accrued income</b>	<b>13</b>	<b>300</b>
<b>Total accruals and deferrals</b>	<b>4 278</b>	<b>3 556</b>

### 3.7 Equity

#### 3.7.1 Share capital

The Company's share capital recorded in the Commercial Register as at 31 December 2015 of TCZK 265 216 (2014: TCZK 265 216) is divided into 265 216 registered shares with a nominal value of CZK 1 000 per share.

#### Own shares

In 2015, the Company reported treasury shares at a fair value of TCZK 1 190, or a nominal value of TCZK 160, in the registered capital.

#### 3.7.2 Profit for the year 2014 and planned distribution of profit 2015

Profit for 2014 of TCZK 125 047 was approved and distributed based on the decision of the General Meeting held on 23 April 2015. The General Meeting decided to disburse an amount of TCZK 125 106 as a profit share, TCZK 125 047 from profit of 2014 and the remaining TCZK 59 from the retained profit from previous years.

The Company plans to distribute profit of 2015 in the amount of TCZK 159 413 as profit share.

### 3.8 Provisions

	(in TCZK)	
	Income tax provisions	Other provisions
<b>Balance as at 1 January 2015</b>	0	185
Utilization	0	-185
Additions	249	0
<b>Balance as at 31 December 2015</b>	<b>249</b>	<b>0</b>

	(in TCZK)	
	2015	2014
<b>Balance as at 1 January 2015</b>		
Income tax provisions	249	0
Other provisions	0	185
<b>Balance as at 31 December</b>	<b>249</b>	<b>185</b>

In 2015, the Company paid advances for corporate income tax of TCZK 14 401 (2014: TCZK 16 595). The tax liability for 2015 amounted to TCZK 14 649 (2014: TCZK 14 557). The final provision is TCZK 249 (2014: Tax receivables of TCZK 2 038).

**3.9 Liabilities****3.9.1 Short-term trade payables**

	(in TCZK)	
Short-term trade payables and received advances	Balance as at 31 December 2015	Balance as at 31 December 2014
Short-term		
- trade payables	11 387	3 645
<b>Total trade payables</b>	<b>11 387</b>	<b>3 645</b>

None of trade payables are past due or secured.

**3.9.2 Social security and health insurance liabilities**

As at 31 December 2015, The Company does not recognise any social security and health insurance liabilities (2014: TCZK 0).

**3.9.3. Tax liabilities and subsidies**

	(in TCZK)	
	Balance as at 31 December 2015	Balance as at 31 December 2014
Other indirect taxes and charges	92	95
<b>Total</b>	<b>92</b>	<b>95</b>

Tax liabilities amount to TCZK 92. The amount relates to a liability for the fulfilment of the compulsory ratio of disabled employees.

None of these liabilities are overdue.

**3.9.4 Estimated payables**

Estimated payables of TCZK 4 744 (2014: TCZK 4 760) primarily include estimated employee bonuses of TCZK 4 690 (2014: TCZK 4 668), including social security and health insurance estimates.

**3.9.5 Payables to related parties**

Name of the company	(in TCZK)	
	Balance as at 31 December 2015	Balance as at 31 December 2014
<b>Short-term trade payables</b>		
Centrální depozitář cenných papírů, a.s.	75	5
POWER EXCHANGE CENTRAL EUROPE, a.s.	2 714	0
Wiener Börse AG	0	0
<b>Total</b>	<b>2 789</b>	<b>5</b>

Name of the company	(in TCZK)	
	Balance as at 31 December 2015	Balance as at 31 December 2014
<b>Liabilities to shareholders/owners and alliance partners</b>		
Centrální depozitář cenných papírů, a.s.	1 457	2 640
Energy Clearing Counterparty, a.s.	9 116	13 306
<b>Total</b>	<b>10 573</b>	<b>15 946</b>

Liabilities to shareholders/owners and alliance partners represent VAT.

Name of the company	(in TCZK)	
	Balance as at 31 December 2015	Balance as at 31 December 2014
<b>Estimated payables</b>		
Centrální depozitář cenných papírů, a.s.	25	0
POWER EXCHANGE CENTRAL EUROPE, a.s.	3	0
Energy Clearing Counterparty, a.s.	1	0
<b>Total</b>	<b>29</b>	<b>0</b>

Name of the company	(in TCZK)	
	Balance as at 31 December 2015	Balance as at 31 December 2014
<b>Deferred revenues</b>		
Centrální depozitář cenných papírů, a.s.	407	0
Energy Clearing Counterparty, a.s.	8	0
<b>Total</b>	<b>415</b>	<b>0</b>

**3.10 Accruals**

	(in TCZK)	
	Balance as at 31 December 2015	Balance as at 31 December 2014
<b>Accrued expenses</b>	<b>109</b>	<b>717</b>
Rental	0	569
Other	109	148
<b>Deferred revenues</b>	<b>455</b>	<b>66</b>
Other	455	66
<b>Accruals - liabilities</b>	<b>564</b>	<b>783</b>

**3.11 Deferred tax**

The deferred tax asset is formed by the following items arisen from temporary differences:

(in TCZK)

<b>Deferred tax</b>	<b>Balance as at 31 December 2015</b>	<b>Balance as at 31 December 2014</b>
Difference between the tax and net book value of fixed assets	-327	-262
Provisions	0	32
Social and health insurance	226	229
Deferred tax asset (+) / liability (-)	-101	-1
<b>Revenue (+) / expense (-) from change of deferred tax</b>	<b>-100</b>	<b>-171</b>

The deferred tax as at 31 December 2015 is calculated by the tax rate of 19% (the tax rate for 2016 and later) depending on the period where the settlement of temporary differences is expected.

The deferred tax as at 31 December 2014 was calculated by the tax rate of 19%.

**3.12 Income tax on ordinary activities**

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

(in TCZK)

	<b>Balance as at 31 December 2015</b>	<b>Balance as at 31 December 2014</b>
Profit before tax	173 027	138 581
Theoretical tax at a tax rate of 19% (2014: 19%)	32 875	26 330
Tax effect of not deductible expenses	797	609
Tax effect of non-taxable income	-19 023	-12 382
Tax returned from previous years	-1 135	- 1 194
Current tax	13 514	13 363
Change in deferred tax	100	171
<b>Total income tax on ordinary activities</b>	<b>13 614</b>	<b>13 534</b>
Income tax prepayment	14 401	16 595
Income tax receivable	0	2 038
Income tax provision	249	0



**3.13 Details of revenues by principal activity**

(in TCZK)

	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
<b>Stock exchange fees</b>	<b>38 217</b>	<b>10 122</b>	<b>48 339</b>	<b>31 690</b>	<b>12 414</b>	<b>44 104</b>
Annual trading fees	6 440	2 300	8 740	6 440	1 610	8 050
Listing fees	9 366	2 447	11 813	7 060	3 950	11 010
Trading fees	22 411	5 375	27 786	18 190	6 854	25 044
Services relating to settlement	58 873	0	58 873	55 476	0	55 476
Stock exchange information	23	37 219	37 242	5	36 451	36 456
Services for PXE	4 635	0	4 635	7 269	0	7 269
Services for CDCP - IT	29 262	0	29 262	30 727	0	30 727
Other	9 210	0	9 210	9 779	0	9 779
<b>Total income from the sale of services</b>	<b>140 220</b>	<b>47 341</b>	<b>187 561</b>	<b>134 946</b>	<b>48 865</b>	<b>183 811</b>

**3.14 Services**

(in TCZK)

	Year 2015	Year 2014
Repairs and maintenance	801	1 795
Travel expenses	830	785
Representation costs	1 142	538
Rental and services	15 391	15 532
Operating leases	1 922	1 751
Advisory and legal services	4 325	2 368
Audit	1 935	1 760
Promotion	2 146	1 726
Servicing	12 436	12 491
Training, workshops, conferences	844	657
Other services	9 583	9 795
<b>Total</b>	<b>51 355</b>	<b>49 198</b>

The audit company, KPMG Česká republika Audit, s.r.o., did not provide the Company with other significant services than the auditing of the financial statements for 2015 and 2014.

**3.15 Other operating income**

(in TCZK)

	Year 2015	Year 2014
Other operating income	7	140
Impact of VAT coefficient	0	54
<b>Total other operating income</b>	<b>7</b>	<b>194</b>

**3.16 Other operating expenses**

	(in TCZK)	
	Year 2015	Year 2014
Gifts	70	65
Amortisation of receivables	575	0
Insurance premiums	472	629
Impact of VAT coefficient	0	427
Membership payments to associations (ECSDA, AKAT)	23	23
Other operating expenses	292	606
<b>Total other operating expenses</b>	<b>1 432</b>	<b>1 750</b>

**3.17 Financial income**

	(in TCZK)	
	Year 2015	Year 2014
<b>Income from Long-term investments:</b>	<b>99 380</b>	<b>64 160</b>
- dividends received from subsidiaries (CDCP)	97 800	59 300
- dividends received from associates (PXE)	1 580	4 860
<b>Income from Short-term financial assets:</b>	<b>443</b>	<b>584</b>
- Gains from revaluation of FVPL securities	443	584
<b>Interest income:</b>	<b>190</b>	<b>1 879</b>
-Interest on current bank accounts	137	247
- Interest on debt securities	36	49
- Interest received from the loan to a subsidiary	17	342
- Other interest received – CEESEG	0	1 241
<b>Income from derivate operations</b>	<b>0</b>	<b>0</b>
<b>Foreign exchange gains</b>	<b>334</b>	<b>519</b>
<b>Total financial income</b>	<b>100 347</b>	<b>67 142</b>

In 2015 and 2014 the Company collected a share on profit from its subsidiary Centrální depozitář cenných papírů, a.s. and POWER EXCHANGE CENTRAL EUROPE, a.s.

**3.18 Financial expenses**

	(in TCZK)	
	Year 2015	Year 2014
<b>Short-term financial assets expenses:</b>	<b>293</b>	<b>320</b>
- expenses – repurchase transactions	0	0
- expenses from financial assets (portfolio revaluation)	293	320
<b>Interest expenses:</b>	<b>0</b>	<b>0</b>
- loans	0	0
<b>Banking charges:</b>	<b>117</b>	<b>116</b>
- bank guarantee	18	0
- other banking charges	99	116
<b>Expenses from derivate operations</b>	<b>0</b>	<b>0</b>
<b>Foreign exchange losses</b>	<b>2 824</b>	<b>117</b>
<b>Total</b>	<b>3 234</b>	<b>553</b>

### 3.19 Related party transactions

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

The above mentioned analysis and any related contract documentation for the provision of technical support were reviewed on 1 January 2014 and matched to trade and economic changes which have occurred in 2014. These were changes in the structure of technical support recipients and their ability to provide effective services related to stock trade settlements as well as an expansion of services provided by the central evidence of securities.

Effective from 1 January 2015, a Transfer price documentation was added to the analysis of transfer prices. The Transfer price documentation comprises the manner of determining financially justifiable valuation of the so-called support services.

#### 3.19.1 Revenues from related party transactions

Year 2015				(in TCZK)
Entity	Relation to the Company	Services	Financial income	Total
Centrální depozitář cenných papírů, a.s.	Subsidiary	79 414	97 804	177 218
Energy Clearing Counterparty, a.s.	Subsidiary	160	17	177
POWER EXCHANGE CENTRAL EUROPE, a.s.	Associate	5 576	1 586	7 162
CEESEG AG	Parent	0	0	0
Wiener Börse AG	Affiliate	36 886	88	36 974
<b>Total</b>		<b>122 036</b>	<b>99 495</b>	<b>221 531</b>

Year 2014				(in TCZK)
Entity	Relation to the Company	Services	Financial income	Total
Centrální depozitář cenných papírů, a.s.	Subsidiary	78 863	59 635	138 498
Energy Clearing Counterparty, a.s.	Subsidiary	161	7	168
POWER EXCHANGE CENTRAL EUROPE, a.s.	Associate	8 216	4 874	13 090
CEESEG AG	Parent	0	1 241	1 241
Wiener Börse AG	Affiliate	36 092	309	36 401
<b>Total</b>		<b>122 332</b>	<b>66 066</b>	<b>189 398</b>

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

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

Financial revenues also include the disbursements of a profit share, see Note 3.17.

**3.19.2 Services purchased from related parties**

<b>Year 2015</b>					(in TCZK)
<b>Entity</b>	<b>Relation to the Company</b>	<b>Services</b>	<b>Operating expenses</b>	<b>Financial expenses</b>	<b>Total</b>
Centrální depozitář cenných papírů, a.s.	Subsidiary	5 885	0	9	5 894
POWER EXCHANGE CENTRAL EUROPE, a.s.	Associate	0	0	24	24
Energy Clearing Counterparty, a.s.	Subsidiary	0	0	122	122
CEESEG AG	Parent	0	38	0	38
Wiener Börse AG	Affiliate	7 065	0	0	7 065
<b>Total</b>		<b>12 950</b>	<b>38</b>	<b>155</b>	<b>13 144</b>

<b>Year 2014</b>					(in TCZK)
<b>Entity</b>	<b>Relation to the Company</b>	<b>Services</b>	<b>Operating expenses</b>	<b>Financial expenses</b>	<b>Total</b>
Centrální depozitář cenných papírů, a.s.	Subsidiary	5 426	0	0	5 426
POWER EXCHANGE CENTRAL EUROPE, a.s.	Associate	0	0	11	11
CEESEG AG	Parent	0	40	0	40
Wiener Börse AG	Affiliate	6 900	0	0	6 900
<b>Total</b>		<b>12 326</b>	<b>40</b>	<b>11</b>	<b>12 377</b>

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

## 4. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

### 4.1 Staff costs and number of employees

The following tables summarize the average number of the Company's employees and management for the years 2015 and 2014:

	Average headcount		Personel expenses (in TCZK)	
	Year 2015	Year 2014	Year 2015	Year 2014
Employees	28	30	32 398	34 496
Management	7	7	17 006	17 304
<b>Total</b>	<b>35</b>	<b>37</b>	<b>49 404</b>	<b>51 800</b>

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

### 4.2 Loans, borrowings and other benefits provided

During the years ended 2015 and 2014, total personnel expenses and other payments to the members of the Exchange Chamber and the Company's management:

Year 2015	(in TCZK)		
	Exchange Chamber	Management	Total
Remuneration provided to statutory board members	2 422	0	2 422
Life insurance and supplementary pension insurance benefits	0	295	295
Cars available for personal purposes	0	891	891
<b>Year 2014</b>			
Remuneration provided to statutory board members	2 285	0	2 285
Life insurance and supplementary pension insurance benefits	0	307	307
Cars available for personal purposes	0	767	767

Amounts correspond with internal details and Company regulations.

Supervisory Board members did not receive any bonuses during the years 2015 and 2014.

### 4.3 Contingent liabilities

#### 4.3.1 Bank guarantees

The Company has a bank guarantee provided by Komerční banka, a.s. as at 31 December 2015 amounting to TCZK 4 000 (2014: TCZK 3 800) for rent purposes in favour of VIG FUND uzavřený investiční fond, a.s.

The Company guarantee for trading activities of its subsidiaries within the Group for the amount of TCZK 72 158 (2014: TCZK 73 767).

#### 4.3.2 Legal Disputes

As at 31 December 2015 or as at 31 December 2014 the Company was not involved in any legal disputes, the outcome of which would significantly impact the Company's financial statements.

**4.4 Exchange arbitration court**

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

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

	(in TCZK)	
<b>BRS results</b>	<b>Year 2015</b>	<b>Year 2014</b>
Revenues	0	560
Expenses	3	423
<b>Profit</b>	<b>-3</b>	<b>137</b>
<b>Financial assets</b>	<b>1 422</b>	<b>1 425</b>
<b>Liabilities (advances received)</b>	<b>0</b>	<b>0</b>

## 5. SUBSEQUENT EVENTS

On 20 January 2016, European Energy Exchange (EEX) and the shareholders of PXE signed an agreement including a plan for starting closer cooperation. As part of this cooperation, EEX will acquire 66.67% shares of PXE in 2016 from its existing shareholders Centrální depozitář cenných papírů, a.s. and Energy Clearing Counterparty, a.s. EEX will thus become the new majority owner of PXE and PXE will become an associate included in the consolidated financial statements of the BCPP Group as at 31 December 2016.

Prague, 11 March 2016

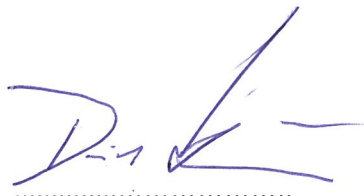
Statutory representative signature:



.....

Petr Kobic

CEO and Chairman of the Exchange Chamber



.....

David Kučera

Member of the Exchange Chamber

## **Auditor's report on the financial statements and the annual report**



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

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

We have audited the accompanying financial statements of Burza cenných papírů Praha, a.s., prepared in accordance with Czech accounting legislation, which comprise the balance sheet as of 31 December 2015, and the income statement and the statement of changes in equity for the year then ended, and the notes to these financial statements, including a summary of significant accounting policies and other explanatory notes. Information about Burza cenných papírů Praha, a.s. is set out in Note 1 to these financial statements.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Burza cenných papírů Praha, a.s. as of 31 December 2015, and of its financial performance for the year then ended in accordance with Czech accounting legislation.

### *Other Information*

Other information is defined as information (other than the financial statements and our auditor's report) included in the annual report. The statutory body is responsible for the other information.

Our opinion on the financial statements of Burza cenných papírů Praha, a.s. as of 31 December 2015 does not cover the other information and we do not express any form of opinion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information included in the annual report is not materially inconsistent with the financial statements or our knowledge obtained in the audit, whether the annual report is prepared in accordance with applicable legislation and whether such information otherwise does not appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Prague  
11 March 2016



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



Vladimír Dvořáček  
Partner  
Registration number 2332

## Consolidated financial statements

**CONSOLIDATED FINANCIAL STATEMENTS 2015  
PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU**

<b>Name of the Company:</b>	<b>Burza cenných papírů Praha, a.s.</b>
<b>Registered Office:</b>	<b>Prague 1, Rybná 14/682</b>
<b>Legal Form:</b>	<b>Joint Stock Company</b>
<b>Identification number:</b>	<b>471 15 629</b>
<b>Date of Preparation:</b>	<b>11 March 2016</b>

**Note:**

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

## TABLE OF CONTENTS

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2015 .....</b>	<b>1</b>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015.....</b>	<b>2</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2015 .....</b>	<b>3</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2015.....</b>	<b>4</b>
<b>1. GENERAL INFORMATION .....</b>	<b>5</b>
<b>2. SPECIFIC DEVELOPMENTS IMPACTING THE GROUP'S OPERATIONS DURING 2015.....</b>	<b>7</b>
<b>3. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS .....</b>	<b>8</b>
<b>4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....</b>	<b>9</b>
4.1. PRINCIPLES OF CONSOLIDATION.....	9
4.2. FUNCTIONAL CURRENCY.....	9
4.3. CASH AND CASH EQUIVALENTS .....	9
4.4. CASH FLOW .....	9
4.5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES .....	9
4.5.1. <i>Financial assets and financial liabilities at fair value through profit or loss.....</i>	<i>10</i>
4.5.2. <i>Loans and receivables.....</i>	<i>10</i>
4.5.3. <i>Held to maturity financial assets.....</i>	<i>11</i>
4.6. PROPERTY AND EQUIPMENT / INTANGIBLE ASSETS .....	11
4.7. IMPAIRMENT OF FINANCIAL ASSETS.....	11
4.7.1. <i>Financial assets carried at amortized cost.....</i>	<i>11</i>
4.8. IMPAIRMENT OF NON-FINANCIAL ASSETS.....	12
4.9. REVENUE RECOGNITION .....	12
4.10. CURRENT AND DEFERRED INCOME TAX.....	13
4.11. PROVISIONS .....	13
4.12. FOREIGN CURRENCY TRANSLATION .....	13
4.13. SHARE CAPITAL AND TREASURY SHARES .....	14
4.14. CLEARING FUND AND COLLATERAL FUND .....	14
4.14.1. <i>Clearing fund.....</i>	<i>14</i>
4.14.2. <i>Collateral Fund.....</i>	<i>14</i>
4.15. ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS .....	15
4.16. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS .....	15
4.17. CHANGES IN THE ACCOUNTING POLICIES ARISING FROM THE ADOPTION OF NEW STANDARDS AND INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS.....	15
<b>5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLICATION OF     ACCOUNTING POLICIES .....</b>	<b>18</b>
5.1. IMPAIRMENT LOSSES ON TRADE RECEIVABLES .....	18
5.2. DETERMINATION OF FAIR VALUE.....	18
5.3. INCOME TAX .....	18
5.4. DETERMINATION RECORDS DATABASE USEFUL LIFE.....	19
<b>6. ADDITIONAL INFORMATION ON COMPREHENSIVE INCOME FOR 2015.....</b>	<b>20</b>
6.1. REVENUES .....	20
6.2. SERVICES.....	20
6.3. EMPLOYEE BENEFIT EXPENSES .....	21
6.4. DEPRECIATION AND AMORTIZATION EXPENSES .....	21
6.5. OTHER INCOME.....	21
6.6. OTHER EXPENSES .....	22
6.7. FINANCIAL INCOME.....	22
6.8. FINANCIAL EXPENSES .....	22
6.9. INCOME TAX EXPENSE .....	23
6.10. PROFIT OR LOSS FROM DISCONTINUED OPERATIONS .....	24
<b>7. ADDITIONAL INFORMATION ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION     AS AT 31 DECEMBER 2015.....</b>	<b>25</b>
7.1. PROPERTY AND EQUIPMENT .....	25
7.2. INTANGIBLE FIXED ASSETS .....	26
7.3. OPERATING LEASES.....	27
7.4. TRADE AND OTHER RECEIVABLES .....	27
7.5. SECURITIES HELD FOR TRADING.....	28
7.6. CASH AND CASH EQUIVALENTS .....	28

7.7.	OTHER ASSETS .....	28
7.8.	ASSETS HELD FOR SALE .....	29
7.9.	SHARE CAPITAL AND SHAREHOLDERS' FUND .....	29
7.9.1.	<i>Share capital</i> .....	29
7.9.2.	<i>Treasury shares</i> .....	29
7.9.3.	<i>Other funds</i> .....	30
7.10.	RETAINED EARNINGS .....	30
7.11.	DEFERRED TAX .....	30
7.12.	TRADE PAYABLES .....	31
7.13.	LIABILITIES TO EMPLOYEES .....	31
7.14.	OTHER LIABILITIES .....	31
7.15.	BANK LOANS AND GUARANTEES .....	32
7.16.	PROVISIONS .....	32
7.17.	LIABILITIES HELD FOR SALE .....	32
7.18.	CLF FUND ASSETS AND LIABILITIES NOT RECOGNIZED IN THE BALANCE SHEET .....	33
<b>8.</b>	<b>ADDITIONAL INFORMATION ON CONSOLIDATED CASH FLOW STATEMENT FOR 2015...</b>	<b>33</b>
<b>9.</b>	<b>ADDITIONAL INFORMATION ACCORDING TO IFRS REQUIREMENTS .....</b>	<b>34</b>
9.1.	FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES .....	34
9.2.	MANAGEMENT OF CREDIT RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS .....	34
9.3.	MANAGEMENT OF LIQUIDITY RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS .....	36
9.4.	MANAGEMENT OF MARKET RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS .....	39
9.4.1.	<i>Sensitivity analysis of foreign exchange risk</i> .....	39
9.4.2.	<i>Interest rate risk</i> .....	40
9.5.	FAIR VALUE LEVELS .....	42
9.6.	CAPITAL MANAGEMENT .....	42
9.7.	APPLICATION OF IFRS 7 – FINANCIAL INSTRUMENTS: DISCLOSURES .....	42
<b>10.</b>	<b>RELATED PARTIES .....</b>	<b>45</b>
<b>11.</b>	<b>SUBSEQUENT EVENTS .....</b>	<b>46</b>

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2015

	Note	31.12.2015 TCZK	31.12.2014 TCZK
Revenues	6.1	432,730	443,409
Services	6.2	-83,562	-100,421
Employee benefit expenses	6.3	-116,629	-119,451
Depreciation and amortization expenses	6.4	-32,490	-38,572
Change in provisions and allowances for receivables		803	-1,490
Other income	6.5	10,254	12,464
Other expenses	6.6	-11,134	-11,389
<b>Profit from operating activities</b>		<b>199,972</b>	<b>184,550</b>
Financial income	6.7	8,152	7,274
Financial expense	6.8	-10,870	-6,217
<b>Net financial income</b>		<b>-2 718</b>	<b>1,057</b>
<b>Profit before income tax</b>		<b>197,254</b>	<b>185,607</b>
Income tax expense	6.9	-37,218	-35,165
<b>Profit from continuing operations</b>		<b>160,036</b>	<b>150,442</b>
<b>Profit from discontinued operations</b>	6.10	<b>3,487</b>	<b>5,720</b>
Other comprehensive income for the period		0	0
<b>Total comprehensive income for the period</b>		<b>163,523</b>	<b>156,162</b>

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015**

	Note	31.12.2015 TCZK	31.12.2014 TCZK
<b>NON-CURRENT ASSETS</b>			
Property and equipment	7.1	10,544	15,890
Intangible assets	7.2	129,478	154,061
Long-term receivables and loans		141	111
<b>Total non-current assets</b>		<b>140,163</b>	<b>170,062</b>
<b>CURRENT ASSETS</b>			
Other assets	7.7	6,660	8,017
Trade and other receivables	7.4	197,888	203,655
Securities held for trading	7.5	44,822	44,598
Cash and cash equivalents	7.6	411,910	320,273
Assets held for sale	7.8	35,494	0
<b>Total current assets</b>		<b>696,774</b>	<b>576,543</b>
<b>TOTAL ASSETS</b>		<b>836,937</b>	<b>746,605</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7.9	265,216	265,216
Treasury shares	7.9	-1,190	-1,190
Other funds	7.9	84,174	84,174
Retained earnings	7.10	255,961	217,544
<b>Total shareholders' equity</b>		<b>604,161</b>	<b>565,744</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	7.11	19,271	16,168
Long-term advances received		0	2
<b>Total non-current liabilities</b>		<b>19,271</b>	<b>16,170</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	7.12	124,409	130,358
Employee benefit payable	7.13	14,599	16,446
Other current liabilities	7.14	17,773	6,888
Income tax payable	6.9	8,208	6,858
Current bank loans	7.15	44,134	3,770
Provisions	7.16	563	371
Liabilities held for sale	7.17	3,819	0
<b>Total current liabilities</b>		<b>213,505</b>	<b>164,691</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>836,937</b>	<b>746,605</b>

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



### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2015

(TCZK)

	Share capital	Treasury shares	Other funds	Retained earnings	Total
<b>Balance at 31 December 2013</b>	265,216	-100	80,816	208,135	554,067
<b>Comprehensive income</b>					
Profit	0	0	0	156,162	156,612
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>156,162</b>	<b>156,162</b>
<b>Transactions with owners of the Company</b>					
Treasury shares acquired	0	-1,090	0	0	-1,090
Distribution into funds	0	0	3,358	-3,358	0
Dividends	0	0	0	-143,395	-143,395
<b>Total transactions with owners of the Company</b>	<b>0</b>	<b>-1,090</b>	<b>3,358</b>	<b>-146,753</b>	<b>-144,485</b>
<b>Balance at 31 December 2014</b>	265,216	-1,190	84,174	217,544	565,744
<b>Comprehensive income</b>					
Profit	0	0	0	163,523	163,523
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>163,523</b>	<b>163,523</b>
<b>Transactions with owners of the Company</b>					
Dividends	0	0	0	-125,106	-125,106
<b>Total transactions with owners of the company</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-125,106</b>	<b>-125,106</b>
<b>Balance at 31 December 2015</b>	265,216	-1,190	84,174	255,961	604,161

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

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2015

	Note	31.12.2015	31.12.2014
		TCZK	TCZK
<b>Profit for the period</b>		<b>163,523</b>	<b>156,162</b>
<b>Adjustments for non-cash transactions:</b>			
Income tax		37,975	36,652
Depreciation of property and equipment		7,205	9,637
Amortization of intangible assets		25,305	29,231
Property, equipment and intangible assets sale		-397	0
Change allowances for receivables		-1,366	1,490
Change in provisions		2,165	224
Interest income		-146	-1,632
Interest expense		225	67
(Increase)/decrease in fair value of securities		-224	-395
<b>Net operating cash flow before taxation and interest</b>		<b>234,265</b>	<b>231,436</b>
(Increase)/decrease in accounts receivable		4,089	-20,833
Increase/(decrease) in accounts payable		6,915	-86,053
Interest received		147	1,632
Interest paid		-225	-67
Income tax paid		-35,504	-22,644
<b>Net cash flow from ordinary activities</b>		<b>209,687</b>	<b>103,471</b>
Acquisition of tangible fixed assets		-1,914	-11,346
Acquisition of intangible fixed assets		-723	-1,131
Property, equipment and intangible assets sale		397	0
<b>Net cash flow from investing activities</b>		<b>-2,240</b>	<b>-12,477</b>
Loans repayments		-3,770	-450
Loan drawings		44,134	3,770
Purchase of treasury shares		0	-1,090
Dividends paid		-125,106	-143,395
<b>Net cash flow from financing activities</b>		<b>-84,742</b>	<b>-141,165</b>
<b>Net increase in cash and cash equivalents</b>		<b>122,705</b>	<b>-50,171</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>320,273</b>	<b>370,444</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>442,978</b>	<b>320,273</b>

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

## 1. GENERAL INFORMATION

The principal operations of Burza cenných papírů Praha, a.s. (the “Company” or the “Prague Stock Exchange”) and its subsidiaries (together the “Group”) include:

- organizing securities trading; trading in the rights associated with securities and associated derivative instruments in accordance with generally applicable legal regulations and stock exchange regulations on pre-determined premises and at a set daily time through authorized persons;
- managing the central records of dematerialized securities issued in the Czech Republic in accordance with Article 100 (1),(2) No. 256/2004, of the Act on the Capital Market,
- selected activities in accordance with Article 100 (3) No. 256/2004, of Act on the Capital Market;
- settlement of stock exchange trades; settlement of securities trades;
- settlement of derivative trades;
- evidence of securities accounts performed on behalf of the members of Centrální depozitář cenných papírů, a.s.

Burza cenných papírů Praha, a.s., having its registered office at Rybná 14/682, Prague 1, was incorporated by a Memorandum of Association dated 24 July 1992 by twelve Czechoslovak banks and five brokerage firms. The Company was entered into the Commercial Register maintained by the Municipal Court in Prague, section B, and insert 1773, on 24 November 1992.

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

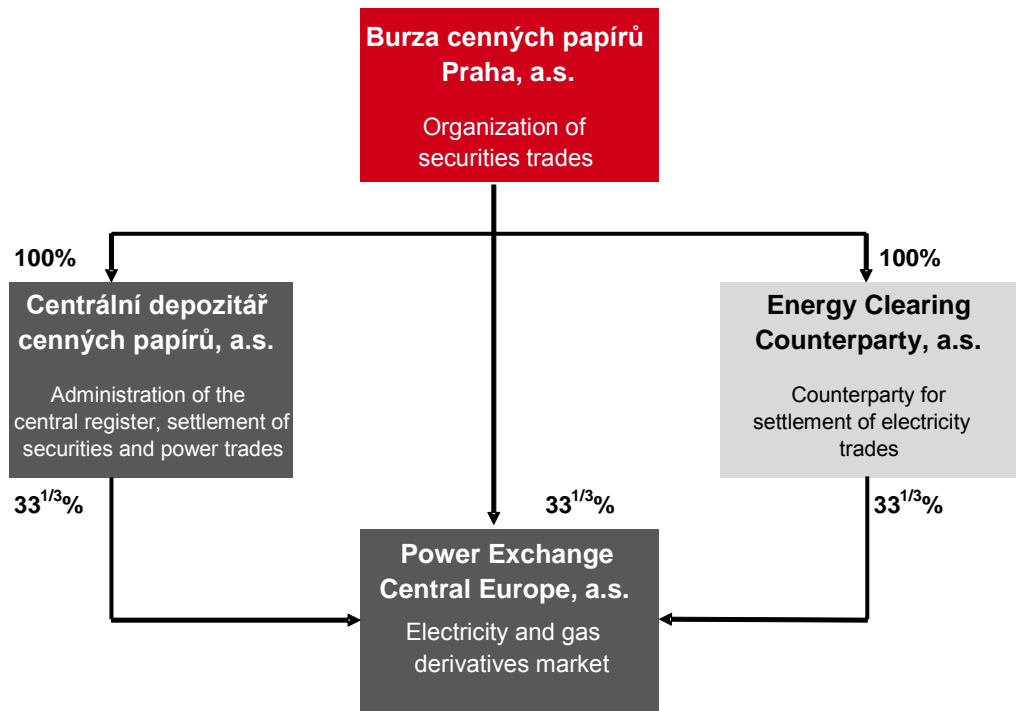
Company name	Activity	ID No.	Share in the consolidated Group	
			2015	2014
Burza cenných papírů Praha, a.s.	Organization of trading with investment instruments	471 15 629	100 %	100 %
Centrální depozitář cenných papírů, a.s.	Managing of central records and settlement of investment instruments	250 81 489	100 %	100 %
POWER EXCHANGE CENTRAL EUROPE, a.s.	Electricity and electric energy derivatives market	278 65 444	100 %	100 %
Energy Clearing Counterparty, a.s .	Rent of property; trading in electricity	284 41 681	100 %	100 %

The Group decided to de-allocate from use within the normal activities the company POWER EXCHANGE CENTRAL EUROPE, a.s., which is recorded in the consolidated financial statements as a non-current asset held for sale.

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

The companies are in compliance with Act No. 90/2012 on Commercial Companies and Cooperatives (the Act on Corporations) as a whole by proceeding according to Section 777 (5) of this Act.

Structure of the Consolidated Group as at 31 December 2015



From 8 December 2008, the majority owner of the consolidated group is CEESEG AG, which holds a 92.74% share as at 31 December 2015 (2014: 92.74%).

## **2. SPECIFIC DEVELOPMENTS IMPACTING THE GROUP'S OPERATIONS DURING 2015**

On May 4, 2015 the company POWER EXCHANGE CENTRAL EUROPE a.s. and Austrian company Central European Gas Hub, AG opened CEGH Czech Gas Spot Market. This market is operated by the company POWER EXCHANGE CENTRAL EUROPE, a.s. and clearing is performed by the company European Commodity Clearing, AG.

CEGH Czech Gas Spot Market provides physical settlement of spot contracts for natural gas with delivery point in Czech virtual sales point. Products are traded day ahead during ordinary days and weekends.

Companies Vattenfall Energy Trading GmbH, GUNVOR INTERNATIONAL B.V. and NET4GAS, became traders during year 2015 at CEGH Czech Gas Spot Market.

In April 2015, The Royal Bank of Scotland plc, organizační složka terminated its membership at Centrální depozitář cenných papírů, a.s. due to the end of custody services in Czech Republic.

In October 2015, the company Kofola ČeskoSlovensko, a.s. entered the Prime Market of Burza cenných papírů Praha, a.s. It was a technical listing connected with reallocation of the company's headquarters from Poland to Czech Republic. Trading with Kofola ČeskoSlovensko, a.s. emission was launched in early December 2015.

In December 2015 the company ROKLEN360, a.s. cancelled its membership at Burza cenných papírů Praha, a.s.

During 2015 first auctions for supply of electricity and natural gas for Czech municipalities took place at POWER EXCHANGE CENTRAL EUROPE a.s.

In December 2015 sole shareholder of Burza cenných papírů Praha, a.s. decided to change form of Centrální depozitář cenných papírů, a.s.'s shares from certificated to dematerialized. Furthermore, general meeting of the company POWER EXCHANGE CENTRAL EUROPE a.s. decided to change form of its shares from certificated to dematerialized.

The Group during the year 2015 decided to look for strategic partner in order to help the company POWER EXCHANGE CENTRAL EUROPE a.s. in developing energetic derivatives market in Central and Eastern Europe.

### **3. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (the “EU”).

The consolidated financial statements are prepared on an accrual basis of accounting, whereby the effects of transactions and other events are recognized when they occur and are reported in the financial statements of the periods to which they relate, considering the going concern assumption.

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

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

The presentation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies and 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 for further discussion). 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.

An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control commences until the date on which control ceases.

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

### **4.2. Functional currency**

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

### **4.3. Cash and Cash Equivalents**

Cash comprises cash in hand and cash in transit.

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

### **4.4. Cash Flow**

The cash flow statement comprises changes in cash and cash equivalents from operating activity, investment activity and financial activity and is prepared using the indirect method.

### **4.5. Financial assets and financial liabilities**

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.

The Company classifies its financial liabilities at amortised cost.

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

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and

rewards of ownership. Financial liabilities are derecognized when they are extinguished – that is, when the obligation is discharged, cancelled or expires.

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

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Group establishes fair value using valuation techniques.

#### **4.5.1. Financial assets and financial liabilities at fair value through profit or loss**

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition.

A financial asset or financial liability is classified as held for trading if:

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

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

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

- doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as held-for-trading and the underlying financial instruments were carried at amortized cost;
- certain investments, such as equity investments, that are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel.

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

#### **4.5.2. Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
- those that the entity upon initial recognition designates as available for sale; or
- those for which the holder may recover substantially all of its initial investment, other than because of credit deterioration.



#### **4.5.3. Held to maturity financial assets**

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

#### **4.6. Property and equipment / Intangible Assets**

Property and equipment / intangible assets are stated at historical cost less depreciation / amortization. Depreciation / amortization is calculated on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful lives. The estimated useful lives of significant classes of assets are set out below:

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

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the expenditure 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 depreciation / amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use.

#### **4.7. Impairment of Financial Assets**

##### **4.7.1. Financial assets carried at amortized cost**

The Group assesses as at each balance sheet date whether there is objective evidence that a financial asset is impaired. A financial asset 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 that can be reliably estimated.

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

- breach of contract, e.g. a delay in payments of more than 90 days after the due date;
- initiation of insolvency proceedings.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

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

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

- the final bankruptcy resolution or cancellation of bankruptcy proceedings;
- finalization of court proceedings or declaration of the debt as irrecoverable.

#### **4.8. Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Where the carrying amount of a non-financial asset stated at net book value or amortized cost is greater than its estimated recoverable amount, an impairment loss is recorded to bring the asset's carrying amount 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 (fair value less costs of disposal);
- or the estimated future economic benefits arising from the use of the asset (value in use).

The largest components of the Group's assets are periodically tested for impairment and temporary impairments are provisioned under "Other net operating income/(expenses)" of the statement of comprehensive income. Any subsequent increase in the carrying amount arising from the reversal of an impairment must not exceed the carrying amount that would have been determined (net of amortization or accumulated amortization) had no impairment loss been recognized for the asset in prior years.

#### **4.9. Revenue recognition**

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

Interest income and interest expense resulting from all interest-bearing instruments are recognized in the statement of comprehensive income in rows "interest income" and "interest expense" by using the effective interest rate.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of respective interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net recognized value of the financial asset or liability. Group calculates the effective interest rate by estimating future cash flows, considering all contractual terms, but not considering any future credit losses. The calculation includes all fees paid or received between contractual parties that are an integral part of the effective interest rate, including transaction costs and other premiums or discounts.

Once a financial asset or group of similar financial assets is impaired, interest income is recognized using the interest rate, which was used as discount rate for future cash flows to calculate impairment loss.

#### **4.10. Current and deferred income tax**

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

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

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

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

#### **4.11. Provisions**

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

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

#### **4.12. Foreign Currency Translation**

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

At each balance sheet date:

- Cash items denominated in foreign currencies are translated into CZK at the Czech National Bank ("CNB") mid-rate applicable as at the balance sheet date;

- Non-monetary items denominated in foreign currencies and stated at historical cost are translated into CZK at the CNB mid-rate applicable as at the transaction date; and
- Non-cash items denominated in foreign currencies and measured at fair value are translated into CZK at the CNB mid-rate applicable as at the date on which the fair value was determined.

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

Gains or losses arising from movements in exchange rates after the date of the transaction are recognized in “Net financial income/(expense)”.

#### **4.13. Share capital and Treasury shares**

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

#### **4.14. Clearing Fund and Collateral Fund**

##### **4.14.1. Clearing fund**

The purpose of the CDCP Clearing fund (hereinafter “CLF”) is to accumulate assets (financial contributions from Prague Stock Exchange members (hereinafter “PSE”) to cover liabilities and risks resulting from the trades settled through Prague Stock Exchange by clearing and non-clearing members. Deposits to CLF are placed in a separate bank and property account in the name of Centrální depozitář cenných papírů, a.s.

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

The Group records financial resources of CLF in off-balance sheet accounts because the Group acts only as an agent of the account with no obligation other than to administer the fund on behalf of the PSE members.

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

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

##### **4.14.2. Collateral Fund**

In relation to stock exchange trades in securities the Collateral Fund that guarantee securities trades has been recognized through Centrální depozitář cenných papírů, a.s. The Collateral Fund holds cash collateral that has been deposited by participants who have borrowed securities lent by other participants.

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

#### 4.15. Accounting for Derivative Financial Instruments

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

Changes in the fair value of all derivative instruments are immediately recorded in the statement of comprehensive income within "Net financial income/(expenses)".

#### 4.16. Non-current assets held for sale and discontinued operations

In preparing the financial statements, it is necessary to present all events that occurred in the accounting period and that must be included in the accounting records so that the financial statements present a true and fair view of the Company's assets, liabilities and equity. At the same time, it is necessary to present those events which can significantly affect the future development of the Group. In presenting and disclosing these events, the Group shall apply *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*.

The objective of IFRS 5 is to separately present assets held for sale in the balance sheet for the current period at valuation respecting the prudence principle and further to separately present the profit/loss of discontinued operations in the income statement for the current and past accounting periods where the discontinued operations represent the profit or loss of the operations in the past which are not going to be presented again in future.

Discontinued operations comprise cash-generating units held for sale which perform a significant activity of the Group.

The Group measures the assets and liabilities held for sale in accordance with the prudence principle, using the carrying amount or fair value net of costs to sell. The measurement at fair value is applied only if it is lower than the carrying amount.

#### 4.17. Changes in the Accounting Policies arising from the Adoption of New Standards and Interpretations and Amendments to existing Standards

During the current accounting period, the Group adopted all new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB which relate to its line of business, are applicable to the accounting period beginning on 1 January 2015 and were adopted by the European Union.

##### Impact of issued and effective standards and interpretations for period since 1 January 2015

Effective standards	Interpretations	Effective	Effective in EU
IFRIC 21	Levies	1 January 2014	17 June 2014

The Interpretation provides guidance as to the identification of the obligating event giving rise to a liability, and to the timing of recognizing a liability to pay a levy imposed by government. In accordance with the Interpretation, the obligating event is the activity that triggers the payment of that levy, as identified in the relevant legislation and as a consequence, the liability for paying the levy is recognized when this event occurs.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time. If the obligating event is the reaching of a minimum activity threshold, the corresponding liability is recognized when that minimum activity threshold is reached.

The Interpretation sets out that an entity cannot have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period.

It is expected that the Interpretation, when initially applied, will not have a material impact on the financial statements, since it does not result in a change in the entity's accounting policy regarding levies imposed by governments.

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

The following new Standards and Interpretations are not yet effective for the annual financial reporting period ended 31 December 2015 and have not been applied in preparing these financial statements:

#### Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Effective for annual periods beginning on or after 1 January 2016; to be applied prospectively. Early application is permitted.

These Amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The Group expects that the Amendments, when initially applied, will not have a material impact on the Group's financial statements.

#### Amendments to IAS 1

Effective for annual periods beginning on or after 1 January 2016. Early application is permitted.

The Amendments to IAS 1 include the following five, narrow-focus improvements to the disclosure requirements contained in the standard. The guidance on materiality in IAS 1 has been amended to clarify that:

- Immaterial information can detract from useful information;
- Materiality applies to the whole of the financial statements;
- Materiality applies to each disclosure requirement in an IFRS.

The guidance on the order of the notes (including the accounting policies) have been amended, to:

- Remove language from IAS 1 that has been interpreted as prescribing the order of notes to the financial statements;
- Clarify that entities have flexibility about where they disclose accounting policies in the financial statements.

The Group expects that the amendments, when initially applied, will not have a material impact on the presentation of the financial statements of the Group.

#### Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

Effective for annual periods beginning on or after 1 January 2016; to be applied prospectively. Early application is permitted

The amendments explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The Group expects that the Amendments, when initially applied, will not have material impact on the Group's financial statements as the Group does not apply revenue-based methods of amortisation/depreciation.

#### Amendment to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture

Effective for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

These amendments result in bearer plants being in the scope of IAS 16 Property, Plant and Equipment, instead of IAS 41 Agriculture, to reflect the fact that their operation is similar to that of manufacturing. The Group does not expect that the amendments, when initially applied, will have material impact on the financial statements as the Group has no bearer plants.

#### Amendments to IAS 19 – Defined Benefit Plans: Employee contributions

Effective for annual periods beginning on or after 1 February 2015. The amendments apply retrospectively. Earlier application is permitted.

The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. The Group does not expect the Amendment to have any impact on the financial statements since it does not have any defined benefit plans that involve contributions from employees or third parties.

#### Amendments to IAS 27: Equity method in the separate financial statements

Effective for annual periods beginning on or after 1 January 2016 and apply retrospectively. Early application is permitted.

The amendments to IAS 27 allow an entity to use the equity method in its separate financial statements to account for investments in subsidiaries, associates and joint ventures. The Group does not expect that the amendments, when initially applied, will have material impact on the financial statement.

#### Annual improvements of IFRS

Annual improvements to IFRS introduce ten amendments to ten standards together with consequential amendments to other standards and interpretations. These amendments are applicable to annual periods beginning on or after 1 February 2015 with earlier adoption permitted. The Group does not expect the amendments to have any impact on the financial statements.

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

The following new Standards and Interpretations are not yet effective for the annual financial reporting period ended 31 December 2015 and have not been applied in preparing these financial statements.

<b>New standards</b>	<b>Interpretation</b>	<b>Effective from</b>	<b>Effective in the EU</b>
IFRS 9	Financial instruments	1 January 2018	Not yet approved
IFRS 14	Regulatory Deferral Accounts	1 January 2016	It will not be approved
IFRS 15	Revenue from Contracts with Customers	1 January 2018	Not yet approved
IFRS 16	Leases	1 January 2019	Not yet approved

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

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

### **5.1. Impairment losses on trade receivables**

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

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Adjustment to receivables is created on the basis of the ageing structure and individual evaluation of the creditworthiness of debtors. Bad debts are written off after the bankruptcy of the debtor.

At 31 December 2015 and 31 December 2014 the Group recognized an impairment loss on trade receivables; court action is underway for their enforcement and the likelihood of payment is minimal.

### **5.2. Determination of fair value**

For determination of the fair value of financial assets and liabilities without any current market price, the valuation techniques described in 4.5 are used. For financial instruments that are traded only rarely and which are of low price transparency, fair value is less objective and require various levels of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks that affect the specific amounts.

The Company determines fair value using the following hierarchical system that reflects the significance of inputs used in valuation:

- Level 1: prices of identical assets or liabilities quoted in active markets (unadjusted)
- Level 2: derived from objectively observable market data, either directly (i.e. prices of similar instruments) or indirectly (i.e., derivation from prices)
- Level 3: input data that are not based on objectively observable market data (inputs that cannot be determined objectively)

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

### **5.3. Income tax**

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

The management of the Group assessed available information about future taxable profits and other potential sources of deferred tax asset utilization.



In 2015, the Group reported a deferred tax liability mainly arising from temporary differences in fixed assets which will affect the corporate income tax base in future periods.

#### **5.4. Determination records database useful life**

The Group has legal obligation to maintain database of records at least for 12 years obtained from records database in order to carry out some of its activities. Therefore, the Group set the useful life of database of records to 12 years.

## 6. ADDITIONAL INFORMATION ON COMPREHENSIVE INCOME FOR 2015

### 6.1. Revenues

	2015		2014	
	Volume TCZK	Structure %	Volume TCZK	Structure %
<b>Revenues from trading on stock exchange</b>	<b>27,787</b>	<b>6,4</b>	<b>25,044</b>	<b>5,6</b>
Shares	27,235	6,3	24,242	5,5
Debt securities	492	0,1	664	0,1
Structured products	60	0,0	138	0,0
Administrative fees (for membership and quotation)	<b>20,553</b>	<b>4,7</b>	<b>19,060</b>	<b>4,3</b>
Revenues from sale of trading data	36,787	8,6	35,974	8,2
Revenues from central depository services (excluding settlement) and other services	266,618	61,6	283,779	64,0
Revenues from settlement of trades	75,673	17,5	71,061	16,0
License fees for exchange trading	455	0,1	482	0,1
Other revenues	4,857	1,1	8,009	1,8
<b>Total revenues</b>	<b>432,730</b>	<b>100%</b>	<b>443,409</b>	<b>100%</b>

The Group cooperates with Wiener Börse AG in selling exchange data. The services provided by the Group to CEESEG AG and Wiener Börse AG are described in detail in note 10.

### 6.2. Services

The following table sets out the structure of purchased services:

	2015 TCZK	2014 TCZK
Rent of administrative premises	-16,497	-16,209
Taxes and fees	-338	-328
Services associated with intangible assets and repairs of assets	-20,124	-40,959
Costs of usage of technical trading system XETRA	-7,065	-6,900
Securities administration services	-10,478	-12,003
Communication fees (telecommunication, mail, transport)	-1,417	-1,413
Information services fees	-1,556	-1,384
Marketing and advertisement	-4,174	-3,886
Advisory, tax and audit services	-13,970	-9,252
Travelling expenses	-1,325	-1,336
Operating lease (cars)	-3,001	-2,543
Cleaning services	-553	-540
Training	-1,631	-1,217
Other services	-1,433	-2,451
<b>Total</b>	<b>-83,562</b>	<b>-110,421</b>

Rent of administrative premises includes rent in the amount TCZK 10,296 (2014: TCZK 10,141) and services related to rent in the amount TCZK 3,301 (2014: TCZK 3,605). Rest is rent for data infrastructure and security, which totals TCZK 2,900 (2014: TCZK 2,463).

The most significant expenses of the Group are represented by services associated with operation and maintenance of intangible assets which are used for running the trade system and database of records. In 2015 these expenses amounted TCZK 20,124 (2014: 40,959).

Securities administration expenses constitute primarily costs for administration of foreign securities in the amount of TCZK 6,899 (2014: TCZK 6,400) and fees for custody and administration of records database in the amount of TCZK 3,162 (2014: TCZK 4,998).

The Company's auditor, KPMG Česká republika Audit, s.r.o., did not provide to the Group any other material services than the statutory audit of 2015 and 2014.

### 6.3. Employee benefit expenses

	2015	2014
	TCZK	TCZK
Salaries	-86,543	-88,786
Statutory social and health insurance	-24,795	-25,246
Other employee expenses	-5,291	-5,419
<b>Total</b>	<b>-116,629</b>	<b>-119,451</b>

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

Accordingly, the members of the Exchange Chambers, Boards of Directors and Supervisory Boards obtained remuneration in the amount of TCZK 9,595 (2013: TCZK 9,593).

### 6.4. Depreciation and amortization expenses

	2015	2014
	TCZK	TCZK
Depreciation of tangible fixed assets (Note 7.1)	-7,185	-9,606
Depreciation of intangible fixed assets (Note 7.2)	-25,305	-28,966
<b>Total</b>	<b>-32,490</b>	<b>-38,572</b>

### 6.5. Other Income

	2015	2014
	TCZK	TCZK
Revenues from sale of intangible and tangible property	388	0
Data services	6,088	6,140
Fees for halted and unsettled trades	3,498	4,128
VAT settlement of non-current assets	0	1,603
Other operating revenues	280	593
<b>Total other revenues</b>	<b>10,254</b>	<b>12,464</b>

## 6.6. Other Expenses

	2015	2014
	TCZK	TCZK
Material consumption	-2,699	-3,088
Members' fees	-338	-381
Liability insurance and property insurance	-1,527	-1,887
Representation costs	-1,632	-1,876
Fee for operating of legal person identification	-3,105	-2,384
Unclaimed VAT	0	-998
Write off of receivables	-1,276	-178
Other operating expenses	-557	-597
<b>Total other expenses</b>	<b>-11,134</b>	<b>-11,389</b>

## 6.7. Financial income

	2015	2014
	TCZK	TCZK
Interest income from current deposits and current bank accounts	146	1,556
Interest income from securities held for trading	54	73
Net income from revaluation of securities held for trading and derivative operations	225	396
Foreign exchange rate differences	7,727	5,248
Other financial income	0	1
<b>Total financial income</b>	<b>8,152</b>	<b>7,274</b>

## 6.8. Financial expenses

	2015	2014
	TCZK	TCZK
Interest expenses	-225	-67
Foreign exchange rate differences	-9,679	-5,165
Other financial expenses (banking fees)	-966	-985
<b>Total financial expenses</b>	<b>-10,870</b>	<b>-6,217</b>

## 6.9. Income tax expense

	2015	2014
	TCZK	TCZK
Income tax payable – current period	-36,290	-34,529
Additional corporate income tax payment/(refund) - prior year	2,080	2,308
Deferred tax (Note 7.11)	-3,008	-2,944
<b>Total income tax</b>	<b>-37,218</b>	<b>-35,165</b>
Income tax from discontinued operations - current year	-1,165	-1,509
Additional income tax for prior periods due to discontinued operations	15	0
Deferred tax from discontinued operations (note 7.11)	393	22
<b>Total income tax from discontinued operations</b>	<b>-757</b>	<b>-1,487</b>
<b>Total income tax expense</b>	<b>-37,975</b>	<b>-36,652</b>

### Current tax on continuing operations

	2015	2014
	TCZK	TCZK
Income tax payable – current period	-36,290	-36,038
Income tax advance payments	28,082	29,180
<b>Income tax (payable) / receivable</b>	<b>-8,208</b>	<b>-6,858</b>

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

	2015	2014
	TCZK	TCZK
<b>Profit before tax</b>	<b>201,498</b>	<b>192,814</b>
Theoretical tax calculated at a tax rate of 19% (2014: 19%)	38,285	36,635
Income not subject to tax	-206	-62
Temporary expenses not deductible for tax purposes	1,991	2,387
<b>Total income tax from discontinued operations</b>	<b>40,070</b>	<b>38,960</b>
Correction of prior year tax	-2,095	-2,308
<b>Total income tax expense</b>	<b>37,975</b>	<b>36,652</b>

## 6.10. Profit or loss from discontinued operations

In 2015, the Group decided to dispose of POWER EXCHANGE CENTRAL EUROPE, a.s. in the ordinary course of business. As a result, the Group is obliged to separately recognise profit or loss on discontinued operations as at 31 December 2015 and to present it separately also in the total comprehensive income for 2015 and 2014.

	2015	2014
	TCZK	TCZK
Revenues	36,981	33,955
Services	-15,135	-19,332
Employee benefit expenses	-13,176	-12,474
Depreciation and amortization	-22	-296
Change in provisions and allowances to receivables	-1,973	0
Other operational revenues	8	8
Other operational expenses	-1,600	-1,418
<b>Profit from operating activities</b>	<b>5,083</b>	<b>7,443</b>
Financial income	1,373	1,346
Financial expenses	-2,212	-1,582
<b>Profit from financing activities</b>	<b>-839</b>	<b>-236</b>
<b>Profit before income tax</b>	<b>4,244</b>	<b>7,208</b>
Income tax	-757	-1,487
<b>Profit for the period from discontinued operations</b>	<b>3,487</b>	<b>5,720</b>

Profit or loss from discontinued operations comprises all revenues and expenses realised by the cash-generating unit in the ordinary course of business, with the exception of revenues and expenses realised within the Group.

If the Group does not lose control of the revenues (expenses) occurring between the Group and the cash-generating unit determined for sale, then it shall present these revenues (expenses) in the comprehensive income.

## 7. ADDITIONAL INFORMATION ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

### 7.1. Property and Equipment

Cost	Equipment	Fixtures and fittings	Total
	TCZK	TCZK	TCZK
<b>As at 1 January 2014</b>	107,330	10,213	117,543
Additions	9,661	1,685	11,346
Disposals	-40,418	-1,651	-42,069
<b>As at 31 December 2014</b>	<b>76,573</b>	<b>10,247</b>	<b>86,820</b>
Additions	1,857	57	1,914
Disposals	-3,264	-870	-4,134
Adjustment for assets held for sale	-301	0	-301
<b>As at 31 December 2015</b>	<b>74,865</b>	<b>9,434</b>	<b>84,299</b>

Accumulated depreciation	Equipment	Fixtures and fittings	Total
	TCZK	TCZK	TCZK
<b>As at 1 January 2014</b>	95,427	7,935	103,362
Additions	9,041	596	9,637
Disposals	-40,418	-1,651	-42,069
<b>As at 31 December 2014</b>	<b>64,050</b>	<b>6,880</b>	<b>70,930</b>
Additions	6,386	819	7,205
Disposals	-3,262	-872	-4,134
Adjustment for assets held for sale	-246	0	-246
<b>As at 31 December 2015</b>	<b>66,928</b>	<b>6,827</b>	<b>73,755</b>

Net book value	Equipment	Fixtures and fittings	Total
	TCZK	TCZK	TCZK
<b>As at 1 January 2014</b>	11,903	2,278	14,181
<b>As at 31 December 2014</b>	12,523	3,367	15,890
<b>As at 31 December 2015</b>	7,937	2,607	10,544

Property and equipment of the Group predominantly include computers necessary to secure trading, central securities register and data store.

The additions to tangible fixed assets in the amount of TCZK 1,857 (2014: TCZK 9,661) mainly represent the purchase of IT (servers, computers) related to renewal of out of date and worn out IT which was discarded in the purchase price of TCZK 3,264 (2014: TCZK 40,418).

## 7.2. Intangible fixed assets

Cost	Software	Others	Intangible assets under development	Total
	TCZK	TCZK	TCZK	TCZK
<b>As at 1 January 2014</b>	203,556	232,332	436	436,324
Additions	1,131	0	0	1,131
Disposals	-6,367	0	0	-6,367
Transfers	436	0	-436	0
<b>As at 31 December 2014</b>	<b>198,756</b>	<b>232,332</b>	<b>0</b>	<b>431,088</b>
Additions	723	0	0	723
Disposals	0	0	0	0
Adjustment for assets held for sale	-1,986	-1,120	0	-3,106
<b>As at 31 December 2015</b>	<b>197,493</b>	<b>231,212</b>	<b>0</b>	<b>428,705</b>

Accumulated depreciation	Software	Others	Intangible assets under development	Total
	TCZK	TCZK	TCZK	TCZK
As at 1 January 2014	184,256	69,907	0	254,163
Additions	10,282	18,949	0	29,231
Disposals	-6,367	0	0	-6,367
<b>As at 31 December 2014</b>	<b>188,171</b>	<b>88,856</b>	<b>0</b>	<b>277,027</b>
Additions	6,356	18,949	0	25,305
Disposals	0	0	0	0
Adjustment for assets held for sale	-1,985	-1,120	0	-3,105
<b>As at 31 December 2015</b>	<b>192,542</b>	<b>106,685</b>	<b>0</b>	<b>299,227</b>

Net book value	Software	Others	Intangible assets under development	Total
	TCZK	TCZK	TCZK	TCZK
As at 1 January 2014	19,300	162,425	436	182,161
As at 31 December 2014	10,585	143,476	0	154,061
As at 31 December 2015	4,951	124,527	0	129,478

The most significant items of intangible assets of the Group are purchased records database and the purchase of software licences associated with the activities of the central securities depository. The Group spent TCZK 400,766 on the purchase of these assets in 2011 and 2010. Net book value of the records database is TCZK 124,345 (2014: TCZK 143,233).

The remaining part of intangible assets consists of information system "Data Warehouse", other computer programs for automatic application testing, applicational virtualization and computer programs necessary to secure the continuity of stock trading and settlement of transactions with investment instruments.

Additions to intangible assets in the amount of TCZK 723 (2014: TCZK 1,567) is mainly represented by purchases of back-up software and technical improvement of document service software.



### 7.3. Operating leases

The companies of the Group are located in rented premises and have cars under operating leases.

	2015	2014
	TCZK	TCZK
Rented premises	10,274	10,130
Operating lease of automobiles	3,001	2,749
<b>Total</b>	<b>13,275</b>	<b>12,879</b>

The Group has no irredeemable sub-leases which would generate future revenues.

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

	2015	2014
	TCZK	TCZK
Due in 1 year	12,900	13,660
Due in 1–5 years	24,724	39,035
Due in more than 5 years	0	0
<b>Total</b>	<b>37,624</b>	<b>52,695</b>

As at 31 December 2015, the Group had no agreement to make a contract for lease of a vehicle which would result in a contractual penalty in the event of a failure to conclude the Contract for lease of a vehicle.

### 7.4. Trade and other receivables

	2015	2014
	TCZK	TCZK
Trade receivables	108,641	108,882
<i>physical settlement of trades with electric energy</i>	69,816	71,176
<i>trade receivables</i>	38,825	37,706
Adjustments to trade receivables	-6,080	-7,445
<b>Total receivables (net)</b>	<b>102,561</b>	<b>101,437</b>
Estimated receivables	19,274	17,834
Short-term advances	17	41
Receivables from employees	36	27
other financial assets	22	25
<b>Financial assets</b>	<b>121,910</b>	<b>119,364</b>
Receivable from state ensuing from excessive VAT deduction	75,978	84,291
<b>Non-financial assets</b>	<b>75,978</b>	<b>84,291</b>
<b>Total</b>	<b>197,888</b>	<b>203,655</b>

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

Estimated receivables comprise estimates for un-invoiced services associated with the sale of exchange data and estimates for storage and administration of material records.

Impairment allowance can be analysed as follows:

	2015	2014
	TCZK	TCZK
Balance as at 1 January	7,445	5,955
Additions	989	4,002
Release	-2,354	-2,512
<b>Balance as at 31 December</b>	<b>6,080</b>	<b>7,445</b>

## 7.5. Securities held for trading

	2015	2014
	TCZK	TCZK
Securities	44,822	44,598
<b>Total securities</b>	<b>44,822</b>	<b>44,598</b>

	2015	2014
<b>Securities held for trading as at 1 January</b>	<b>44,598</b>	<b>44,203</b>
Fair value change through profit/loss	224	395
<b>Securities held for trading as at 31 December</b>	<b>44,822</b>	<b>44,598</b>

## 7.6. Cash and cash equivalents

	2015	2014
	TCZK	TCZK
Cash in hand	831	622
Cash at bank	397,663	317,405
Stock Exchange Guarantee Fund and Collateral Fund	13,416	2,246
<b>Total cash</b>	<b>411,910</b>	<b>320,273</b>

## 7.7. Other assets

	2015	2014
	TCZK	TCZK
Accrued income	0	4
<b>Financial assets</b>	<b>0</b>	<b>4</b>
Prepayments	6,660	8,013
<b>Non-financial assets</b>	<b>6,660</b>	<b>8,013</b>
<b>Total</b>	<b>6,660</b>	<b>8,017</b>

The Group prepayments comprise mainly of prepayments for service support and IT systems operation, prepayments for depository and administration of securities records evidence and insurance.

## 7.8. Assets held for sale

As at 31 December 2015, the Group recognised assets held for sale of TCZK 35,494 (2014: TCZK 0).

	Balance as at 31 December 2015 TCZK
<b>Fixed assets</b>	
Property and equipment	54
Intangible assets	1
Long term receivables and loans	15
<b>Total</b>	<b>70</b>
<b>Current assets</b>	
Trade receivables	4,115
Other assets	240
Cash and cash equivalents	31,069
<b>Total</b>	<b>35,424</b>
<b>Total assets held for sale</b>	<b>35,494</b>

## 7.9. Share capital and shareholders' fund

### 7.9.1. Share capital

The balance of the Company's share capital recorded in the Commercial Register comprises of 265,216 registered common shares with a nominal value of CZK 1,000 per share as at 31 December 2015. The share capital was fully paid. The shareholder has right to participate on profit, attend and vote on the general meeting, request explanation and make proposals and counter-proposals. No special rights are assigned to these primary shares.

### 7.9.2. Treasury shares

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

The Company is obliged according to its valid statutes to repurchase own shares if the Exchange Chamber does not approve the transfer to another party.

Shareholder	Owner of shares until:	Share on share capital	Number of stocks	Nominal value	Purchase price	Total purchase price	Total nominal value
	Date	%	pcs	TCZK	TCZK	TCZK	TCZK
CLMT a.s.	2.4.2014	0,038%	100	1	8,5	850	100
ICEBERG a.s. v likvidaci	18.3.2014	0,015%	40	1	6	240	40
Merx a.s. v likvidaci	30.9.2012	0,008%	20	1	5	100	20
<b>Total</b>		<b>0,061%</b>	<b>160</b>			<b>1,190</b>	<b>160</b>

The Company did not sell any of its own shares.

### 7.9.3. Other funds

	As at 31 December 2015	As at 31 December 2014
	TCZK	TCZK
Other capital funds	9,900	9,900
Reserve fund	73,084	73,084
Reserve funds for own shares	1,190	1,190
<b>Total</b>	<b>84,174</b>	<b>84,174</b>

Other capital contributions represent a portion of the registered capital of the subsidiary Centrální depozitář cenných papírů, a.s. of TCZK 9 900, increased in the past accounting periods using retained profits.

In accordance with Act No. 90/2012 Coll., the Act on Corporations (the “Act on Corporations”) that came into effect on 1 January 2014 and after approval by the Company’s general meeting, the Group changed the statutory reserve fund into a reserve fund formed from profit in 2014.

Special reserve fund for own shares represent the own shares of the Group. In 2015 the Group recorded acquired own shares in fair value TCZK 1,190, nominal value TCZK 160.

The Company’s general meeting decided on the transfer of a financial sum up to the amount of no more than TCZK 20,000 from the created reserve fund to the obligatory special reserve fund for own shares should the Company be obliged to create it under the Act on Corporations.

### 7.10. Retained earnings

	2015 TCZK	2014 TCZK
<b>Retained earnings from prior years as at 1 January</b>	<b>217,544</b>	<b>208,135</b>
Profit for the period	163,523	156,162
Dividends paid	-125,106	-143,395
Allocations to other funds	0	-3,358
Other comprehensive income	0	0
<b>Retained earnings as at 31 December</b>	<b>255,961</b>	<b>217,544</b>

### 7.11. Deferred tax

The Group recognizes a deferred tax payable as at 31 December 2015 in the amount of TCZK 19,271 (2014: TCZK 16,168). Deferred income tax assets/(liabilities) are attributable to the following items arising from temporary differences:

	2015 TCZK	2014 TCZK
Property, equipment and intangible assets	-20,519	-17,709
Provisions	107	65
Other	1,141	1,476
<b>Deferred tax asset/(liability)</b>	<b>-19,271</b>	<b>-16,168</b>

	2015 TCZK	2014 TCZK
As at 1 January	-16,263	-13,246
<i>Adjustment of assets held for sale</i>	-95	0
Tax charge per the statement of comprehensive income	-3,008	-2,922
<b>As at 31 December</b>	<b>-19,271</b>	<b>-16,168</b>

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

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

As at 31 December 2015, the Group recognised a tax asset of TCZK 2,988 which relates to tax losses for previous periods (2014: TCZK 2,005). For the reasons of prudence, the Group does not report this deferred tax asset.

### 7.12. Trade payables

	2015	2014
	TCZK	TCZK
Trade payables from electricity trading	109,503	120,279
Other trade payables	14,906	10,079
<b>Total</b>	<b>124,409</b>	<b>130,358</b>

Trade payables from electricity trading are represented by liabilities from physical settlement of electric energy supplies from Energy Clearing Counterparty, a.s.

No trade payables were overdue as at 31 December 2015.

### 7.13. Liabilities to employees

As at 31 December 2015, the Group recognised liabilities to employees of TCZK 14,599 (2014: TCZK 16,446). Liabilities to employees primarily include estimates for employee bonuses, including social security and health insurance estimates.

### 7.14. Other liabilities

	2015	2014
	TCZK	TCZK
Accrued expenses	148	960
Estimated payables	773	142
Payables from received guarantees for lent securities (Collateral Fund)	13,416	2,246
Other payables	0	3
<b>Financial liabilities</b>	<b>14,337</b>	<b>3,351</b>
Prepaid expenses	3,233	3,280
Other payables to state	203	257
<b>Non-financial liabilities</b>	<b>3,436</b>	<b>3,537</b>
<b>Total other liabilities</b>	<b>17,773</b>	<b>6,888</b>

Prepaid expenses includes accrued income from services provided by the Group, mainly custody and administration of securities records evidence and assignments to legal entities Legal Entity Identifier (LEI). Accrued expenses are related to the rent of the Group's office space.

### 7.15. Bank loans and guarantees

Since 2013 the Group has a general agreement with UniCredit Bank Czech Republic and Slovakia, a.s. for using a bank overdraft up to the amount of TEUR 3,000, i.e. TCZK 81,075 (2014: TEUR 3,000, i.e. TCZK 83,175). The Group has available undrawn commitments as at 31 December 2015 in the amount of TEUR 1,367, i.e. TCZK 36 941 (2014: TEUR 2,864, i.e. TCZK 79,405). The balance sheet liability as at 31 December 2015 was TEUR 1,633, i.e. TCZK 44,134 (2014: TEUR 136, i.e. TCZK 3,770).

In 2015, the Group had an active overdraft facility of TCZK 10,000 (2014: TCZK 10,000) with Komerční banka, a.s. The Group also has concluded a contract for provision of a bank guarantee to secure a contingent liability to European Commodity Clearing AG of TEUR 2,300, i.e. TCZK 62,158 (2014: TEUR 2,300, i.e. TCZK 63,768).

As at 31 December 2015, the Group had a Contract for provision of a bank guarantee of TCZK 4,000 with Komerční banka, a.s. (2014: TCZK 3,800).

The Group has also a general agreement with UniCredit Bank Czech Republic and Slovakia, a.s. for a bank guarantee to ensure the commitment to the Magyar Energia Hivatal in the amount of HUF 1,000,000, i.e. TCZK 86 (2014: TCZK 88).

### 7.16. Provisions

	TCZK
<b>Balance as at 1 January 2015</b>	<b>371</b>
Utilisation	-371
Additions	563
<b>Balance as at 31 December 2015</b>	<b>563</b>

	2015 TCZK	2014 TCZK
Other provisions	563	371
<b>Impact on profit creation/(release)</b>	<b>563</b>	<b>371</b>

### 7.17. Liabilities held for sale

As at 31 December 2015, the Group recognised liabilities held for sale of TCZK 3 818 (2014: TCZK 0).

	Balance as at 31 December 2015 TCZK
<b>LONG-TERM LIABILITIES</b>	
Deferred tax liability	-488
<b>Total</b>	<b>-488</b>
<b>SHORT-TERM LIABILITIES</b>	
Trade payables	1,031
Payables to employees	2,495
Other payables	302
Current income tax	-1,494
Short-term bank loans	0

Provisions	1,973
<b>Total</b>	<b>4,306</b>
<b>TOTAL LIABILITIES HELD FOR SALE</b>	<b>3,819</b>

As at 31 December 2015, the cash-generating unit determined for sale also recognised a deferred tax asset of TCZK 488 and an income tax receivable of TCZK 1,494 in its liabilities. As these are asset balance sheet items, they are presented with a minus in liabilities.

#### 7.18. CLF Fund assets and liabilities not recognized in the balance sheet

2015	TCZK	TCZK
Bank accounts	28,125	
- current account	8,125	
- term account	20,000	
Fixed income securities held to maturity	0	Liabilities to members of CLF
<b>Total assets</b>	<b>28,125</b>	<b>Total liabilities</b>
		<b>28,125</b>

2014	TCZK	TCZK
Bank accounts	28,273	
- current account	28,273	
- term account	0	
Fixed income securities held to maturity	0	Liabilities to members of CLF
<b>Total assets</b>	<b>28,273</b>	<b>Total liabilities</b>
		<b>28,273</b>

#### 8. ADDITIONAL INFORMATION ON CONSOLIDATED CASH FLOW STATEMENT FOR 2015

The Group presents the following balances with maturity of less than three months since the date of acquisition for the purpose of the cash flow statement:

	TCZK	
	As at 31 December 2015	As at 31 December 2014
Cash and bank accounts	411,910	320,273
<b>Total</b>	<b>411,910</b>	<b>320,273</b>

Cash flow from discontinued operations:	31 December 2015	31 December 2014
	TCZK	TCZK
Net cash flow from ordinary activities	60	1,741
Net cash flow from investing activities	-62	-3
Net cash flow from financing activities	9,892	7,238
<b>Net increase in cash and cash equivalents</b>	<b>9,890</b>	<b>8,976</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>21,179</b>	<b>12,203</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>31,069</b>	<b>21,179</b>

## 9. ADDITIONAL INFORMATION ACCORDING TO IFRS REQUIREMENTS

### 9.1. Fair values of financial assets and liabilities

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

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

### 9.2. Management of credit risk associated with financial instruments

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

The Group actively reduces the credit risk of its investments in securities. The investment strategy remains aimed at obtaining optimum returns on funds entrusted to the external contractor.

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)	Max. 100%
Bonds with a fixed coupon denominated in CZK and with a residual maturity of 1 to 2 years	Max. 80%
Bonds with a fixed coupon denominated in CZK and with a residual maturity of 2 to 6 years	Max. 40%

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

	2015	2014
	TCZK	TCZK
Long-term receivables	141	111
Trade receivables and other receivables	197,888	203,655
Debt securities held for trading	44,822	44,598
Cash	411,910	320,273
<b>Total</b>	<b>654,761</b>	<b>568,637</b>

### Quality of financial assets which are not overdue or impaired

	AAA	AA- / AA+	A- / A+	BBB	No rating	Total
2015	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK
Long-term receivables	0	0	0	0	141	141
Trade receivables and other receivables	0	0	0	0	121,910	121,910
Securities held for trading	44,822	0	0	0	0	44,822
Cash	0	117	384,078	26,884	831	411,910
<b>Total</b>	<b>44,822</b>	<b>117</b>	<b>384,078</b>	<b>26,884</b>	<b>122,882</b>	<b>578,783</b>



	AAA	AA- / AA+	A- / A+	BBB	No rating	Total
2014	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK
Long-term receivables	0	0	0	0	111	111
Other assets	0	0	0	0	119,364	119,364
Trade receivables and other receivables	0	0	0	0	4	4
Securities held for trading	44,598	0	0	0	0	44,598
Cash	0	1,312	307,784	10,555	622	320,273
<b>Total</b>	<b>44,598</b>	<b>1,312</b>	<b>307,784</b>	<b>10,555</b>	<b>120,101</b>	<b>484,350</b>

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

#### 2015

Financial institution	Rating
Komerční banka, a.s.	A
UniCredit Bank Czech Republic and Slovakia, a.s. <sup>1</sup>	BBB
UniCredit Bank Austria, AG	BBB
Clearstream Bank	AA
European Investment Bank	AAA

#### 2014

Financial institution	Rating
Komerční banka, a.s.	A
Československá obchodní banka, a.s.	A
UniCredit Bank Czech Republic and Slovakia, a.s.	BBB+
Clearstream Bank	AA
European Investment Bank	AAA

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

### Individually impaired financial assets

#### The Group has unsecured individually impaired receivables:

	2015	2014
	TCZK	TCZK
Individually impaired financial assets	8,745	7,445
Allowances	6,080	7,445
<i>out of which:</i>		
<i>receivables in the liquidation</i>	697	984
<i>receivables under forces administration</i>	388	548

As at 31 December 2015 the Group records no collective impairment (2014: TCZK 0).

<sup>1</sup> Rating not available, presented is rating of parent company UniCredit Bank Austria, AG

### Overdue financial assets, not impaired

Year	Ageing structure – overdue financial assets, not impaired					Total
	up to 60 days	up to 90 days	up to 180 days	up to 360 days	more than 1 year	
	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK
2015	272	236	134	153	7	802
2014	693	138	193	83	0	1,107

The Group records overdue and not impaired receivables in the amount of TCZK 802 as at 31 December 2015 (2014: TCZK 1 107).

### 9.3. Management of liquidity risk associated with financial instruments

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities.

The Group is exposed to limited liquidity risk since it is financed mainly by its shareholders' equity. The Group uses an overdraft denominated in EUR (note 7.15) to cover the lack of financial resources blocked by settlement of energy trades on power exchange.

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

### Liquidity risk analysis at 31 December 2015

The table below summarizes the liquidity risk. The table includes financial assets and liabilities of the Group in accounting values classified by expected maturity.

	Up to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 12 months	From 1 year to 5 years	Unspecified	Total
Year 2015	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK
<b>Assets</b>							
Tangible assets	0	0	0	0	0	10,544	10,544
Intangible assets	0	0	0	0	0	129,478	129,478
Long-term receivables and loans	0	0	0	0	0	141	141
Trade receivables and other receivables	119,041	78,847	0	0	0	0	197,888
Other assets	0	0	0	0	0	6,660	6,660
Securities held for trading	0	0	0	0	44,822	0	44,822
Cash and cash equivalents	411,910	0	0	0	0	0	411,910
Assets held for sale	35,494	0	0	0	0	0	35,494
<b>Total assets</b>	<b>566,445</b>	<b>78,847</b>	<b>0</b>	<b>0</b>	<b>44,822</b>	<b>146,823</b>	<b>836,937</b>
<b>Liabilities</b>							
Deferred tax liability	0	0	0	0	0	19,271	19,271
Trade liabilities	124,409	0	0	0	0	0	124,409
Employee benefit payable	0	0	14,599	0	0	0	14,599
Other liabilities	17,773	0	0	0	0	0	17,773
Income tax payable	0	0	8,208	0	0	0	8,208
Short-term bank loans	44,134	0	0	0	0	0	44,134
Provisions	0	0	0	563	0	0	563
Liabilities held for sale	3,819	0	0	0	0	0	3,819
<b>Total liabilities</b>	<b>190,135</b>	<b>0</b>	<b>22,807</b>	<b>563</b>	<b>0</b>	<b>19,271</b>	<b>232,776</b>
<b>Liquidity excess at 31. 12. 2015</b>	<b>376,310</b>	<b>78,847</b>	<b>-22,807</b>	<b>-563</b>	<b>44,822</b>	<b>127,552</b>	<b>604,161</b>

**Liquidity risk analysis at 31 December 2014:**

	Up to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 12 months	From 1 year to 5 years	Unspecified	Total
Year 2014	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK
<b>Assets</b>							
Tangible assets	0	0	0	0	0	15,890	15,890
Intangible assets	0	0	0	0	0	154,061	154,061
Long-term receivables and loans	0	0	0	0	0	111	111
Trade receivables and other receivables	200,774	2,881	0	0	0	0	203,655
Other assets	0	0	0	0	0	8,017	8,017
Securities held for trading	44,598	0	0	0	0	0	44,598
Cash and cash equivalents	320,273	0	0	0	0	0	320,273
<b>Total assets</b>	<b>565,645</b>	<b>2,881</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>178,079</b>	<b>746,605</b>
<b>Liabilities</b>							
Deferred tax liability	0	0	0	0	0	16,168	16,168
Long-term advances received	0	0	0	0	0	2	2
Trade liabilities	130,358	0	0	0	0	0	130,358
Short-term advances received	0	0	0	0	0	0	0
Employee benefit payable	0	0	16,446	0	0	0	16,446
Other liabilities	3,608	0	0	0	0	3,280	6,888
Income tax payable	0	0	6,858	0	0	0	6,858
Short-term bank loans	3,770	0	0	0	0	0	3,770
Provisions	0	0	371	0	0	0	371
<b>Total liabilities</b>	<b>137,736</b>	<b>0</b>	<b>23,675</b>	<b>0</b>	<b>0</b>	<b>19,450</b>	<b>180,861</b>
<b>Liquidity excess at 31. 12. 2014</b>	<b>427,909</b>	<b>2,881</b>	<b>-23,675</b>	<b>0</b>	<b>0</b>	<b>158,629</b>	<b>565,744</b>

**Derivatives**

The Group had no outstanding derivative contracts as at 31 December 2015 and 31 December 2014.

#### 9.4. Management of market risk associated with financial instruments

##### 9.4.1. Sensitivity analysis of foreign exchange risk

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

The Group uses mainly EUR as a foreign currency.

For internal risk management, the Group defined two scenarios of possible EUR currency trends in 2016. The first scenario assumes an increase in the rate (depreciation of CZK) by CZK 3 and the second assumes a decrease in the rate (appreciation of CZK) by CZK 3.5.

##### **Sensitivity analysis of foreign currency (EUR) financial assets and liabilities:**

Depreciation scenario: If the exchange rate of EUR to CZK increases by CZK 3 as at 31 December 2015, the financial loss decreases by TCZK 638 (2014: financial loss decreases by TCZK 2,410) with respect to the translation of assets and liabilities denominated in EUR with a corresponding increase in profit before tax for 2015.

Appreciation scenario: If the exchange rate of EUR to CZK decreases by CZK 3.5 as at 31 December 2015, the financial loss increases by TCZK 744 (2014: financial loss increases by TCZK 2,811) with respect to the translation of assets and liabilities denominated in EUR with a corresponding decrease in profit before tax for 2015.

**The following table shows the currency position of the Group as at 31 December 2015:**

	CZK	EUR	USD	GBP and other currencies	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
<b>Assets</b>					
Tangible assets	10,544	0	0	0	10,544
Intangible assets	129,478	0	0	0	129,478
Long-term receivables and loans	141	0	0	0	141
Other assets	109,298	88,590	0	0	197,888
Trade receivables and other receivables	6,660	0	0	0	6,660
Securities held for trading	44,822	0	0	0	44,822
Cash and cash equivalents	371,314	40,544	17	35	411,910
Assets held for trade	2,138	33,356	0	0	35,494
<b>Total assets</b>	<b>674,395</b>	<b>162,490</b>	<b>17</b>	<b>35</b>	<b>836,937</b>
<b>Liabilities</b>					
Shareholders' equity	604,161	0	0	0	604,161
Deferred tax liability	19,271	0	0	0	19,271
Trade payables	10,312	112,610	1,485	2	124,409
Liabilities to employees	14,599	0	0	0	14,599
Other liabilities	17,773	0	0	0	17,773
Tax liability	8,208	0	0	0	8,208
Short-term bank loans	0	44,134	0	0	44,134
Provisions	563	0	0	0	563
Liabilities held for sale	3,307	0	0	512	3,819
<b>Total liabilities</b>	<b>678,194</b>	<b>156,744</b>	<b>1,485</b>	<b>514</b>	<b>836,937</b>
<b>Net currency position as at 31 December 2015</b>	<b>- 3,799</b>	<b>5,746</b>	<b>- 1,468</b>	<b>-479</b>	<b>0</b>

The following table shows the currency position of the Group as at 31 December 2014:

	CZK	EUR	USD	GBP and other currencies	Total
	TCZK	TCZK	TCZK	TCZK	TCZK
<b>Assets</b>					
Tangible assets	15,890	0	0	0	15,890
Intangible assets	154,061	0	0	0	154,061
Long-term receivables and loans	111	0	0	0	111
Other assets	8,017	0	0	0	8,017
Trade receivables and other receivables	128,106	75,549	0	0	203,655
Securities held for trading	44,598	0	0	0	44,598
Cash and cash equivalents	248,329	71,893	15	36	320,273
<b>Total assets</b>	<b>599,112</b>	<b>147,442</b>	<b>15</b>	<b>36</b>	<b>746,605</b>
<b>Liabilities</b>					
Shareholders' equity	565,744	0	0	0	565,744
Deferred tax liability	16,168	0	0	0	16,168
Long-term advances received	2	0	0	0	2
Trade payables	7,118	121,402	1,326	512	130,358
Payables to employees	16,446	0	0	0	16,446
Other payables	6,888	0	0	0	6,888
Income tax payables	6,858	0	0	0	6,858
Short-term bank loans	0	3,770	0	0	3,770
Provisions	371	0	0	0	371
<b>Total liabilities</b>	<b>619,595</b>	<b>125,172</b>	<b>1,326</b>	<b>512</b>	<b>746,605</b>
<b>Net currency position as at 31 December 2014</b>	<b>-20,483</b>	<b>22,270</b>	<b>-1,311</b>	<b>-476</b>	<b>0</b>

#### 9.4.2. Interest rate risk

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

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

#### Interest rate sensitivity analysis

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

**Interest rate sensitivity as at 31 December 2015:**

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Unspecified	Total
Year 2015	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK
<b>Assets</b>						
Securities held for trading	0	0	44,822	0	0	44,822
Cash and cash equivalents	411,910	0	0	0	0	411,910
<b>Total assets</b>	<b>411,910</b>	<b>0</b>	<b>44,822</b>	<b>0</b>	<b>0</b>	<b>456,732</b>

**Interest rate sensitivity as at 31 December 2014:**

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Unspecified	Total
Year 2014	TCZK	TCZK	TCZK	TCZK	TCZK	TCZK
<b>Assets</b>						
Securities held for trading	0	0	44,598	0	0	44,598
Cash and cash equivalents	320,273	0	0	0	0	320,273
<b>Total assets</b>	<b>320,273</b>	<b>0</b>	<b>44,598</b>	<b>0</b>	<b>0</b>	<b>364,871</b>

## 9.5. Fair value levels

The following table analyses financial assets carried at fair value according to quality of inputs used for the valuation:

	Level 1	Level 2	Level 3	Total
2015	TCZK	TCZK	TCZK	TCZK
Debt securities	0	44,822	0	44,822
<b>Total assets</b>	<b>0</b>	<b>44,822</b>	<b>0</b>	<b>44,822</b>
Short-term bank loans	0	44,134	0	44,134
<b>Total liabilities</b>	<b>0</b>	<b>44,134</b>	<b>0</b>	<b>44,134</b>

	Level 1	Level 2	Level 3	Total
2014	TCZK	TCZK	TCZK	TCZK
Debt securities	0	44,598	0	44,598
<b>Total assets</b>	<b>0</b>	<b>44,598</b>	<b>0</b>	<b>44,598</b>
Short-term bank loans	0	3,770	0	3,770
<b>Total liabilities</b>	<b>0</b>	<b>3,770</b>	<b>0</b>	<b>3,770</b>

In 2015 and 2014 there was no movement between the levels.

## 9.6. Capital Management

The Group uses the definition of financial capital maintenance. A profit is earned only if the amount of net assets at the end of a period exceeds the amount at the beginning of the period, excluding any inflows from or outflows to owners, such as contributions and distributions.

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

The capital management objectives of the Group are as follows:

- to be in compliance with the laws of the Czech Republic; Act No. 90/2012, Coll. on commercial companies and cooperatives (Law on Commercial Corporations);
- to ensure the ability of the Group to meet the conditions of a going concern so as to generate profit from the investments of shareholders and in favour of stakeholders;
- to maintain a strong capital position that would help to develop the business.

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

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

The planned dividend for 2015 for the Group shareholders amounts to CZK 601 per share (2014: CZK 472 per share).

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

The Group's consolidated financial statements for the year ended 31 December 2015 were prepared in accordance with the standard IFRS 7 – Financial Instruments: Disclosures.

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



The Group recognizes the following types of financial instruments:

**Financial instruments by class and category as at 31 December 2015:**

Categories	Loans and receivables	Securities held for trading	Financial assets held for trading (derivatives)	Financial liabilities	Financial liabilities held for trading (derivatives)
	TCZK	TCZK	TCZK	TCZK	TCZK
<b>Categories</b>					
Long-term receivables	141	0	0	0	0
Other assets	0	0	0	0	0
Trade receivables and other receivables	121,910	0	0	0	0
Securities held for trading	0	44,822	0	0	0
Cash and cash equivalents	411,910	0	0	0	0
Long-term advances received	0	0	0	0	0
Trade payables	0	0	0	124,409	0
Short-term advances received	0	0	0	0	0
Employee benefit payable	0	0	0	14,599	0
Other liabilities	0	0	0	14,337	0
Short-term bank loans	0	0	0	44,134	0
<b>Total</b>	<b>533,961</b>	<b>44,822</b>	<b>0</b>	<b>197,479</b>	<b>0</b>

**Financial instruments by class and category as at 31 December 2014:**

Categories	Loans and receivables	Securities held for trading	Financial assets held for trading (derivatives)	Financial liabilities	Financial liabilities held for trading (derivatives)
	TCZK	TCZK	TCZK	TCZK	TCZK
<b>Categories</b>					
Long-term receivables	111	0	0	0	0
Trade receivables and other receivables	119,364	0	0	0	0
Other assets	4	0	0	0	0
Securities held for trading	0	44,598	0	0	0
Cash and cash equivalents	320,273	0	0	0	0
Short-term advances received	0	0	0	2	0
Trade payables	0	0	0	130,358	0
Long-term advances received	0	0	0	0	0
Employee benefit payable	0	0	0	16,446	0
Other liabilities	0	0	0	3,351	0
Short-term bank loans	0	0	0	3 770	0
<b>Total</b>	<b>439,752</b>	<b>44,598</b>	<b>0</b>	<b>153,927</b>	<b>0</b>

**Gains and losses by category of financial instruments for 2015:**

**Categories**

	Loans and receivables	Securities held for trading	Financial assets held for trading (derivatives)	Financial liabilities	Financial liabilities held for trading (derivatives)
	TCZK	TCZK	TCZK	TCZK	TCZK
Interest income	146	54	0	0	0
Interest expense	0	0	0	-225	0
Net trading income	0	225	0	0	0
FX difference income	7,727	0	0	0	0
FX difference expenses	0	0	0	-9,679	0
Other net financial income	0	0	0	-966	0
<b>Total</b>	<b>7,873</b>	<b>279</b>	<b>0</b>	<b>-10,870</b>	<b>0</b>

**Gains and losses by category of financial instruments for 2014:**

**Categories**

	Loans and receivables	Securities held for trading	Financial assets held for trading (derivatives)	Financial liabilities	Financial liabilities held for trading (derivatives)
	TCZK	TCZK	TCZK	TCZK	TCZK
Interest income	1 558	74	0	0	0
Interest expense	0	0	0	-67	0
Net trading income	0	395	0	0	0
FX difference income	6,593	0	0	0	0
FX difference expenses	0	0	0	-6,672	0
Other net financial income	0	0	0	-1,060	0
<b>Total</b>	<b>8,151</b>	<b>469</b>	<b>0</b>	<b>-7,799</b>	<b>0</b>

## 10. RELATED PARTIES

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

CEESEG Aktiengesellschaft owns as at 31 December 2015:

- 100% share of Wiener Börse AG;
- 92.74% share of Burza cenných papírů Praha, a.s.

The Company recognizes the following transactions with Wiener Börse AG:

	2015	2014
	TCZK	TCZK
Agreement on information sale cooperation	37,255	36,451
Agreement regarding indices trading	122	124
Other revenues	2	2
<b>Revenues</b>	<b>37,379</b>	<b>36,577</b>
Agreement on technical trading system XETRA	7,065	6,900
System maintenance	22	23
<b>Services</b>	<b>7,087</b>	<b>6,923</b>
Agreement on information sale cooperation and PX index trading	19,024	17,959
<b>Trade receivables</b>	<b>19,024</b>	<b>17,959</b>
Agreement on technical trading system XETRA	53	0
System maintenance	22	23
<b>Trade payables</b>	<b>75</b>	<b>23</b>

The Company recognised the following transactions with CEESEG AG:

	2015	2014
	TCZK	TCZK
Insurance	84	84
<b>Service expenses total</b>	<b>84</b>	<b>84</b>
Other revenues	1	0
<b>Revenues total</b>	<b>1</b>	<b>0</b>

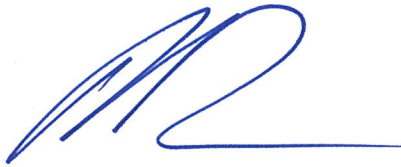
The terms of the transactions with the related party reflects the market prices.

## 11. SUBSEQUENT EVENTS

On 20 January 2016, European Energy Exchange (EEX) and the shareholders of PXE signed an agreement including a plan for starting closer cooperation. As part of this cooperation, EEX will acquire 66.67% shares of PXE in 2016 from its existing shareholders Centrální depozitář cenných papírů, a.s. and Energy Clearing Counterparty, a.s. EEX will thus become its new majority owner and PXE will become an associate included in the consolidated financial statements of the BCPP Group as at 31 December 2016.

Prague, 11 March 2016

Statutory body's signature:



.....  
Petr Kobic  
Chairman of the Exchange Chamber



.....  
Helena Čacká  
Member of the Exchange Chamber

## **Auditor's report on the consolidated financial statements**

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

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

We have audited the accompanying consolidated financial statements of Burza cenných papírů Praha, a.s., prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as of 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the notes to these consolidated financial statements including a summary of significant accounting policies and other explanatory notes. Information about Burza cenných papírů Praha, a.s. is set out in Note 1 to these consolidated financial statements.

### *Statutory Body's Responsibility for the Consolidated Financial Statements*

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

### *Auditor's Responsibility*

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

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



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

*Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Burza cenných papírů Praha, a.s. as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Prague  
11 March 2016

*KPMG Česká republika Audit*

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

Vladimír Dvořáček  
Partner  
Registration number 2332

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