



energje bez hranic

ANNUAL REPORT 2007



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1. | **LETTER FROM THE
CHIEF EXECUTIVE OFFICER**



Dear Ladies and Gentlemen,

allow me to make you acquainted with the business activities of United Energy Trading, a.s. in the elapsed year 2007 and with the intentions of our Company for 2008.

2007 was another successful year of our Company. As compared to 2006 we doubled power supplies to final customers in the Czech Republic. At the same time, starting from the beginning of 2007, we commenced power supplies to final customers in Slovakia as well. During 2007 we became suppliers of gas as well so United Energy Trading, a.s. became one of few companies supplying customers with both power commodities.

In spite of competitors' expansion policies and big competitive pressure in supplies to final customers we managed to finish our activities in red numbers. It is connected with a carefully prepared strategy of caring about our customers and with optimizing our business position. We have a professional team of trading managers the primary goal of which is to meet the customers' needs and to look for reducing their power consumption cost. Currently we improve the trading dispatching system in the area of customers' predicted consumption and the efficient power purchase which in a great deal contributes to the reduction of power cost.

We could benefit from the synergies of power and natural gas supplies. We prepared ourselves for the 2008 sale campaign with a special care as we expect the sale increase in commodities.

We are aware of the fact the excellent Company's results result from the work of our employees and especially business friends. That is why we would like to support their loyalty and satisfaction. Allow me to express my thanks to our employees and business friends for the cooperation so far.

Ing. František Čupr, MBA

2. | **REPORT OF THE BOARD OF
DIRECTORS ON THE BUSINESS
ACTIVITIES OF THE COMPANY
AND ON THE STATE OF ITS
ASSETS**



All the data given here are processed according to Czech accounting standards.

Economic Results for 2007

The Company had the revenues higher than CZK 2 billion for the accounting period of 2007 which represents a triple revenue increase as compared to the previous year. The revenues of 2007 are with almost 7 per cent higher than the Company's business plan. The economic result before tax was CZK 8 416 000,- which is 55 per cent lower than in the previous year.

Main Business Activities for 2007

The main Company's business activity is power sale and newly natural gas sale to final customers in the Czech Republic and since 2007 in the Slovak Republic as well. The Company established an organisational unit with the name of United Energy Trading, a.s. – organizačná složka in the Slovak Republic. The total sale of electrical power in 2007 in technical units reached 1 109 000 MWh in the Czech Republic and 53 000 MWh in the Slovak Republic. The electrical power purchase was effected especially from První energetická, a.s.

In the first half of 2007 the introductory work in the area of commercial, technical and staffing was carried out in order to start gas supplies to final customers and September 1, 2007 the supplies were commenced. We became one of a few companies in the Czech Republic supplying electrical power and natural gas at the same time.

The Company registered its trade mark in 2007.

The Company employed 11 employees on an average, the staff expenses were CZK 7 959 000.- With regards to the Company's expansion the trading team in the Slovak Republic was confirmed and next to it the team in the Czech Republic recruited a gas trading specialist i. a.

Future Development

In 2008 the Company will focus on strengthening and enlarging its existing customer portfolio for electrical power supplies, on expansion in the Slovak market and especially on the gas trade so that to provide the customers with a complete range of power services. The Company expects to have higher electrical power and gas sales in order to achieve a turnover of CZK 2.7 billion.

3. | REPORT ON RELATIONS BETWEEN CONNECTED ENTITIES

pursuant to section 66a clause 9 of the Act No. 513/1991 Coll.,
Commercial Code, as amended for the accounting period
starting January 01, 2007 to December 31, 2007



In accordance with the provisions of section 66a, clause 9 of Act No. 513/1991 Coll., of the Commercial Code as amended the Board of Directors of United Energy Trading, a.s., with registered office in Prague 1, Washingtonova 17, post code 110 00, prepared this report on relations between the controlled company, directly and indirectly controlling companies and other entities controlled by the same controlling entity for the accounting period of 1 January 2007 to 31 December 2007.

United Energy právní nástupce (legal successor) a.s., with registered office in Most, Komořany, Teplárenská 2, post code 434 03, was the directly controlling entity for the accounting period of 1 January 2007 to 31 December 2007.

The controlling entity United Energy právní nástupce (legal successor) a. s., was the owner of 15 shares of the controlled entity, a.s., in total representing 100% of the registered capital and possessed the corresponding shares in voting rights.

I. The controlled entity

The trading company **United Energy Trading, a.s.**, with registered office in Prague 1, Washingtonova 17, post code 110 00, Identification No. 27386643, registered on 31 October 2005 in the Commercial Register maintained by the Municipal Court in Prague, Section B, File No. 10233.

II. The controlling entity

a) directly controlling entities

The trading company **United Energy právní nástupce (legal successor) , a.s.**, with registered office in Most, Komořany, Teplárenská 2, post code 434 03., Identification No. 27309959, registered on 7 December 2006 in the Commercial Register maintained by the Municipal Court in Ústí nad Labem, Section B, File No. 1722.

b) indirectly controlling entities

Patrik Tkáč, domiciled in Bratislava, Júlová 10941/32, post code 831 01, Slovak Republic.

III. Other entities with the same controlling entity

The following were entities, which were indirectly controlled by the entity Patrik Tkáč, on which the indirectly controlling entity directly or indirectly performed decisive influence:

Trading company **Czech Energy Holding, a.s.**, with the registered office in Prague 8, Pobřežní 297/14, post code 186 00, Identification No. 27166511, registered on 12 July 2004 in the Commercial Register maintained by the Municipal Court in Prague, Section B, File No. 9447.

Trading company **United Energy, právní zástupce (legal sucesor), a.s.** with registered office in Most, Komořany, Teplárenská 2, post code 434 03., Identification No. 27309959, registered on 7 December 2006 in the Commercial Register maintained by the Municipal Court in Ústí nad Labem, Section B, File No. 1722.

Trading company **ENOP, s.r.o.**, with the registered office in Most-Komořany No. 2, post code 434 03, Identification No. 64650201, registered on 1 January 1996 in the Commercial Register maintained by the Regional Court in Ústí nad Labem, Section C, File No. 10121.

Trading company **Lounské tepelné hospodářství spol. s.r.o.**, with the registered office in Louny, 17. listopadu No. 2580, post code 440 01, Identification No. 62243179, registered on 22 December 1994 in the Commercial Register maintained by the Regional Court in Ústí nad Labem, Section C, File No. 8193.

Trading company **J & T Finance Management, a.s.**, with the registered office in Prague 8, Pobřežní 297/14, post code 186 00, Identification No. 28168305, registered on 05 October 2007 in the Commercial Register maintained by the Municipal Court in Prague, Section B, File No. 12445; this in the period of time since 05 October 2007 until 31 December 2007

Nadační fond pro rozvoj vzdělání, with the registered office in Most-Komořany No. 376, Most 3, post code 434 03, Identification No. 65660692, registered on 1 December 1998 in the Foundation Register maintained by the Regional Court in Ústí nad Labem, Section N, File No. 16.

Trading company **J & T Securities, s.r.o.** with the registered office at Lamačská cesta 3, Bratislava post code 841 04, Slovak Republic, Identification No. 31366431, registered on 3 February 1994 in the Commercial Register maintained by the District Court in Bratislava, File No. 6458/B, this in the period of time since 01 January 2007 until 12 October 2007

Nadační fond J & T with the registered office in Prague 8, Pobřežní 297/14, post code 186 00, Identification No. 27162524, registered on 24 June 2004 in the Foundation Register maintained by the Municipal Court in Prague, Section N, File No. 527.

Trading company **ADKA, s.r.o.** with the registered office at Zelená 6 3, Bratislava, post code 811 01, Slovak Republic, Identification No. 36724271, registered on 12 January 2007 in the Commercial Register maintained by the District Court in Bratislava, File No. 44045/B, , this in the period of time since 07 February 2007 until 12 November 2007

Trading company **Teplárenská, a.s.**, with the registered office in Most, Komořany, Teplárenská 2, post code 434 03, Identification No. 27309941, entered 06 December 2006 in in the Commercial Register maintained by the Regional Court in Ústí nad Labem, Section B, File No. 1723 and this during the period from 01 January 2007 until 05 April 2007.

Trading company **EKY III, a.s.**, with the registered office in Most, Komořany, Teplárenská 2, post code 434 03, Identification No. 27320430, entered on 10 May 2007 in the Commercial Register maintained by the Regional Court in Ústí nad Labem, Section B, File No. 1769 and this during the period from 10 May 2007 until 31 December 2007.

Trading company **United Energy Invest, a.s.**, with the registered office in Most, Komořany, Teplárenská 2, post code 434 03, Identification No. 27320413, entered on 10 May 2007 in the Commercial Register maintained by the Regional Court in Ústí nad Labem, Section B, File No. 1768 and this during the period from 10 May 2007 until 31 December 2007.

IV. Contracts concluded with interconnected entities during the last accounting period.

During the accounting period of 2007 no contracts were concluded between the controlled entity and directly or indirectly controlling entities and between the controlled entity and entities controlled by the same controlling entity.

V. Other legal acts taken in the interests of connected entities

During the course of the accounting period no legal acts were taken to the benefit of directly or indirectly controlling entities or entities controlled by the same controlling entity outside the scope of normal legal acts taken within the scope of performance of their rights as the shareholder of the controlled entity.

VI. Other measures performed in the interests or at the impetus of interconnected entities

No other measures were performed or taken outside the scope of usual measures taken by the controlled entity in relation to the controlling entity as the shareholder of the controlled entities during the course of the accounting period to the benefit or at the impetus of a directly or indirectly controlling entity or entity controlled by the same controlling entity.

VII. Performance provided and accepted by the controlled entity

The following performance with the subsequent consideration (monetary amounts given in whole thousands of CZK) was provided by the controlled entity to the directly or indirectly controlling entity or entities controlled by the same controlling entity during the accounting period:

Connected entity	Subject of performance	Performance	Consideration
United Energy právní nástupce, a. s.	provision of services	240	IT/AS services

VIII. Damage incurred by the controlled entity and methods of compensation

The controlled entity did not incur any damage or property advantages from the right to conclude the above-given contracts, other legal actions, other measures and provided performance or accepted consideration.

IX. Information confidentiality

Within the scope of the holding information and facts that are part of the business secrets of the controlling, controlled and other connected entities and information that was identified as confidential by any interconnected entity, is considered confidential. All other information from business contacts that may be detrimental to any of the interconnected entities by itself or in connection with other information or facts is also considered confidential. In order to prevent damage on the part of the controlled entity this report does not contain information of this character with regard to the provisions of Section 51, Act no. 513/1991 Coll., of the Commercial Code as amended.

X. Conclusion

This report was prepared by the Board of Directors of the controlled entity, United Energy Trading, a.s., on 31 March 2008 and submitted to the Supervisory Board for examination and to the auditor for certification.

In Prague, dated 31 March 2008

Authorised by the Board of Directors on behalf of the Board of Directors of the controlled entity:

Pavel Ondra
Chairman of the Board of Directors

Petr Jenik
Member of the Board of Directors

4. | **REPORT OF THE SUPERVISORY
BOARD OF UNITED ENERGY
TRADING, A.S. ON THE RESULTS
OF INSPECTION ACTIVITIES
DONE BY THE SUPERVISORY
BOARD IN 2007**



REPORT OF THE SUPERVISORY BOARD OF UNITED ENERGY
TRADING, A.S. ON THE RESULTS OF INSPECTION ACTIVITIES
DONE BY THE SUPERVISORY BOARD IN 2007

In accordance with the provisions of the Commercial Code and the Articles of Association of the Company the Supervisory Board supervised the performance of actions in the competence of the company's Board of Directors and realisation of company business activities.

The Supervisory Board states that the company's Board of Directors and management provided all details required for the activities of the Supervisory Board. Invited representatives of the company's Board of Directors participated in sessions.

The Supervisory Board has examined the financial statements for the accounting period of January 1, 2007 to December 31, 2007, which was approved by the company's Board of Directors including the report of independent auditors and states that the financial statements for 2007 were prepared in accordance with the generally binding legal regulations and that they present the trade income/loss and the state of the company assets correctly in all important indicators. The Supervisory Board recommend the shareholders to approve the regular financial statements of the Company for 2007.

The Supervisory Board examined the contents of the Report on the Company's business activities and the state of its assets in 2007 by the Board of Directors being approved by the Board of Directors on 20. May 2008 and states there are no reservations to the given report.

The Supervisory Board examined the contents of the Company's annual report for 2007 being approved by the Board of Directors and states there are no reservations to the given report.

The Supervisory Board discussed the proposal of the Board of Directors to distribute profit of 2007 as submitted and states there are no reservations to the given proposal.

The Supervisory Board accepted the wording of the Supervisory Board's Report on inspecting activities of the Supervisory Board in 2007 and agrees with presenting the report to the only shareholder to decide on it within the scope of the general meeting

Marek Janča
Chairman of the Supervisory Board

BALANCE SHEET IN A FULL SCOPE AS OF 31.12.2007 (in thousands czk)

Name a				ASSETS b	Current accounting period			Previous period
					Gross 1	Correction 2	Net 3	Net 4
TOTAL ASSETS				+360 709	-1 402	+359 307	+102 618	
B.			Fixed assets	+2 961	-1 402	+1 559	+2 015	
B.	I.		Intangible fixed assets	+2 716	-1 253	+1 463	+1 913	
B.	I.	1.	Incorporation expenses	+252	-109	+143	+193	
B.	I.	3.	Software	+2 100	-1 144	+956	+1 720	
B.	I.	7.	Advance payments for tangible fixed assets	+364	0	+364	0	
B.	II.		Tangible fixed assets	+245	-149	+96	+102	
B.	II.	3.	Individual movables and movable sets (units)	+245	-149	+96	+102	
C.			Current assets	+351 419	0	+351 419	+100 018	
C.	III.		Short-term receivables	+293 091	0	+239 091	+91 120	
C.	III.	1.	Trade receivables	+136 893	0	+136 893	+77 489	
C.	III.	6.	Receivables from enterprises with controlling influence	+8 721	0	+8721	0	
C.	III.	7.	Receivables from enterprises with substantial influence	+141 741	0	+141 741	+65	
C.	III.	8.	Other receivables	+1 528	0	+1 528	+13 061	
C.	III.	9.	Other receivables	+4 208	0	+4 208	+505	
C.	IV.		Financial assets	+58 328	0	+58 328	+8 898	
C.	IV.	1.	Cash	+5	0	+5	+1	
C.	IV.	2.	Bank accounts	+58 323	0	+58 323	+8 897	
D.	I.		Other assets - temporary accounts of assets	+6 329	0	+6 329	+585	
D.	I.	1.	Prepaid expenses	+333	0	+333	+580	
D.	I.	3.	Unbilled revenue	+5 996	0	+5 996	+5	

REPORT OF THE SUPERVISORY BOARD OF UNITED ENERGY TRADING, A.S. ON THE RESULTS OF INSPECTION ACTIVITIES DONE BY THE SUPERVISORY BOARD IN 2007

Name a			Liabilities b	Current accounting period 5	Previous accounting period 6
TOTAL LIABILITIES				+359 307	+102 618
A.			Equity	+34 207	+28 018
A.	I.		Registered capital	+15 000	+15 000
A.	I.	1.	Registered capital	+15 000	+15 000
A.	IV.		Profit (loss) of previous years	+12 347	-1 300
A.	IV.	2.	Retained losses from previous years	-1 300	-1 300
A.	V.	1.	Profit (loss) of current accounting period	+6 142	+14 318
B.			Liabilities	+321 931	+74 600
B.	III.		Short-term payables	+219 708	+70 260
B.	III.	1.	Trade payables	+194 772	+65 335
B.	III.	5.	Payables to employees	+700	+342
B.	III.	6.	Payables to social security and health insurance	+415	+184
B.	III.	7.	Due to state-taxes and subsidies	+217	+1 104
B.	III.	8.	Short-term advances received	0	+110
B.	III.	10.	Contingencies loss	+6 160	+3 172
B.	III.	11.	Other payables	+17 444	+13

**PROFIT AND LOSS STATEMENT IN A FULL SCOPE FOR THE YEAR ENDING AT 31.12.2007
(IN THOUSANDS CZK)**

Name a			Profit and Loss Statement b	Real figures in accounting period	
				Current accounting period	Previous accounting period
	I.		Revenues from goods sold	+2 022 251	+617 803
A.			Cost of goods sold	+1 976 943	+602 066
		+	Sale margin	+45 308	+15 737
	II.		Production	+4 554	+16 061
	II.	1.	Revenues from own products and services	+4 554	+16 061
B.			Production consumption	+8 370	+7 862
B.		1.	Materials and energy consumption	+609	+868
B.		2.	Services	+7 761	+6 994
		+	Added value	+41 492	+23 936
C.			Personnel expenses	+8 226	+5 795
C.		1.	Wages and salaries	+5 664	+4 098
C.		2.	Remuneration of board members	+225	+221
C.		3.	Social security expenses	+1 941	+1 399
C.		4.	Social expenses	+396	+77
D.			Taxes and fees	+24	+167
E.			Depreciation of intangible and tangible fixed assets	+901	+479
G.			Changes in reserves and provisions relating to operations and prepaid expenses (specific-purpose expenses)	-294	+294
	IV.		Other operating revenues	+289	+6
H.			Other operating expenses	+1 430	+116
		*	Operating profit (loss)	+31 494	+17 091
X.			Revenues from other financial investments	+3 024	+126
XI.			Other financial revenues	+8 396	+1 587
O.			Other financial expenses	+33 205	+99
		*	Net result from financial activities	-23 381	+1 614
Q.			Income tax on ordinary income	+1 971	+4 340
Q.		1.	- Due	+1 971	+4 340
		**	Net result after taxes from normal activities	+6 142	+14 365
		***	Net profit (loss) of current accounting period (+/-)	+6 142	+14 365
		****	Result of operations before tax	+8 113	+18 705

5. | **FINAL ACCOUNTS
ACCORDING TO CZECH
ACCOUNTING STANDARDS**



Annex to the Financial Statement in Full Scope as of 31.12.2007

pursuant to the edict No. 500/2002 Coll., part two, chapter 4, clause 39

Clause 39 (1) – General information

1. Name of the accounting unit:	United Energy Trading, a. s.
Seat of business:	Washingtonova 17, 110 00 Praha 1
Identification Number:	27386643
Legal form:	joint stock company
Subject of business:	<ul style="list-style-type: none">• rental of real estate, apartments and non-residential premises without providing other than basic services connected to rentals• wholesale• specialized retail and retail in general merchandise• business, financial, organizational and economic consultant services• activities of technical consultants in power sector• dealing in trade and services• provision of software and consulting in the field of hardware and software• trade in electric power
Data of establishing:	31. 10. 2005
Financial statement date:	25. 2. 2008
Balancing day:	31. 12. 2007

2. Natural and legal entities having 20 and more per cent stake in the basic capital

Company's basic capital is CZK 15 000 000,-, which is divided into 15 bearer shares in documentary each in a nominal value of CZK 1 000 000,-.

The sole shareholder is:	United Energy právní nástupce (legal successor), a. s. Most, Komořany, Teplárenská 2, post code 434 03 Identification number: 273 09 959
Incorporated:	7. 12. 2006

3. Description of changes and additions to the trade register in the elapsed accounting period

No change

4. Members of statutory and supervisory bodies as of the balancing day

Board of Directors as of the balancing day 31.12.2007:
Chairman: Pavel Ondra
Member: Jan Mašinda
Member: Petr Jeník

Supervisory Board as of the balancing day 31.12.2007:
Chairman: Marek Janča
Member: Petr Švec
Member: Lenka Dostálová

The Company is entered in the Trade Register of the Municipal Court in Prague, part B, insert No. 10233.
The Company is a VAT-payer with monthly VAT payment period.

Clause 39 (2) – Data on connected entities

1. *Trading companies and seats of accounting units in which the accounting unit holds a stake higher than 20 % of their basic capital*

There is no stake in other companies

2. *Agreements among partners resulting in decision-making rights disregarding the stake in the basic capital in these trading companies or cooperatives*

None

3. *Concluded controlling contracts or profit transfer contracts and duties resulting thereof*

None have been concluded

Clause 39 (3) – Company's staff and bodies

	In thousands CZK	
	2007	2006
Average staff	11	8
- of which members of controlling bodies	2	1
Personal expenses for an employee	8 001	5 574
- of which members of controlling bodies	2 471	
Remuneration to statutory bodies (executives)	0	0
Remuneration to statutory and supervisory bodies	225	221
Incurred or agreed pension obligation of former statutory and supervisory bodies	0	0

Clause 39 (4) – Loans, credits and other obligations

1. *Loans, credits and provided indemnities and other obligations – monetary or non-monetary – to persons in statutory or other controlling and supervisory bodies including former persons and members of these bodies*

The Company has not provided any of these indemnities.

Clause 39 (5) – Other information

a) *Information on general accounting principles and on accounting methods applied*

The accounting procedures, arranging the financial statements items and content of these items is in accordance with the Act No. 563/1991 Coll. on accounting as amended, the Decree No. 500/2000 Coll. and the Czech accounting standards for businesses.

Valuation methods

Definitions of some terms:

Purchase price - the price for which the assets have been acquired and cost connected to the acquiring

Reproducing purchase price - the price for which the assets were acquired in the time of accounting

Cost at inventories resulting from operation - direct cost – material and indirect cost consumption – operational overheads referring to operation, direct material price is used as a cost-allocation base for calculating overheads

Cost at tangible fixed assets except inventories and intangible fixed assets from operations except receivables - direct cost for production or other activity and indirect cost referring to operations or other activity defined in accordance with accounting methods

Assets	Valuation
Tangible fixed assets	purchase price
Intangible fixed assets	purchase price
Inventories	purchase price incl. secondary cost
Products	at cost
Production in progress	at cost
Semi-products from unfinished production	at cost
Goods at stock and in shops	purchase price

The way of reproducing purchase price determining:

The reproducing purchase price corresponds to a qualified evaluation of relevant assets in time

Secondary purchase cost connected to inventory acquisition:

Transport

Depreciation mode

Tangible and intangible fixed assets

Tangible fixed assets or intangible fixed assets include the assets with acquisition cost greater than CZK 40 000 on an individual basis and the useful life is greater than one year.

The cost of technical improvement if exceeding CZK 40 000 on individual basis with the tangible assets increases the acquisition cost of the related fixed assets.

Depreciation of tangible fixed assets

The book depreciation is calculated based on purchase price and assumed life-time of relevant assets. The book depreciation is done monthly as 1/12 of the set annual depreciation. The depreciation started in the month following the introduction to records. The tax depreciation follows the Act No. 586/92 Coll. on income tax as amended.

Depreciation of intangible fixed assets

The intangible fixed assets are depreciated in books to cost based on assumed life-time of relevant assets. The depreciation started in the month following the introduction to records. The depreciation as to satisfy the Act No. 586/92 Coll. on income tax is determined pursuant to the clause 31 and calculated at the end of the accounting period

b) Information on deviations from methods pursuant to the clause 7 (5) of the Act on accounting specifying the influence on assets and liabilities, on financial situation and the results of the accounting unit.

None.

c) Establishing adjustments stating information source in order to specify the adjustment level

Creation of accounting adjustments to assets

in thousands of CZK

Assets	Assets accounting value		Adjustment	
	2007	2006	2007	2006
Inventories	0	0	0	0
Receivables	136 893	77 783	0	294
Tangible fixed assets	245	165	0	0
Intangible fixed assets	2 352	2 352	0	0
Investments and other financial assets	0	0	0	0

Creation of tax-deductible adjustments for accounts receivables

in thousands of CZK

Receivables	Adjustmen in %	Accounting receivable value		Adjustment value	
		2007	2006	2007	2006
Valid receivables after 31.12.1994:					
- overdue 6 - 12 months	20		1470	0	294
- overdue 12 - 18 months	33				
- overdue beyond 18 months	33				
Receivables submitted to bankruptcy procedure	100				
Receivables sued:					
- overdue 18 - 24 months	50				
- overdue 24 - 30 months	66				
- overdue 30 - 36 months	80				
- overdue beyond 36 months	100				
TOTAL		0	1470	0	294

Creation of accounting adjustments to receivables

in thousands of CZK

Receivables	Adjustment in %	Accounting receivable value		Adjustment value	
		2007	2006	2007	2006
Valid receivables after 31.12.1994:					
- overdue 0 - 6 months					
- overdue 6 - 12 months		0	1470	0	294
- overdue 12 - 18 months					
- overdue beyond 18 months					
Receivables submitted to bankruptcy procedure					
Receivables sued:					
- overdue 18 - 24 months					
- overdue 24 - 30 months					
- overdue 30 - 36 months					
- overdue beyond 36 months					
TOTAL		0	1470	0	294

Calculations for foreign currencies exchanges to Czech crowns

The Company uses the Czech National Bank daily exchange rate. The calculation is done to the performing date of the accounting case. In order to calculate the assets and liabilities in foreign currencies as of the financial statement date the daily exchange rate of the Czech National valid on the financial statement date is solely used.

Establishing a real value of the relevant assets and liabilities being valued according to the law by a real value, description of used evaluating model when evaluating equities and derivatives by a real value

The Company revaluated to a real value traded currency derivatives (forwards) and this based on revaluating to a real market value performed by Citibank, a.s. being the contracting bank for these derivatives.

2. Real value changes including changes in evaluating of equivalent parts following individual financial assets and the way of accounting

None.

3. Equities, shares and derivatives not being evaluated by a real value or by an equivalent – reasons and possible adjustment

All derivatives were revaluated to a real value.

Clause 39 (6) – Additional information on the balance sheet and the profit and loss account

1. Additions and disposals to assets of importance

In thousands of CZK

Additions as to main groups	Purchase	Operations	Deposit	Other
Intangible fixed assets				
Tangible fixed assets	80			
Long-term investments				
Inventories				

In thousands of CZK

Disposals as to main groups	Depreciation	Sale	Liquidation	Other
Intangible fixed assets	815			
Tangible fixed assets	86			
Long-term investments				
Inventories				

Short-term financial assets

Name	2007	2006
Cash	5	1
Bank accounts	58 323	8 897
Short-term equities and other financial assets	0	0
Total	58 328	8 898

As of 31.12.2007 the Company had no balances on accounts with restricted availability.
There are no long-term investments in the Company.

3. Important figures which are not given independently in the balance sheet and in the profit and loss account

Survey of legal reserves

The Company did not create any legal reserves.

Survey of other reserves

In thousands of CZK

Reserve	Initial standing	Creation	Use	Final standing
Income tax payable	0	2 221		2 221

Short-term bank credits

In thousands of CZK

Credits	Rate	Credit securing
Short-term, bank (100 000 thous.)	1M PRIBOR + 0.3 %	Right of lien towards the bank to pay cash from the controlling company's account

Taxes retrospectively assessed from incomes of previous periods

The Company had no retrospectively assessed income tax

Deferred tax

There was no difference in accounting and tax assessment of individual accounting items, therefore no reason for deferred tax creation.

Clause 39 (7) – Information regarding assets and liabilities

1. Explanation to the item Incorporation expenses

The incorporating expenses were invoiced to the controlling company in December 2005

2. Receivables

In thousands of CZK

	2007	2006
Trade receivables total	136 893	77 783
Overdue beyond 180 days	4 530	1 470
Overdue beyond 365 days	0	0
Operational advance payments provided	10 249	65
Operational advance payments provided – advance deposit	131 492	0

There was no reason for adjustments to receivables – even the receivables with a long overdue were paid during 2007.

The tax receivables are excessive VAT deduction in the Czech Republic (CZK 5 556 thousand) and in the Slovak Republic as well (CZK 259 thousands), the income tax liability in the Czech Republic (CZK 2 992 thousand), lowered with the liability in the organisational unit in the Slovak Republic (CZK 88 thousand) and road tax overpaid (CZK 2 thousand).

Other receivables represented the interest receivables from advance deposits for 2007 (CZK 1 170 thousand) and operational advance payments for power supply in 12/2007 being due in 12/2007 which were paid at the beginning of January before the invoicing for December 2007. That is why they were deduced already in the invoicing for 12/2007 (CZK 2 755 thousand) and transferred to Other receivables.

The most important part in the item of accrued revenues (total CZK 5 996 thousand) are the deferrals of the credit note for power purchase in 2007 (CZK 5 965 thousand).

3. Overdue receivables beyond 5 years

None in Company's record.

4. Liabilities

In thousands of CZK

	2007	2006
Total trade liabilities	194 772	65 335
Overdue beyond 180 days	0	0
Overdue beyond 365 days	0	0
Operational advance payments	0	110
Operational advance payments taken– advance deposit	0	0

Contingencies loss is formed by the non-invoiced cost for electric power distribution of CZK 6 158 thousand

Other liabilities are formed by revaluating of traded currency derivatives – forwards (CZK 17 429 thousand) from Citibank

The item Prepaid expenses are the deferrals to gas purchase and its distribution and electric power distribution.

5. Liabilities due beyond 5 years

None in Company's record.

6. Liabilities not given in the balance sheet

Off balance sheet liabilities:

CZK 100 000 thousand – Guarantee to the controlling company for a short-term bank credit.

Off balance sheet liabilities and receivables from fixed term operations:

CZK2 445 569 thousand – Liabilities from fixed operations with currency tools - forwards
 CZK 2 428 140 thousand –Liabilities from spot operations with currency tools - forwards

7. Payables to the state budget

In thousands of CZK

Payable	2007	2006
Social security and state employment policy contribution	295	131
Public health insurance	120	53
Tax arrears:		
- legal entity income tax	0	0
- natural person income tax	217	97
- customs	0	0
- VAT	0	993
- exercise tax	0	0
- road tax	0	14
- real estate tax	0	0
- real estate transfer tax	0	0
- other	0	0
TOTAL	632	5 627

8. Liabilities towards related parties

In thousands of CZK

Liability	2007	2006
Trade liabilities	52	0

9. Tangible fixed assets acquired by financial leasing

In thousands of CZK

Tangible fixed assets group	Instalment total	Instalment paid	Due within 1 year	Due after 1 year
Buildings, halls and constructions				
Machines, instruments and equipment				
Transport vehicles	2 369	1 902	467	0
Inventory				
Other tangible fixed assets				
TOTAL	2 369	1 902	467	0

10. Assets under the right of lien (real burden) with transferred or provided securing

The Company has no assets in pawn

11. Survey of important events between the balancing day and the financial statement date

No events

12. Important potential losses having no back up (e.g. lawsuits)

The Company is not involved in any lawsuit.

Clause 39 (9) – Information on shares, bonds or similar equities

1. *The structure and the change of shareholder's capital are given in a separate annex.*

Clause 39 (10) – Earnings from sale of goods, products and services

Activity	2007	2006
Electric power sale	2 022 251	617 803
Services	4 554	16 061
Other	11 709	1 719

Compiled on: 14. 03. 2008

Signature of the statutory body:

6. | **REPORT OF INDEPENDENT
AUDITORS ON EXAMINATION
OF THE FINAL ACCOUNTS**



REPORT BY AN INDEPENDENT AUDITOR INTENDED FOR SHAREHOLDERS AND STATUTORY BODIES OF UNITED ENERGY TRADING, A.S.

We have examined the appended final accounts of **United Energy Trading, a.s.**, Identification No. 273 86 643, with registered office at Washingtonova 17, 110 00 Prague 1, i.e. the balance sheet as of the balance date on 31/12/2007, the statement of profits and losses (including the overview of changes to equity capital and the overview of cash flows) for the accounting period from 01/01/2007 to 31/12/2007 and the supplement to these final accounts, including the description of significant accounting methods used. The chief subject of business of the company is the power trade.

Responsibility of the accounting unit's statutory body for the final accounts

The statutory body of the above mentioned company is responsible for the preparation and faithful presentation of the final accounts in accordance with Czech accounting regulations. This responsibility includes proposing, introducing and ensuring internal inspections over the preparation and faithful presentation of the final accounts so that these do not contain significant inaccuracies caused by fraud or error, selection and application of suitable accounting methods and performance of accounting estimates that are appropriate to the given situation.

Auditor's responsibility

Our task is to issue a statement regarding these final accounts on the basis of a performed audit. We have performed the audit in accordance with Act No. 254/2000 Coll., on auditors, the International Auditing Standards and connected application clauses of the Chamber of Auditors in the Czech Republic. In accordance with these regulations we are required to follow ethical standards and plan and perform the audit so that we obtain sufficient certainty that the final accounts do not contain significant inaccuracies.

The audit includes performance of auditing procedures, the objective of which is to acquire proof of the amounts and facts given in the final accounts. Selection of the auditing procedures depends on the auditor's judgement, including assessment of the risks that the final accounts contain significant inaccuracies as a result of fraud or error. During the assessment of these risks the auditor also takes into account the internal inspections that are relevant for preparation and faithful presentation of the final accounts. The objective of assessment of the internal inspections is to propose suitable auditing procedures, but not to express an opinion of the accounting methods used, the appropriateness of estimates made by the management of the accounting unit and assessment of the overall presentation of the final accounts.

We believe that the acquired evidential information forms a sufficient and suitable basis for expression of our statement.

Auditor's statement

In our opinion the final accounts provide a faithful and truthful picture of the assets, liabilities and financial situation of United Energy Trading, a.s., as of 31/12/2007 and the costs, yields and results of its management and financial flows for the period from 01/01/2007 until 31/12/2007 in accordance with the Czech accounting regulations.

The annual report had not been submitted by the date of issue of the auditor's report. According to the contractual arrangements the data given in the annual report will be examined independently and on the basis of examination an independent auditor's report will be issued.

The Company gives the financial statements of 2007 for auditing for the first time. This is the reason we audited the initial account balance as of 01/01/2006.

In Prague, dated 11 March 2008



Pavel Průdek
Chamber of Auditors in the Czech Rep. auditor Cert. No. 240
Responsible on behalf of the company for
preparation of the report,
Executive Director of
FinAudit s.r.o.
Chamber of Auditors in the Czech Rep. Cert. No. 154
tř. Svobody 2, Olomouc



energie bez hranic

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