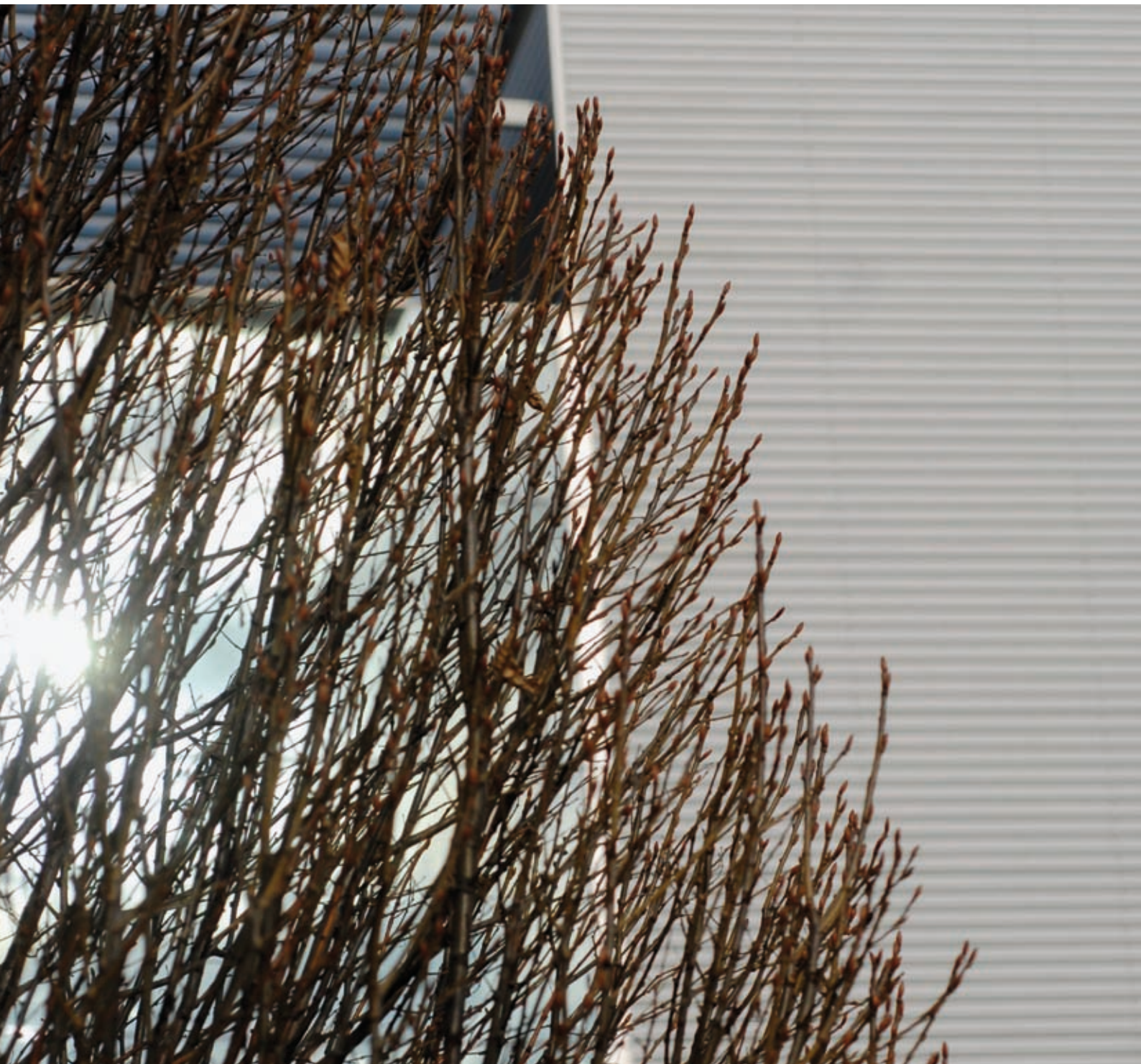


# ***Annual Report 2007***



## Key Ratios

	2007
Total sales (CZK m)	10,899
EBITDA (CZK m)	8,829
Operating result (CZK m)	6,610
Profit before taxation (CZK m)	6,755
Profit after taxation (CZK m)	7,410
Investments (CZK m)	268
Number of employees as at 31 December 2007	709

The term Company or RWE Transgas Net used in the text refers to RWE Transgas Net, s.r.o.

In 2007 RWE was the first energy group in the Czech Republic to subscribe to the energy efficiency concept, thereby supporting the European Union's and Czech Government's efforts to arrest the increasing consumption of energies and contribute to the safe and sustainable development of society.

The purpose of the *Šetřím energii [Saving Energy]* project ([www.setrimenergii.cz](http://www.setrimenergii.cz)) is to inspire the general public to behave more responsibly in their energy consumption. The project provides many tips and gives extensive advice geared towards options for thermal insulation and overcladding on buildings which have a significant potential for energy savings. The photographs that illustrate the text of this Annual Report show examples of modern architectural approaches that are not only beautiful but also expedient and that allow the structure to blend with its surroundings.

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# 1 The CEO's Statement




The year 2007 brought about many changes for RWE Transgas Net. The liberalisation of the natural gas market was completed in the Czech Republic, and the regulatory pressures, and also customers' demands for service quality, increased. At the international level, the Company faced ever keener competition on transmission routes and actively joined the debate triggered by the European Commission's proposal for changing the current general conditions for business in the energy sector. The Company's day-to-day operation focused on the reliability and safety of natural gas transmission.

In 2007 RWE Transgas Net carried out a number of projects, some of which are long-term. These include, for example, the planned development of Gazelle, a new high-pressure gas pipeline; after completion, it will help to reinforce the current transmission capacity between the Hora Sv. Kateřiny and Waidhaus border transfer stations. In the future, the completion of this gas pipeline – which is planned to be linked to the Nord Stream line running on the bottom of the Baltic Sea from Russia to Germany, and subsequently to the OPAL pipeline running across Germany to the Czech Republic's national border – will be confirmation of our Company's importance in the backbone system for supplying Western European countries.

Putting the GATRAC (Gas Transport Cooperation) on-line platform into operation has simplified the process of capacity booking and providing for gas transmission. The implementation of GATRAC constitutes an important step that has brought the European Union's vision of the internal natural gas market's functioning closer to reality. Thanks to the co-operation between RWE Transgas Net and ONTRAS – VNG Gastransport GmbH, since August 2007 customers have been able to ship natural gas from Lanžhot or Waidhaus to Steinitz and vice versa without having to request the cross-border connecting point at Hora Sv. Kateřiny. This joint project has also made it easier to access the two TSOs' data, thereby helping to enhance transparency.

Developing new products or winning additional transit volumes was not the only priority of last year. The Company also completed its project for the optimisation of the time intensity of operation and maintenance processes. Related to this project was also the internal restructuring of some of the Company's sections. New investments were channelled into an upgrade of the management of the gas dispatch control room. RWE Transgas Net also continued to implement tools for improving asset management, for example, a Pipeline Integrity Management System (PIMS).

Last year our Company's earlier preparations for market liberalisation were actually put to the test for the first time. Throughout that period we faced a number of new challenges, but we were able to leverage them for further development in our business. I would therefore like to conclude by expressing thanks to our trading partners and employees, who have contributed to the Company's overall result.



**Dr Klaus Homann**  
Director, CEO



## *Directors of the Company as at 31 December 2007*

### *Dr Klaus Homann*

**Managing Director, CEO**

**Born:** 27 February 1950

**Education:** Ruhr-Universität Bochum and Universität Essen

**Membership of other administrative, governing and supervisory bodies:**

RWE Transportnetz Gas GmbH and RWE Energy Czech Republic, s.r.o. Director;

Member of the enviaM and Gasline GmbH & Co. KG Supervisory Boards

**Any other business activities:** None

### *Jan Nehoda*

**Managing Director**

**Born:** 29 April 1950

**Education:** Brno University of Technology, Faculty of Mechanical Engineering

**Membership of other administrative, governing and supervisory bodies:** None

**Any other business activities:** None

### *Thomas Kleefuss*

**Managing Director**

**Born:** 19 December 1963

**Education:** Universität Köln am Rhein

**Membership of other administrative, governing and supervisory bodies:** None

**Any other business activities:** None

## 2 Report of the Supervisory Board for 2007

In 2007 there was one change in the composition of the Supervisory Board. As of 27 March 2007 Ulrich Jobs resigned from his office held in the Supervisory Board, and by a decision adopted by the sole member acting in the capacity of the General Meeting Dirk Simons was appointed to replace him as of 18 May 2007.

At its three meetings held in 2007 the Supervisory Board discussed all matters for which the Supervisory Board is responsible under the relevant legal regulations, the Company's Memorandum of Association, and the decisions adopted by the sole member acting in the capacity of the General Meeting, including the documents that the Supervisory Board requested from the Directors as part of its supervisory activity. The Directors added comments in person on the written documents when these were discussed by the Supervisory Board.

The Supervisory Board's activity in the past period mainly focused on continuous monitoring of the Company's results, and on the discharge of the Directors' powers and responsibilities and the Company's business activities.

In performing its supervisory activity the Supervisory Board did not find anything at variance with generally applicable legal regulations, the Company's Memorandum of Association, or the decisions of the sole member acting in the capacity of the General Meeting.

At its meeting on 5 September 2007 the Supervisory Board approved PricewaterhouseCoopers Audit, s.r.o. as the Auditor for the Company's annual financial statements as at 31 December 2007.

On 6 March 2008 the Supervisory Board reviewed the Company's annual financial statements as at 31 December 2007 and the Directors' proposal for the distribution of profit.

The Supervisory Board recommends to the General Meeting that the annual financial statements as at 31 December 2007, including the Directors' proposal for profit distribution, be approved.

6 March 2008



**Dr Werner Roos**

Chairman, Supervisory Board

## *The Supervisory Board as at 31 December 2007*

### *Dr Werner Roos*

#### **Chairman**

**Born:** 3 January 1949

**Education:** Rheinisch-Westfälische Technische Hochschule Aachen, Electrical Engineering

#### **Membership of other administrative, governing and supervisory bodies:**

Member of the RWE Energy AG Board of Directors; Chairman of the RWE Gas Storage, s.r.o. Supervisory Board; Vice-Chairman of the EWR AG and Luxempart-Energie S.A. Supervisory Boards; Member of the Cegedel S.A., Cegedel Net S.A., SAG GmbH, Société Electrique de l'Our S.A., VSE AG and RWE Transgas, a.s. Supervisory Boards

**Any other business activities:** None

### *Martin Herrmann*

#### **Vice-Chairman**

**Born:** 3 July 1967

**Education:** Westfälische-Wilhelms-Universität, Münster, Economics

#### **Membership of other administrative, governing and supervisory bodies:**

RWE Transgas, a.s. Board of Directors Chairman; RWE Energy Czech Republic, s.r.o. Managing Director; Chairman of the Jihomoravská plynárenská, a.s., Severomoravská plynárenská, a.s., Východočeská plynárenská, a.s., Severočeská plynárenská, a.s., Středočeská plynárenská, a.s. and Západočeská plynárenská, a.s. Supervisory Boards; Vice-Chairman of the RWE Gas Storage, s.r.o. and RWE Interní služby, a.s. Supervisory Boards

**Any other business activities:** None

### *Andreas Böwing*

#### **Member**

**Born:** 11 April 1955

**Education:** Universität Münster, Law

#### **Membership of other administrative, governing and supervisory bodies:**

Member of the RWE Gas Storage, s.r.o. Supervisory Board

**Any other business activities:** None



**Dirk Simons****Member****Born:** 9 December 1966**Education:** Technische Hochschule Aachen, Economic Sciences**Membership of other administrative, governing and supervisory bodies:**

RWE Key Account Contracting GmbH, RWE Key Account GmbH, and Dezentrale Energien Verwaltung GmbH Managing Director; Member of the RWE Transgas, a.s. Board of Directors, Member of the Severočeská plynárenská, a.s., Středočeská plynárenská, a.s. and Západočeská plynárenská, a.s. Supervisory Boards

**Any other business activities:** None**Šárka Vojíková****Member****Born:** 22 September 1967**Education:** Grammar school in Prague, a social law college in Prague**Membership of other administrative, governing and supervisory bodies:**

Member of the RWE Transgas, a.s. and RWE Gas Storage, s.r.o. Supervisory Boards

**Any other business activities:** None**Jan Zaplatílek****Member****Born:** 4 July 1963**Education:** Czech Technical University, Faculty of Civil Engineering**Membership of other administrative, governing and supervisory bodies:**

Member of the MERO ČR, a.s. Supervisory Board

**Any other business activities:** None



## 3 Management Report for 2007

### 3.1 Results

**Revenues, expenses and profit.** In 2007 RWE Transgas Net achieved a profit before tax of CZK 6,755 million. Profit after tax increased to CZK 7,410 million; deferred tax amounting to CZK 2,481 million was the main reason for the increase. In 2007 RWE Transgas Net's operating result amounted to CZK 6,610 million. Operating revenues amounted to CZK 10,947 million while operating expenditure was CZK 4,337 million. The two core business activities, natural gas transit for international customers and inland transmission, contributed to the Company's result. The financial result ended up in a profit of CZK 145 million.

**Structure of assets.** The Company's total assets were worth CZK 64,955 million in 2007. Fixed assets were worth CZK 53,924 million and accounted for 83% of total assets. Fixed assets mainly included tangible fixed assets worth CZK 53,789 million, and intangible fixed assets worth CZK 135 million.

Current and other assets totalled CZK 11,032 million as at 31 December 2007, accounting for 17% of total assets. Current and other assets therefore increased by about 28% year on year. Short-term receivables accounted for about 99% of current and other assets.

**Structure of shareholders' equity & liabilities.** In 2007 the Company's equity increased to CZK 54,701 million and accounted for about 84% of the Company's total shareholders' equity and liabilities. In 2007 RWE Transgas Net financed all of its activities using its own resources.

Liabilities totalling CZK 10,254 million were made up of long-term liabilities (deferred tax liability), about 86%, short-term liabilities, about 12%, and reserves, about 2%.

**Risk management.** RWE Transgas Net manages risks in accordance with its internal directives. The Company records each identified risk in a Risk Catalogue. Risks are assessed in terms of the probability of their occurrence and the magnitude of potential damage.

No risks jeopardising the Company's existence were identified in 2007.

The currency risk is one of the most important risks because of the Company's income in foreign currencies. This risk is mitigated through hedging derivatives.

**Investments.** In 2007 the Company invested CZK 268 million, of which CZK 62 million in intangible assets.

Investment in intangible assets mainly went to intelligent tools for managing gas pipeline safety and optimising the use of the system's capacity.

Investments in tangible assets were channelled to refurbishments of process equipment on pipelines and at compressor stations, innovation of safety elements in operating areas, and development of new interconnections to enhance the gas system's variability. All work was carried out with a view to ensuring reliable supplies of natural gas to contracting partners at all times.

Suction and discharge tracts of turbine compressor sets and fuel gas inlet into the turbines at some of the compressor stations, and the low-voltage substation at the Hostim compressor station were refurbished. The first part of the system for remote transmission of data from cathodic protection stations in the Břeclav, Kralice and Hostim operating areas was upgraded. The Company also bought new sulphur analysers for the Hora Sv. Kateřiny and Lanžhot border transfer stations. New security systems were completed and/or built at ten facilities.

On gas pipelines themselves, interconnecting pipes were erected between gas lines at the Malešovice distribution node and in the pipe yard of the Kouřim compressor station, mainly with a view to reinforcing gas transmission in the north-south direction.

SMP Net's delivery station for the Nošovice industrial zone was connected and the expert system for more effective operation of underground gas storage facilities was completed. Preparations were started for a new gas pipeline between Hora Sv. Kateřiny and Rozvadov as part of strategic investments. Preparations for a gas pipeline to connect Dolní Dunajovice and the Břeclav compressor station continued.

## 3.2 The Transmission System

The RWE Transgas Net transmission system was operated under a licence granted to the Company in accordance with the 30 December 2004 amendment to Act No. 458/2000, the Energy Act. It is composed of the gas transit system and the inland transmission system.

**The transit system.** From the infrastructure point of view, the transit system is comprised of very high-pressure gas pipelines operated under pressures ranging from 6.1 MPa to 8.4 MPa, and with nominal diameters ranging from 800 to 1,400 mm and a total length of almost 2,460 km, including six compressor stations with a total installed capacity of 351 MW. The points of entry into the transit system are border transfer stations at Lanžhot and Hora Sv. Kateřiny in the Czech Republic, and at Olbernhau in Germany, while the points of exit from the transit system are the border transfer stations at Waidhaus and Hora Sv. Kateřiny.

The RWE Transgas Net transit system has been a reliable part of the European gas transit pipeline network for a long time. The key criteria for the operation and maintenance of the transit system are reliability and safety. Up-to-date methods are employed for diagnosing the condition of the process equipment. In pipeline maintenance, the implementation of PIMS (Pipeline Integrity Management System) was completed in 2007, in particular for risk assessment. The technical condition of the turbine compressors at the compressor stations is assessed by means of diagnostic measurements of their parameters, taken without dismantling the equipment, and the repair method is determined on the basis of such measurements.

In 2007 the following were carried out, among other: four (DN 300 to DN 1400) leaking or inoperable closing ball valves were replaced; defects indicated on gas pipes were repaired; four heat recovery exchangers were replaced; and all planned repairs on turbine sets at compressor stations were completed. In-line inspection of DN 1000 gas pipelines was carried out.

All the repairs were carried out on the dates set out in the plan of shutdowns of major process equipment, and in coordination with foreign transmission companies to minimise the implications of these operations for the required natural gas transportation across the Czech Republic.

**Inland transmission system.** The inland transmission system is comprised of high-pressure and very high-pressure gas pipelines operated under nominal pressures ranging from 4.0 MPa to 6.1 MPa, and with nominal diameters ranging from 65 to 700 mm and a total length of almost 1,190 km. The points of entry into the inland transmission system are six transfer stations from the transit system, a transfer station at Mokřý Háj in Slovakia, and transfer stations at underground gas storage facilities. Natural gas is delivered to the respective regional gas companies via 82 inland transfer stations. Smooth and failure-free natural gas transmission and deliveries were ensured throughout the period under review.

Repairs were carried out on the dates set out in the plan of shutdowns in coordination with the regional gas companies without any gas supply interruptions. In 2007 the following were carried out, among other: four (DN 200 to DN 700) leaking or inoperable closing ball valves were replaced; and defects indicated on gas pipes were repaired. In connection with the building of the D 1 and D 47 Motorways, a DN 700 gas pipeline in Moravia was moved as required.

Under a contract, RWE Transgas Net operates and maintains six underground gas storage facilities for RWE Gas Storage, s.r.o. at Dolní Dunajovice, Tvrdonice, Štramberk, Lobodice, Třanovice, and Háje. The sufficient withdrawal rate and failure-free operation ensured the required deliveries in the winter season.

### 3.3 Business and Communication Activities

**Business activities.** In 2007 RWE Transgas Net applied its new model for natural gas traders, based on the entry/exit principle with a virtual trading point. The Company introduced a new feature, the option to conditionally return capacity in the event of a shipper losing a customer.

During the year the Company also put into operation its function as a natural gas market operator in the Czech Republic. This involves, in particular, registration of end users, assignment for responsibility for imbalances, and allocation of imbalances, including the calculation of typical supply profiles.

The process of entering into interconnection agreements with neighbouring transmission system operators and storage system operators was almost finalised.

In August, RWE Transgas Net and ONTRAS – VNG Gastransport GmbH launched a joint project, Gas Transport Cooperation (GATRAC), an electronic information and booking platform for transmission between Lanžhot, Waidhaus and Steinitz, which has made the offering of transit services much more attractive. This platform is highly appreciated by regulators as part of ERGEG's Gas Regional Initiative for South and South East Europe as a step towards the harmonisation of access rules.

Towards the end of 2007 the Company adjusted its business processes and related IT systems in line with changes in secondary legislation, in particular the natural gas market rules.

**Communication activities.** In 2007 RWE Transgas Net's communication focused on supporting its business objectives, increasing employees' on-job motivation and enhancing the awareness and image building for the brand. In this respect, all activities stemmed from the Company's long-term strategy, which is based on RWE's values and the promise to provide reliable natural gas transmission. The communication concept that was implemented helped to highlight the Company's profile as an independent transmission system operator that offers professional services and guarantees independent access and equal treatment to all gas traders.



Last year RWE Transgas Net continued to broaden its offering of transit services to customers. In connection with the launch of the Gas Transport Cooperation on-line platform, the Company focused on presenting the products harmonised with ONTRAS - VNG Gastransport GmbH, a German transmission system operator, to other parties. The Company also started preparations for designing a communication scheme for the planned development of a new high-pressure gas pipeline across the Czech Republic.

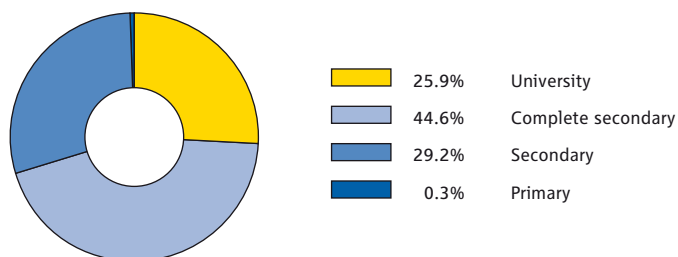
Consistent implementation of a new comprehensive sponsorship strategy supported the successful launch of the RWE Transgas Net brand in the Czech Republic. Hand-in-hand with Český svaz ochránců přírody [a Czech union for nature conservation] and Správa Národního parku Podyjí [The Podyjí National Park Administration] the Company started a long-term project for systematic environmental protection, called *RWE Transgas Net. Blíž přírodě. [RWE Transgas Net. Nearer to Nature.]* The project's main objective is to make protected localities and those interesting in terms of their natural environment, accessible to the public and to support the environmental education of young people.

The Company has also set up its own grant scheme to support regional development. Through the scheme, it has helped to finance dozens of projects beneficial for society. Its support went primarily to projects concerned with environmental protection, development of education, and integration of the disabled. Joining the Business Leaders Forum, which promotes ethics in business, was inspirational for RWE Transgas Net in the area of corporate social responsibility.

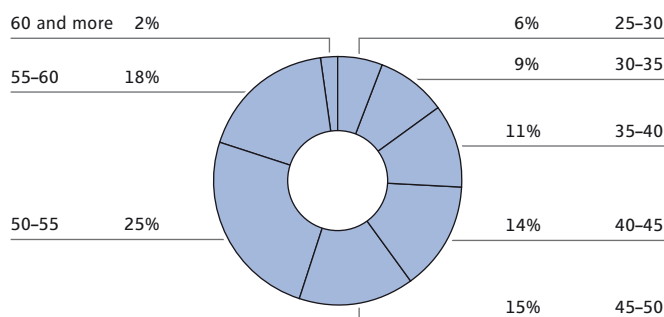
### 3.4 Human Resources

**Information on staffing levels and structure.** Due to the organisational changes effective from 31 January and 31 December 2007 the Company terminated employment contracts with 140 employees.

#### Employee structure by education as at 31 December 2007



### Employee structure by age as at 31 December 2007



### Staffing levels as at 31 December 2007

<b>RWE Transgas Net</b>	
Regional operations	505
Prague	204
<b>Total</b>	<b>709</b>
Of whom: Manual	218
Professional	491

**Wages.** In 2007 wage levels at the Company developed in accordance with the principles of remuneration and the principles agreed in the RWE Transgas Net Collective Agreement.

**Professional training and career development.** In 2007 the Company spent 3.13% of its payroll funds of 2007 (i.e. payroll costs without emoluments to Directors, without severance pay and without remuneration under agreements on completing a job or on performing work) on maintaining and upgrading its employees' qualifications. In 1,069 educational events 5,651 employees were trained. Average annual expenses on education and training amounted to CZK 14,508 per employee.

**Social policy.** The Company management's measures in the social sphere were intended to support employee benefits, in particular the employer's contribution to pension fund schemes and life assurance policies. The Company provided the released employees with above-standard conditions for their departure, in line with the Collective Agreement.

## 3.5 Environmental Protection

RWE Transgas Net is one of the leading Czech firms in terms of environmental management. The Company is successful in reducing the impacts on the environment caused by the operation of its process equipment, thanks to the support provided by authorised operating staff to standardised corporate processes, and checks of the environmental impact of every operating event and capital investment project. The above applies, in particular, to air quality control, greenhouse gas emissions, waste management, water management, disposal of chemical substances and preparations, prevention of serious emergencies, and integrated pollution prevention.

Ensuring continuous compliance with the applicable legal regulations, reporting requirements, and notification obligations, and obtaining the relevant permissions were priorities, together with efforts to minimise risks in all aspects of environmental protection.

In 2007 RWE Transgas Net performed all of its environmental protection obligations set out in legal regulations and public administration requirements. The relevant authorities did not censure or apply penalising measures to RWE Transgas Net. In a publicly accessible information system operated by public administration, the integrated pollution register, the Company compared the emissions, and transport thereof, from its operations against the list of substances subject to the notification obligation, with notification thresholds under Act No. 76/2002 on integrated pollution prevention and control, integrated pollution register and changes to certain laws, and reported all the emissions and substances laid down in the law, including carbon dioxide emission levels.

By 30 October 2007 the Company was issued with integrated permissions (IPPC) for all of its six compressor stations under Act No. 76/2002, on integrated pollution prevention and control. Adherence to these integrated permissions at the same time meets all legislative requirements for compressor station operation. It also constitutes a guarantee for the public and public administration inspection authorities that RWE Transgas Net's operations are not causing any negative impacts on the environment.

Work to complete the elimination of old environmental burden continued in 2007. Post-remedial monitoring is continued to check whether or not pollutants are present.

### 3.6 Outlook

RWE Transgas Net will continue to strive for the harmonisation of access rules with other gas transmission and storage system operators in the region. RWE Transgas Net will engage in negotiations on an extension of the GATRAC platform to include additional transmission system operators.

In co-operation with gas traders, the Company will prepare a full implementation of the OBA principle (nominated quantities are "deemed to be delivered") on the Velké Kapušany, Baumgarten, Lanžhot, Waidhaus, and Hora Sv. Kateřiny route.

It will strive for improvements in its services by building inter-regional interconnectors wherever traders express sufficient interest.

The Company will devote great attention to new competitive products, in particular for gas transit.



## 4 Financial Part

### 4.1 Financial Statements

#### BALANCE SHEET

(in thousand Czech crowns)

ASSETS	as at 31 December 2007			as at 31 December 2006
	Gross	Provision	Net	Net
<b>TOTAL ASSETS</b>	<b>69,386,725</b>	<b>(4,431,443)</b>	<b>64,955,282</b>	<b>64,506,304</b>
<b>Fixed assets</b>	<b>58,354,958</b>	<b>(4,431,443)</b>	<b>53,923,515</b>	<b>55,925,264</b>
<b>Intangible fixed assets</b>	<b>220,808</b>	<b>(85,984)</b>	<b>134,824</b>	<b>122,499</b>
Research & development	76,353	(26,963)	49,390	41,591
Software	122,253	(57,730)	64,523	67,566
Royalties	3,549	(1,291)	2,258	1,614
Intangible assets in the course of construction	18,653		18,653	11,728
<b>Tangible fixed assets</b>	<b>58,134,150</b>	<b>(4,345,459)</b>	<b>53,788,691</b>	<b>55,802,765</b>
Land	126,030		126,030	99,480
Constructions	52,875,773	(3,454,246)	49,421,527	51,114,381
Equipment	4,987,815	(891,213)	4,096,602	4,541,621
Other tangible fixed assets	1,139		1,139	1,135
Tangible assets in the course of construction	143,293		143,293	46,048
Advances paid for tangible fixed assets	100		100	100
<b>Current assets</b>	<b>11,025,257</b>		<b>11,025,257</b>	<b>8,577,606</b>
<b>Inventories</b>	<b>77,620</b>		<b>77,620</b>	<b>72,884</b>
Raw materials	77,620		77,620	72,884
<b>Short-term receivables</b>	<b>10,945,557</b>		<b>10,945,557</b>	<b>8,502,763</b>
Trade receivables	404,956		404,956	487,900
Intragroup receivables	9,373,451		9,373,451	6,777,638
Advances paid	21,258		21,258	100,825
Anticipated assets	872,943		872,943	968,866
Other receivables	272,949		272,949	167,534
<b>Financial assets</b>	<b>2,080</b>		<b>2,080</b>	<b>1,959</b>
Cash in hand	1,696		1,696	1,714
Cash at bank	384		384	245
<b>Accruals and deferrals</b>	<b>6,510</b>		<b>6,510</b>	<b>3,434</b>
Prepaid expenses	1,088		1,088	882
Accrued revenue	5,422		5,422	2,552

**BALANCE SHEET – continued**  
(in thousand Czech crowns)

LIABILITIES AND EQUITY	as at 31 December 2007	as at 31 December 2006
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>64,955,282</b>	<b>64,506,304</b>
<b>Equity</b>	<b>54,700,929</b>	<b>51,266,310</b>
<b>Share capital</b>	<b>46,792,965</b>	<b>46,792,965</b>
Share capital	46,792,965	46,792,965
<b>Capital contributions</b>	<b>28,732</b>	
Other capital contributions	28,732	
<b>Reserve fund and other reserves</b>	<b>445,747</b>	<b>15,909</b>
Statutory reserve fund	445,747	
Statutory and other reserves		15,909
<b>Retained earnings</b>	<b>23,221</b>	<b>(34)</b>
Retained profits	23,221	
Accumulated losses		(34)
<b>Profit (loss) for the current period (+/-)</b>	<b>7,410,264</b>	<b>4,457,470</b>
<b>Liabilities</b>	<b>10,254,353</b>	<b>13,239,994</b>
<b>Provisions</b>	<b>219,981</b>	<b>271,168</b>
Tax-deductible provisions	11,494	45,721
Income tax provision	173,754	41,317
Other provisions	34,733	184,130
<b>Long-term liabilities</b>	<b>8,848,597</b>	<b>11,329,957</b>
Other liabilities	200	200
Deferred tax liability	8,848,397	11,329,757
<b>Short-term liabilities</b>	<b>1,185,775</b>	<b>1,638,869</b>
Trade payables	248,040	270,600
Liabilities to employees	27,296	21,665
Liabilities for social security and health insurance	17,795	14,917
Taxes and state subsidies payable	80,480	380,148
Advances received	707,597	800,119
Anticipated liabilities	55,063	147,703
Other payables	49,504	3,717



## INCOME STATEMENT

(in thousand Czech crowns)

	Accounting period	
	2007	2006
Sales of production	10,922,838	11,098,738
Sales of own products and services	10,899,456	11,091,503
Own work capitalised	23,382	7,235
Cost of sales	1,578,342	2,533,529
Raw materials and consumables	161,005	628,129
Services	1,417,337	1,905,400
<b>Added value</b>	<b>9,344,496</b>	<b>8,565,209</b>
Staff costs	587,984	468,148
Wages and salaries	455,326	334,710
Emoluments of board members	180	
Social security costs	123,081	122,946
Other social costs	9,397	10,492
Taxes and charges	19,709	23,653
Depreciation of long-term assets	2,291,291	2,131,435
Sale of long-term assets and raw materials	7,709	103,268
Sale of long-term assets	6,081	102,838
Sale of raw materials	1,628	430
Net book amount of long-term assets and raw materials sold	10,559	334,725
Net book amount of long-term assets sold	9,904	332,357
Net book amount of raw materials sold	655	2,368
Change in operating provisions and complex prepaid expenses	(182,524)	181,345
Other operating income	16,543	337,991
Other operating charges	31,314	38,448
<b>Operating result</b>	<b>6,610,415</b>	<b>5,828,714</b>
Gain on revaluation of securities and derivatives	571,752	290,432
Loss on revaluation of securities and derivatives	506,804	201,546
Interest income	216,859	80,905
Other financial income	110,629	172,893
Other financial expense	247,825	278,842
<b>Financial result</b>	<b>144,611</b>	<b>63,842</b>
Tax on profit or loss on ordinary activities	(655,238)	1,435,086
- current	1,826,122	1,619,857
- deferred	(2,481,360)	(184,771)
<b>Profit or loss on ordinary activities after taxation</b>	<b>7,410,264</b>	<b>4,457,470</b>
<b>Net profit (loss) for the financial period</b>	<b>7,410,264</b>	<b>4,457,470</b>
<b>Profit or loss before taxation</b>	<b>6,755,026</b>	<b>5,892,556</b>

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended 31 December 2007

(in thousand Czech crowns)

	Share capital	Statutory reserve fund	Social fund	Retained earnings	Other capital funds	Total
<b>As at 1 January 2006</b>	<b>58,307,492</b>	-	<b>29,229</b>	<b>(11,514,561)</b>	-	<b>46,822,160</b>
Social fund utilization	-	-	(13,320)	-	-	(13,320)
Decrease of share capital (redemption of retained loss)	(11,514,527)	-	-	11,514,527	-	-
Net profit/(loss) for the current period	-	-	-	4,457,470	-	4,457,470
<b>As at 31 December 2006</b>	<b>46,792,965</b>	-	<b>15,909</b>	<b>4,457,436</b>	-	<b>51,266,310</b>
Contribution to reserve fund	-	445,747	-	(445,747)	-	-
Contribution to social fund	-	-	21,609	(21,609)	-	-
Social fund utilization	-	-	(14,297)	-	-	(14,297)
Transfer of social fund	-	-	(23,221)	23,221	-	-
Dividends paid	-	-	-	(3,990,080)	-	(3,990,080)
Net profit/(loss) for the current period	-	-	-	7,410,264	-	7,410,264
Contribution of land in fair value	-	-	-	-	28,732	28,732
<b>As at 31 December 2007</b>	<b>46,792,965</b>	<b>445,747</b>	-	<b>7,433,485</b>	<b>28,732</b>	<b>54,700,929</b>

**CASH FLOW STATEMENT**  
**Year ended 31 December 2007**  
(in thousand Czech crowns)

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net profit on ordinary activities before tax</b>	<b>6,755,026</b>	<b>5,892,556</b>
Adjustments for non-cash movements:	1,797,196	2,294,924
Depreciation of fixed assets	2,291,291	2,131,435
Change in provisions	(182,524)	181,344
Loss from disposal of fixed assets	3,823	229,519
Net interest expense (income)	(216,859)	(80,905)
Change in fair value of financial derivatives	(98,535)	(166,469)
<b>Net cash flow from ordinary activities before tax, changes in working capital and extraordinary items</b>	<b>8,552,222</b>	<b>8,187,480</b>
Working capital changes:	(2,259,776)	(6,205,036)
(Increase)/decrease in receivables and prepayments	(1,762, 652)	(7,655,046)
Increase/(decrease) in short-term payables and accruals	(492,388)	1,437,690
(Increase)/decrease in inventories	(4,736)	12,320
<b>Net cash flow from ordinary activities before tax and extraordinary items</b>	<b>6,292,446</b>	<b>1,982,444</b>
Interest received	213,989	78,353
Income tax on ordinary activities paid	(1,693,685)	(1,578,540)
<b>Net cash flow from ordinary activities</b>	<b>4,812,750</b>	<b>482,257</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of fixed assets	(232,520)	(494,356)
Proceeds from sale of fixed assets	6,081	102,838
<b>Net cash flow from investing activities</b>	<b>(226,439)</b>	<b>(391,518)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Changes in equity:	(4,004,377)	(13,086)
Direct payments from reserves	(14,297)	(13,086)
Dividends paid	(3,990,080)	-
<b>Net cash flow from financing activities</b>	<b>(4,004,377)</b>	<b>(13,086)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>581,934</b>	<b>77,653</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>79,597</b>	<b>1,944</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>661,531</b>	<b>79,597</b>

## 4.2 Notes to Financial Statements

Year ended 31 December 2007

### 1 General Information

RWE Transgas Net, s.r.o. ("the Company"), was incorporated on 29 June 2005 in Commercial Register and has its registered office at Prague 10-Strašnice, V Olšinách 75/2300, Czech Republic. According to the Commercial Register, the Company's main business activity is natural gas transportation in accordance with the Act No. 458/2000 Coll., on conditions for undertaking the business and for the execution of state administration in the energy sector and on changes to certain decrees. Identification number of the Company is 27260364.

RWE Transgas, a.s. is the sole shareholder of the Company.

The Statutory representatives as at 31 December 2007 were as follows:

	Position	Date of appointment
Mr Klaus Homann	Statutory representative	1 January 2006
Mr Thomas Kleefuss	Statutory representative	1 January 2006
Mr Jan Nehoda	Statutory representative	1 January 2006

The members of the Supervisory Board as at 31 December 2007 were as follows:

	Position	Date of appointment
Mr Werner Roos	Chairman	16 January 2007 (appointed as a member on 22 December 2006)
Mr Martin Herrmann	Vice-Chairman	16 January 2007 (appointed as a member on 22 December 2006)
Mr Andreas Böwing	member	22 December 2006
Mr Dirk Simons	member	18 May 2007
Ms Šárka Vojíková	member	22 December 2006
Mr Jan Zaplatilek	member	22 December 2006

During 2007 the following change in the Supervisory Board was made based on the decision of the sole shareholder of the Company: Mr Ulrich Jobs resigned from his position on 27 March 2007 and Mr Dirk Simons was appointed as a member of the Supervisory Board to replace the relieved member effective from 18 May 2007.

The Company is organized as follows: The general meeting is the supreme body of the Company. Statutory representatives are the body governing the Company's activities and acting on its behalf. The Supervisory Board is the controlling body of the Company and was established on 22 December 2006.

Governance of the Company is divided into three departments titled as follows: Capacity&Finance, Asset Management, Operation. These departments are managed by the relevant statutory representatives.

## 2 Contribution of Part of the Business

RWE Transgas, a.s., the sole shareholder of the Company, carved out part of its business activity on 1 January 2006 as requested by the relevant European Union Directive and the amendments to the Energy Act. The Company took over the role of the transit system operator from its shareholder on 1 January 2006.

Share capital of the Company was increased by the contribution of part of the business in the amount of CZK 58,305,492 thousand on 1 January 2006. This contribution was valued by an independent appraiser. Share capital of the Company was decreased in February 2006 to CZK 46,792,965 thousand based of the sole shareholder's decision in order to compensate the accumulated losses.

## 3 Accounting Policies

**a) Basis of preparation.** The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic and Czech Accounting Standards. The financial statements have been prepared under the historical cost convention except as described further. Derivatives are shown at fair value.

**b) Intangible fixed assets.** Purchased intangible fixed assets are recorded at cost. All research costs are expensed. Development costs are capitalised as intangible assets and are recorded at the cost. All other development costs are expensed as incurred.

Intangible fixed assets are amortised applying the straight-line method over their estimated useful lives. The Company applies amortization period of 4 years (unless the agreement or licence conditions state shorter or longer period).

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

Intangible assets, with a useful life longer than one year and a unit cost of less than CZK 60 thousand, are expensed upon consumption and are kept in off-balance sheet evidence until the end of their use.

Subsequent expenditure on intangible assets exceeding CZK 60 thousand per year is capitalized.

Emission rights are held under the "Other intangible fixed assets". Emission rights allocated by the National Allocation Plan free of charge to the Company are held under the "Other intangible fixed assets" and also under the "Taxes and state subsidies payable" when entered to the Register of emission rights in the Czech Republic. Emission rights allocated are recorded at replacement cost.

Consumption of emission rights is recorded at the date of preparation of financial statement on the basis of estimate of actual CO<sub>2</sub> emissions in the period to "Other operating charges". The weighted average method is applied by the Company to account for disposals of the emission rights. Sales of emission rights are accounted for within the accounts of other operational revenue and are stated at selling prices. In case of shortage of emission rights at the year end a provision is established for expected consumption in the following year.

A provision is established when the book value of emission rights exceeds their estimated recoverable amount.

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

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

Buildings and constructions	45–70 years
Plant, machinery and equipment	4–10 years
Furniture and fittings	4–8 years
Motor vehicles	4–8 years

The Company applies different depreciation rates for accounting and tax purposes.



Repairs and maintenance expenditures relating to tangible assets are expensed as incurred. Subsequent expenditure relating to tangible fixed assets exceeding CZK 40 thousand per year is capitalized.

Tangible assets, with a useful life longer than one year and a unit cost higher than CZK 10 thousand but lower than CZK 40 thousand are depreciated using the straight-line method over their estimated useful life.

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

**d) Inventories.** Raw materials are mainly spare parts for the gas pipeline network.

Inventories are stated at the lower of cost and net realizable amount. The cost includes the appropriate overheads incurred to bring the inventory to its present condition and location (mainly transport, customs duty, etc.). The weighted average cost method is applied for all disposals.

**e) Receivables.** Receivables are stated at the nominal value less a provision for doubtful amounts. A provision for bad debts is established on the basis of an aging analysis and individual evaluation of the recoverability of the receivables. A provision is not established for doubtful amounts from related parties.

**f) Cash and cash equivalents.** The Company has prepared a cash-flow statement following the indirect method. Cash and cash equivalents include cash in hand, stamps and vouchers and cash in banks, including bank overdrafts.

Cash equivalents are short-term highly liquid investments that can be exchanged for a predictable amount of cash and no significant changes of value over time are expected. Cash equivalents are, for example, long-term deposits with a termination term of less than 3 months.

The Company uses so-called cashpooling within the group. A receivable (liability) that arises from cashpooling and meets the cash and cash equivalents criteria is presented in the Cash Flow statement as a part of the item Cash and Cash equivalents.

**g) Foreign currency translation.** Transactions denominated in a foreign currency are translated and recorded at the fixed exchange rate determined for the month period at the first day of the period.

All monetary assets and liabilities denominated in foreign currencies have been translated at the year-end exchange rate as published by the Czech National Bank. All exchange gains and losses on monetary assets and liabilities are recorded in the income statement.

**h) Derivative financial instruments.** Derivative financial instruments are initially recognized in the balance sheet at cost and are subsequently re-measured at their fair value.

Fair value of the derivatives is calculated as present value of the anticipated future cash flows. All derivatives are shown in other receivables or in other payables when their fair value is positive or negative, respectively.

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

**i) Expense and revenue recognition.** Expenses and revenues are recognized in the period to which they relate.

The Company recognizes as revenue all income from fees collected for the transit and domestic gas transportation across the Czech Republic. Cost of sales includes mainly the cost of gas transportation.

**j) 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. Provisions are also created against the cost of future inspections of the gas pipeline network and for the cost of repairs of fixed assets as defined by the Act on Reserves. Provisions are created in the amount of the expected outflow in current terms and their amounts are reviewed and updated on a regular basis.

**k) Pension and life plans.** The Company provides contribution for pension and life insurance to its employees which is recognized as an expense. Further regular contributions are made to the state to fund the national pension plan.

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

**m) 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 subsidiaries and associates of these shareholders;
- members of the Company's statutory and supervisory bodies and management and parties close to such members, including entities in which they have a controlling or significant influence.

Material transactions and outstanding balances with related parties are disclosed in Notes 14 and 15.

**n) Equity.** The statutory reserve fund may be only used to cover potential losses of the Company. The Company is required by its Articles of Association and by the Commercial law to transfer 10% of net profit in the first year and 5% of its annual net profits in the following years to the statutory reserve fund until the balance of this reserve reaches 10% of the share capital.

According to its Articles of Association, the Company created the social fund from net profits in the amount of 6.5% of annual staff costs in year 2007, including wages compensation and readiness to work rewards. The social fund was transferred to retained earnings based on decision of statutory representatives from 13 December 2007.

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

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

## 4 Intangible Fixed Assets

### Cost

	1 January 2007 CZK'000	Additions CZK'000	Transfers CZK'000	Disposals CZK'000	31 December 2007 CZK'000
Research & development	54,028	-	22,325	-	76,353
Software	90,916	-	31,517	(180)	122,253
Royalties	2,150	-	1,399	-	3,549
Intangible assets in the course of construction	11,728	62,166	(55,241)	-	18,653
Emission rights	-	9,898	-	(9,898)	-
<b>Total</b>	<b>158,822</b>	<b>72,064</b>	<b>-</b>	<b>(10,078)</b>	<b>220,808</b>

The Company did not purchase any emission rights in 2006 and 2007.

### Accumulated amortisation and net book value

	1 January 2007 CZK'000	Additions CZK'000	Disposals CZK'000	31 December 2007 CZK'000
Research & development	(12,437)	(14,526)	-	(26,963)
Software	(23,350)	(34,560)	180	(57,730)
Royalties	(536)	(755)	-	(1,291)
<b>Total</b>	<b>(36,323)</b>	<b>(49,841)</b>	<b>180</b>	<b>(85,984)</b>
<b>Net book value</b>	<b>122,499</b>			<b>134,824</b>

### Cost

	1 January 2006 CZK'000	Additions CZK'000	Transfers CZK'000	Disposals CZK'000	31 December 2006 CZK'000
Research & development	41,105	-	13,488	(565)	54,028
Software	39,842	-	51,090	(16)	90,916
Royalties	1,852	-	298	-	2,150
Intangible assets in the course of construction	33,317	43,287	(64,876)	-	11,728
Emission rights	-	331,599	-	(331,599)	-
<b>Total</b>	<b>116,116</b>	<b>374,886</b>	<b>-</b>	<b>(332,180)</b>	<b>158,822</b>

**Accumulated amortisation and net book value**

	1 January 2006 CZK'000	Additions CZK'000	Disposals CZK'000	31 December 2006 CZK'000
Research & development	-	(13,002)	565	(12,437)
Software	-	(23,366)	16	(23,350)
Royalties	-	(536)	-	(536)
<b>Total</b>	<b>-</b>	<b>(36,904)</b>	<b>581</b>	<b>(36,323)</b>
<b>Net book value</b>	<b>116,116</b>			<b>122,499</b>

**5 Tangible Fixed Assets****Cost**

	1 January 2007 CZK'000	Additions CZK'000	Transfers CZK'000	Disposals CZK'000	31 December 2007 CZK'000
Land	99,480	-	26,763	(213)	126,030
Buildings, halls and constructions	52,839,233	-	36,754	(214)	52,875,773
Equipment	4,927,200	-	73,508	(12,893)	4,987,815
Other tangible fixed assets	1,135	-	4	-	1,139
Tangible assets in the course of construction	46,048	234,274	(137,029)	-	143,293
Advances paid for fixed assets	100	116	(116)	-	100
<b>Total</b>	<b>57,913,196</b>	<b>234,390</b>	<b>(116)</b>	<b>(13 320)</b>	<b>58,134,150</b>

**Accumulated depreciation and net book value**

	1 January 2007 CZK'000	Additions CZK'000	Disposals CZK'000	Provisions CZK'000	31 December 2007 CZK'000
Buildings, halls and constructions	(1,724,852)	(1,728,508)	214	(1,100)	(3,454,246)
Equipment	(385,579)	(518,527)	12,893	-	(891,213)
<b>Total</b>	<b>(2,110,431)</b>	<b>(2,247,035)</b>	<b>13,107</b>	<b>(1,100)</b>	<b>(4,345,459)</b>
<b>Net book value</b>	<b>55,802,765</b>				<b>53,788,691</b>

Increased depreciation charge in 2007 results from the management decision to adjust useful life of selected assets to reflect their expected utilization.

## Cost

	1 January 2006 CZK'000	Additions CZK'000	Transfers CZK'000	Disposals CZK'000	31 December 2006 CZK'000
Land	99,239	-	241	-	99,480
Buildings, halls and constructions	52,752,099	-	88,276	(1,142)	52,839,233
Equipment	4,774,366	-	155,523	(2,689)	4,927,200
Other tangible fixed assets	1,135	-	-	-	1,135
Tangible assets in the course of construction	122,409	167,679	(244,040)	-	46,048
Advances paid for fixed assets	-	827	(727)	-	100
<b>Total</b>	<b>57,749,248</b>	<b>168,506</b>	<b>(727)</b>	<b>(3,831)</b>	<b>57,913,196</b>

## Accumulated depreciation and net book value

	1 January 2006 CZK'000	Additions CZK'000	Disposals CZK'000	Provisions CZK'000	31 December 2006 CZK'000
Buildings, halls and constructions	-	(1,707,094)	1,142	(18,900)	(1,724,852)
Equipment	-	(388,268)	2,689	-	(385,579)
<b>Total</b>	<b>-</b>	<b>(2,095,362)</b>	<b>3,831</b>	<b>(18,900)</b>	<b>(2,110,431)</b>
<b>Net book value</b>	<b>57,749,248</b>				<b>55,802,765</b>

## 6 Inventories

	31 December 2007 CZK'000	31 December 2006 CZK'000
Raw materials	77,620	72,884
<b>Net book value</b>	<b>77,620</b>	<b>72,884</b>

There was no provision for inventories as at 31 December 2007 and 2006.

No differences were identified based on the inventory stock-counts performed in 2007 and 2006.



## 7 Receivables

		31 December 2006 CZK'000	31 December 2007 CZK'000
Trade receivables	- current	404,866	486,211
	- overdue	90	1,689
		<b>404,956</b>	<b>487,900</b>
Other receivables	- current	9,667,658	7,045,997
Anticipated assets		872,943	968,866
Net total short-term receivables		10,945,557	8,502,763
<b>Net total receivables</b>		<b>10,945,557</b>	<b>8,502,763</b>

Outstanding receivables have not been secured.

Other receivables as at 31 December 2007 include loan provided to RWE Transgas, a.s. (see note 15 Related party transactions) in the amount of CZK 9,373,451 thousand, receivable from derivatives in the amount of CZK 272,921 thousand and other receivables in the amount of CZK 21,286 thousand.

Provision for doubtful receivables was nil as at 31 December 2007 and 31 December 2006.

## 8 Equity

The Company is fully owned by RWE Transgas, a.s., incorporated in the Czech Republic, and the ultimate holding company is RWE Aktiengesellschaft, incorporated in Germany.

The net profit after taxation of CZK 4,457,470 thousand for 2006 was approved and distributed by the decision of the sole shareholder on 4 April 2007.

## 9 Provisions

	Tax-deductible provisions CZK'000	Other provisions CZK'000	Income tax provision CZK'000	Total CZK'000
<b>Opening balance as at 1 January 2006</b>	<b>67,407</b>	-	-	<b>67,407</b>
Charge for the year	4,590	184,130	41,317	230,037
Released in the year	(5,757)	-	-	(5,757)
Used in the year	(20,519)	-	-	(20,519)
<b>Closing balance as at 31 December 2006</b>	<b>45,721</b>	<b>184,130</b>	<b>41,317</b>	<b>271,168</b>
Charge for the year	-	31,193	173,754	204,947
Released in the year	-	(39,061)	-	(39,061)
Used in the year	(34,227)	(141,529)	(41,317)	(217,073)
<b>Closing balance as at 31 December 2007</b>	<b>11,494</b>	<b>34,733</b>	<b>173,754</b>	<b>219,981</b>

As at 31 December 2007 the income tax provision in the amount of CZK 1,817,483 thousand (2006: CZK 1,619,857 thousand) was decreased by tax advance payments in the amount of CZK 1,643,729 thousand (2006: CZK 1,578,540 thousand) and classified as Liabilities – Income tax provision.

For the analysis of the income and deferred tax, see Note 12.

The Company has created tax-deductible provision to cover the cost of regular inspections of the gas pipeline network as well as repairs of tangible fixed assets in the amount of CZK 11,494 thousand (2006: CZK 45,721 thousand).

Other provisions contain provision for employee benefits and share option bonus plan.

## 10 Liabilities

	31 December 2007 CZK'000	31 December 2006 CZK'000
Trade payables – current	248,040	270,600
Other payables – current	882,672	1,220,566
Anticipated liabilities	55,063	147,703
<b>Total short-term payables</b>	<b>1,185,775</b>	<b>1,638,869</b>
Other long-term payables	200	200
Deferred tax liability*	8,848,397	11,329,757
<b>Total short- and long-term liabilities</b>	<b>10,034,372</b>	<b>12,968,826</b>

\* See note 12 Income tax

The Company had no overdue liabilities as at 31 December 2007 and 2006.

Other payables as at 31 December 2007 include prepayments received from RWE Gas Storage, s.r.o. in the amount of CZK 593,204 thousand for operation and maintenance of underground gas storages, prepayments received from RWE Transgas, a.s. in the amount of CZK 130,890 thousand for gas transit, other prepayments in the amount of CZK 117,642 thousand and other payables in the amount of CZK 40,936 thousand.

Trade and other payables have not been secured over any assets of the Company.

## 11 Derivative Financial Instruments

The fair value of derivatives is shown in "Other receivables".

Forward instruments:

	31 December 2007		31 December 2006	
	Fair value – positive CZK'000	Notional amount CZK'000	Fair value – positive CZK'000	Notional amount CZK'000
Currency forwards	265,004	10,170,493	166,469	10,750,978

Notional amount represents net presentation of total volume of concluded forward transactions.

Change in a fair value of forward instruments and related gains and losses from financial transactions:

	2007 CZK'000	2006 CZK'000
Changes in fair value of forward instruments	64,948	88,886
Gains from forward instruments	81,277	152,974
Losses from forward instruments	(154,383)	(204,283)
<b>Total</b>	<b>(8,158)</b>	<b>37,577</b>

Gains and losses are shown in "Other financial income" and "Other financial expense".

Certain derivative transactions, although providing effective economic hedges under the Company's risk management strategies, do not qualify for the hedge accounting under Czech accounting rules. Therefore they are shown above as trading derivatives. Change in the fair value of trading derivatives is recorded in the income statement within the category "financial result".

## 12 Income Tax

The income tax expense consists of the following:

	31 December 2007 CZK'000	31 December 2006 CZK'000
Current tax expense	1,817,483	1,619,857
Deferred tax expense	(2,481,360)	(184,771)
Adjustment of prior year income tax expense based on the actual tax return	8,639	-
<b>Total</b>	<b>(655,238)</b>	<b>1,435,086</b>

Current tax can be analysed as follows:

	31 December 2007 CZK'000	31 December 2006 CZK'000
Net profit before taxation	6,755,026	5,892,556
Non-taxable revenues	(181,607)	(780)
Difference between accounting and tax depreciation	938,047	665,084
Non-deductible costs	64,399	195,910
Gifts	(2,545)	(2,816)
<b>Net taxable profit</b>	<b>7,573,320</b>	<b>6,749,954</b>
Income tax rate	24%	24%
Corporate taxation at 24%	1,817,597	1,619,989
Tax discount	(114)	(132)
<b>Tax to be paid</b>	<b>1,817,483</b>	<b>1,619,857</b>

The deferred tax asset/(liability) is calculated at 21% (the rate enacted for 2008), 20% (the rate enacted for 2009) and 19% (the rate enacted for 2010) depending on the period when temporary difference is expected to crystallise. Deferred tax asset/(liability) can be analysed as follows:

	31 December 2007 CZK'000	31 December 2006 CZK'000
<b>Deferred tax liability:</b>		
Difference between carrying value accounting and tax base of fixed assets.	(8,855,377)	(11,367,384)
<b>Deferred tax asset:</b>		
Other provisions	6,980	37,627
<b>Net deferred tax asset / (liability)</b>	<b>(8,848,397)</b>	<b>(11,329,757)</b>

Change in income tax rates in year 2007 was performed based on Income tax law amendment. Effect of changed income tax rates of CZK 2,283,691 thousand has been charged to the Income statement.

### 13 Revenue Analysis

Sales of own products and services have been generated as follows:

	2007 CZK'000	2006 CZK'000
Transportation - transit	7,962,105	8,362,427
- domestic	2,247,245	2,039,549
Other*	690,106	689,527
<b>Total</b>	<b>10,899,456</b>	<b>11,091,503</b>

\*Other revenues include mainly operation and maintenance of underground gas storages

### 14 Employee Analysis

	2007 CZK'000	2006 CZK'000
Average number of employees who are members of management	8	7
Average number of other members of management	4	3
Average number of other staff	709	784
<b>Total</b>	<b>721</b>	<b>794</b>

No employee of the Company was a member of Supervisory Board in 2007 and 2006.

Management includes Statutory representatives and other directors directly reporting to them.

	Management CZK'000	Other staff CZK'000	Total CZK'000
<b>2007</b>			
Wages and salaries	20,216	435,110	455,326
Bonuses to the members of statutory bodies	180	-	180
Social security costs	7,076	110,563	117,639
Other social costs	119	14,720	14,839
<b>Total</b>	<b>27,591</b>	<b>560,393</b>	<b>587,984</b>
<b>2006</b>			
Wages and salaries	20,346	314,364	334,710
Social security costs	7,121	109,945	117,066
Other social costs	106	16,266	16,372
<b>Total</b>	<b>27,573</b>	<b>440,575</b>	<b>468,148</b>

Other transactions with the Company's employees are described in Note 15 – Related party transactions.

## 15 Related Party Transactions

Profit/loss transfer agreement was concluded with RWE Transgas, a.s. on 29 June 2006. Based on this agreement the Company is committed to transfer its annual profit after contribution to statutory reserve fund and social fund to its shareholder. The shareholder is required to settle a loss of the Company that could not be settled from the statutory reserve fund or other Company's available funds.

The Company was involved in the following related party transactions:

<b>Purchases</b>	<b>2007</b> CZK'000	<b>2006</b> CZK'000
RWE Transgas, a.s. (services)	659,214	1,413,538
RWE Interní služby, a.s. (services)	175,925	188,464
RWE Aktiengesellschaft (financial assets)	506,804	1,114
RWE Plynoprojekt, a.s. (services, assets)	23,503	17,431
Other	8,794	6,462
<b>Total purchases</b>	<b>1,374,240</b>	<b>1,627,009</b>

<b>Sales</b>	<b>2007</b> CZK'000	<b>2006</b> CZK'000
Transportation (transit and domestic):		
RWE Transgas, a.s.	8,955,160	10,328,520
Regional distribution companies	1,029,546	-
<b>Total sales</b>	<b>9,984,706</b>	<b>10,328,520</b>

<b>Other sales</b>	<b>2007</b> CZK'000	<b>2006</b> CZK'000
RWE Transgas, a.s. (services, interests)	387,661	734,051
RWE Energy Aktiengesellschaft (services)	508	123,683
RWE Aktiengesellschaft (financial assets)	571,752	30,428
RWE Gas Storage, s.r.o. (services)	477,332	-
Other	13,107	6,763
<b>Total other sales</b>	<b>1,450,360</b>	<b>894,925</b>

All transactions were realized on arm's length basis.

The following related party balances were outstanding at:

	31 December 2007 CZK'000	31 December 2006 CZK'000
<b>Trade receivables:</b>		
RWE Transgas, a.s.	393,611	448,629
RWE Aktiengesellschaft	-	32,889
Other RWE Group companies	1,793	162
<b>Total trade receivables</b>	<b>395,404</b>	<b>481,680</b>
<b>Advances paid:</b>		
RWE Interní služby, a.s.	13,721	96,424
Other RWE Group companies	442	442
<b>Total advances paid</b>	<b>14,163</b>	<b>96,866</b>
<b>Unbilled anticipated assets:</b>		
RWE Transgas, a.s.	299,543	964,010
RWE Gas Storage, s.r.o.	475,180	-
Other RWE Group companies	92,800	-
<b>Total unbilled anticipated assets</b>	<b>867,523</b>	<b>964,010</b>
<b>Other receivables (from derivatives):</b>		
RWE Aktiengesellschaft	272,921	167,496
<b>Total other receivables</b>	<b>272,921</b>	<b>167,496</b>
<b>Loans receivable:</b>		
RWE Transgas, a.s.	9,373,451	6,777,638
<b>Total loans receivable</b>	<b>9,373,451</b>	<b>6,777,638</b>
<b>Total receivables</b>	<b>10,923,462</b>	<b>8,487,690</b>

	31 December 2007 CZK'000	31 December 2006 CZK'000
<b>Trade payables:</b>		
RWE Transgas, a.s.	56,212	108,518
RWE Interní služby, a.s.	19,253	10,506
RWE Plynoprojekt, a.s.	10,665	14,751
Other RWE Group companies	29	732
<b>Total trade payables</b>	<b>86,159</b>	<b>134,507</b>
<b>Advances received:</b>		
RWE Transgas, a.s.	109,992	798,241
RWE Gas Storage, s.r.o.	498,470	-
Other RWE Group companies	92,752	-
<b>Total advances received</b>	<b>701,214</b>	<b>798,241</b>
<b>Unbilled anticipated payables:</b>		
RWE Interní služby, a.s.	14,020	92,557
Other RWE Group companies	7,236	27,239
<b>Total unbilled anticipated payables</b>	<b>21,256</b>	<b>119,796</b>
<b>Other payables (from derivatives):</b>		
RWE Aktiengesellschaft	7,918	1,027
<b>Total other payables</b>	<b>7,918</b>	<b>1,027</b>
<b>Total payables</b>	<b>816,547</b>	<b>1,053,571</b>

The loans receivable and payable bear interest at market interest rates. Trade receivables and payables arose under the same terms and conditions as with unrelated parties. Receivables from related parties are not provided for.

Company cars are made available for use by management in total acquisition costs of CZK 29,199 thousand (2006: CZK 27,233 thousand).

The Company provides foreign members of management with accommodation, in 2007 rent totalled CZK 1,769 thousand (2006: CZK 2,532 thousand).

Share option bonus plan has been provided to the management, in 2007 provision for this plan was created in the amount of CZK 7,033 thousand (2006: CZK 3,540 thousand).

Total remuneration for members of the Supervisory Board was CZK 180 thousand (2006: CZK nil).

Besides the above disclosed remuneration and benefits, there was no other cash or non-cash consideration provided in 2007 and 2006 to the Company shareholder, members of the Company's boards and management.

## **16 Commitments**

Capital commitments contracted by the Company as at 31 December 2007 were at total amount of CZK 4,584 thousand (31 December 2006: CZK 15,504 thousand).

## **17 Contingent Liabilities**

The management of the Company is not aware of any significant unrecorded contingent liabilities as at 31 December 2007.

## **18 Subsequent Events**

No events have occurred subsequent to the year-end that would have a material impact on the financial statements as at 31 December 2007.



## 19 Cash Flow Statement

Cash and cash equivalents disclosed in the cash flow statement can be analysed as follows:

	31 December 2007 CZK'000	31 December 2006 CZK'000
Cash on hand and in transit	1,696	1,714
Cash in bank	384	245
Receivable arising from cashpooling	659,451	77,638
Cash and cash equivalents	661,531	79,597

## Statutory approvals

These financial statements have been approved for submission to the general meeting by the Company's statutory representatives.

13 February 2008



**Thomas Kleefuss**  
Statutory representative



**Jan Nehoda**  
Statutory representative

### Translation note

This version of the accompanying documents is a translation from the original, which was prepared in Czech language. 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.

# 5 Independent Auditor's Report

## 5.1 Auditor's Report on the Financial Statements



### ENGLISH TRANSLATION

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF RWE TRANSGAS NET, S.R.O.

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

We have audited the accompanying financial statements of RWE Transgas Net, s.r.o. ("the Company"), which comprise the balance sheet as at 31 December 2007, the income statement, statement of changes in equity and cash flow statement for the year then ended and notes, including a summary of significant accounting policies ("the financial statements"). Details of the Company are disclosed in note 1 to these financial statements.

### Statutory Directors' Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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**Shareholder of RWE Transgas Net, s.r.o.**  
**Independent auditor's report**

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

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

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2007, its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

13 February 2008

*PricewaterhouseCoopers Audit, s.r.o.*

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

Petr Šobotník  
 Auditor, Licence No. 113

**Translation note**

This version of our report 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.

## 5.2 Auditor's Report on the Annual Report and Report on Relations between Related Parties



### ENGLISH TRANSLATION

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF RWE TRANSGAS NET, S.R.O.

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

### Report on the Annual Report

We have audited the annual report of RWE Transgas Net, s.r.o. ("the Company") for consistency with the financial statements for the year ended 31 December 2007 which are included in this Annual Report on pages 19–43. The Statutory Directors are responsible for the accuracy of the annual report. Our responsibility is to express an opinion on the consistency of the annual report and the financial statements based on our audit.

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

In our opinion, the information included in the annual report of the Company for the year ended 31 December 2007 is consistent, in all material respects, with the financial statements referred to above.

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

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**Shareholder of RWE Transgas Net, s.r.o.**  
**Independent auditor's report**

**Report on review of the Report on Relations**

In addition we have also reviewed the accompanying report on relations between the Company and its controlling party and between the Company and the other persons controlled by the same controlling party for the year ended 31 December 2007 (the "Report"). The completeness and accuracy of the Report is the responsibility of the Statutory Directors of the Company. Our responsibility is to review the accuracy of information included in the Report.

We conducted our review in accordance with the International Standard on Review Engagements 2400 and related application guidance of the Chamber of Auditors of the Czech Republic for review of the report on relations. These standards require that we plan and perform the review to obtain moderate assurance as to whether the Report is free of material misstatement. A review is limited primarily to inquiries of Company personnel, analytical procedures and examination, on a test basis, of factual accuracy of data. A review therefore provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Report has not been properly prepared, in all material respects, in accordance with the requirements of Article 66a of the Commercial Code.

17 March 2008

*PricewaterhouseCoopers Audit, s.r.o.*

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

Petr Šobotník  
 Auditor, Licence No. 113

**Translation note**

This version of our report 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.

## ***6 Report of RWE Transgas Net, s.r.o. on Relations between Related Parties as at 31 December 2007***

Since RWE Transgas Net, s.r.o. (hereinafter “the Company”) as a controlled person did not enter into any controlling agreement effective in 2007, the Company has, under Section 66a, subsection 9 of Act No. 513/1991, the Commercial Code, as amended, drawn up this Report on Relations between the Company and Controlling Persons and between the Company and Other Persons Controlled by the Same Controlling Persons (hereinafter “Related Parties”) for 2007, to the extent these Related Parties are known to the Company. This Report is an integral part of the Company’s Annual Report for 2007 and the Company’s members will have this Report available by the same time and under the same conditions as the annual financial statements.

### ***1 Controlling persons***

Throughout the past accounting period the Company was controlled by the following persons:

a) Directly

- RWE Transgas, a.s., registered office at Limuzská 12/3135, Praha 10, 100 98, Company No. 26460815, which was the sole member of the Company and which was directly controlled by its shareholder, RWE Gas International B.V.

b) Indirectly

- RWE Gas International B.V., registered office at Diamantlaan 15, 2132 WV Hoofddorp, the Netherlands, which was the sole shareholder of RWE Transgas, a.s.;
- RWE Energy Aktiengesellschaft (hereinafter “RWE Energy AG”), registered office at Rheinlanddamm 24, 44139 Dortmund, Germany, which was the sole member of RWE Gas International B.V.; and
- RWE Aktiengesellschaft (hereinafter “RWE AG”), registered office at Opernplatz 1, 45128 Essen, Germany, which was the sole shareholder of RWE Energy AG.

## ***2 Other Related Parties***

The Company requested the above controlling persons to provide a list of the other persons that were controlled by the same controlling persons in the past accounting period. The Company has drawn up this Report on the basis of the information provided by the controlling persons and other information available to it. The scheme of the relations between and control of companies along the relevant line within the RWE Group as at 31 December 2007 can be found on the last page of this report.

## ***3 Agreements executed between the Company and Related Parties and performance provided and accepted***

The Company and Related Parties executed agreements listed in Appendix 1 in the past accounting period. The agreements were executed under arm's length terms and conditions, and the performance and payments under these agreements, and also agreements entered into in previous accounting periods, reflect customary business relations. For this reason, no damage can be caused to the Company by performing under these agreements. There was therefore no need to secure any compensation for damage or enter into any agreements thereon. The values of the performance and payments between Related Parties in the relevant accounting period are shown in Note 15 of the Notes to the financial statements as at 31 December 2007.

## ***4 Other legal acts made in the interest of Related Parties***

In the last accounting period the Company did not make any legal acts in the interest of Related Parties.

## ***5 Measures adopted in the interest or upon suggestion of Related Parties***

The Company did not adopt or carry out any measures in the interest or upon suggestion of Related Parties in the past accounting period.

## ***6 Non-existence of damage***

In the past accounting period the Company did not suffer any damage caused by agreements in place with Related Parties, or other legal acts made in the interest of Related Parties or measures carried out in the interest or upon suggestion of Related Parties, which had been executed or adopted before the past accounting period.

## 7 Confidentiality

This Report does not disclose any information that is subject to the Company's trade secret.

## 8 Conclusion

This Report was approved by the Directors of the Company on 13 February 2008 and it has been presented for review to the Company's auditor, who reviews the financial statements under a separate law.

At Prague, on 13 February 2008

Directors of RWE Transgas Net, s.r.o.



**Thomas Kleefuss**  
Director



**Jan Nehoda**  
Director



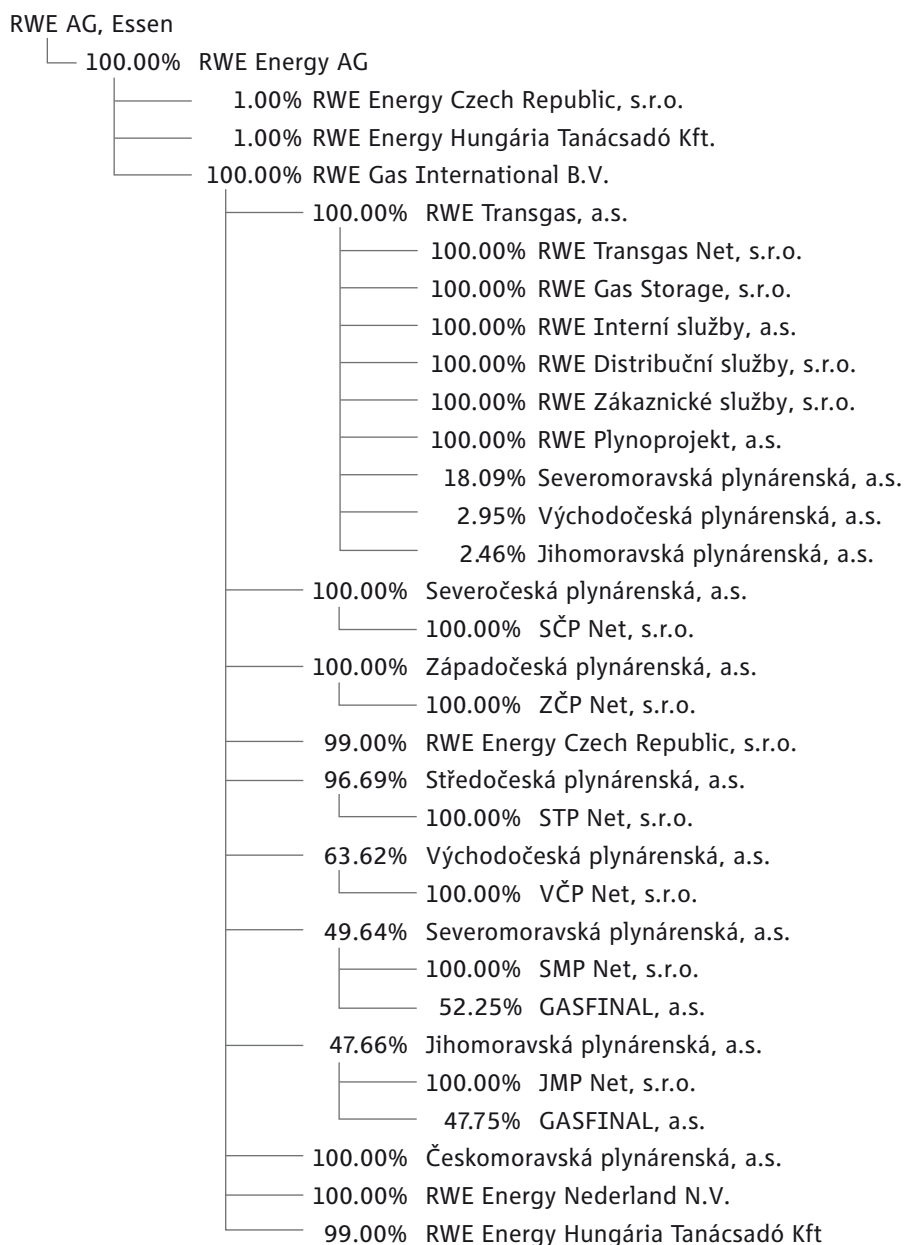
## Appendix 1

### Agreements entered into by and between the Company and Related Parties in the last accounting period

Contracting party	Type of agreement/Purpose of agreement	Number of agreements
Jihomoravská plynárenská, a.s.	Agreement on the transfer of responsibility for imbalance	1
	Gas transmission agreement	1
	Agreement on bundled gas supply services	1
	Purchase order	17
JMP Net, s.r.o.	Agreement on the provision of the Compliance Officer service	1
	Purchase order	1
RWE Gas Storage, s.r.o.	Agreement on the connection of the transmission system and UGS facilities	1
	Agreement on the operation and maintenance of the storage system	1
	Agreement on the provision of the Compliance Officer service	1
	Agreement on dispatch control service provision	1
	Agreement on investment engineering services	1
RWE Interní služby, a.s.	Addendum 3 to the Agreement on IT services	1
	Agreement on the assignment of rights and obligations	1
	Agreement on the assignment of receivables	2
	Purchase order	2
RWE Plynoprojekt, a.s.	Contract for work	16
	Addendum 3 to a mandate agreement	1
	A study	2
	Cooperation agreement	1
	Purchase order	68
RWE Transgas, a.s.	Agreement on gas transit	9
	Master gas transmission agreement	1
	Agreement on wheeling provision	1
	Gas transmission agreement	3
	Agreement on flexible gas transmission	1
RWE Transgas, a.s., Jihomoravská plynárenská, a.s.	Agreement on transmission capacity transfer	1
RWE Transgas, a.s., Severočeská plynárenská, a.s.	Agreement on transmission capacity transfer	1
RWE Transgas, a.s., Severomoravská plynárenská, a.s.	Agreement on transmission capacity transfer	1
RWE Transgas, a.s., Středočeská plynárenská, a.s.	Agreement on transmission capacity transfer	1
RWE Transgas, a.s., Východočeská plynárenská, a.s.	Agreement on transmission capacity transfer	2
RWE Transgas, a.s., Západočeská plynárenská, a.s.	Agreement on transmission capacity transfer	1
RWE Transgas, a.s., Jihomoravská plynárenská, a.s.	Agreement on the transfer of responsibility for imbalance	1
RWE Transgas, a.s., Severočeská plynárenská, a.s.	Agreement on the transfer of responsibility for imbalance	1
RWE Transgas, a.s., Severomoravská plynárenská, a.s.	Agreement on the transfer of responsibility for imbalance	1
RWE Transgas, a.s., Středočeská plynárenská, a.s.	Agreement on the transfer of responsibility for imbalance	1

Contracting party	Type of agreement/Purpose of agreement	Number of agreements
<b>RWE Transgas, a.s., Východočeská plynárenská, a.s.</b>	Agreement on the transfer of responsibility for imbalance	1
<b>RWE Transgas, a.s., Západočeská plynárenská, a.s.</b>	Agreement on the transfer of responsibility for imbalance	1
<b>RWE Transgas, a.s.</b>	Addendum 1 to the master agreement on trade in currency and financial derivatives	1
	Agreement on catering service provision	1
	Agreement on advisory services	1
	Addendum 1 to the mandate agreement on the sale of premises	1
	Addendum 1 to the agreement on accounting service provision	1
	Addendum 1 to the agreement on advisory service provision in safety and protection – the environment	1
	Addenda 3, 4, 5, and 6 to the agreement on selected dispatch service provision	4
	Agreement on the termination of the agreement on personnel service provision	1
	Vehicle lease agreement	11
	Addendum on the assignment of rights and obligations to the agreement on the settlement of environmental liabilities incurred before privatisation	1
	Contract for Work, Detection of material yield from production wells - Plynostav Pardubice	1
	Purchase order	553
<b>Severočeská plynárenská, a.s.</b>	Agreement on the delivery of a security certificate	1
	Purchase order	13
<b>SČP Net, s.r.o.</b>	Agreement on the provision of the Compliance Officer service	1
<b>Severomoravská plynárenská, a.s.</b>	Agreement on transmission capacity transfer	3
	Agreement on the delivery of a security certificate	1
	Contract for Work – connection of the Nošovice DS to natural gas	1
	Purchase order	3
<b>SMP Net, s.r.o.</b>	Agreement on the provision of the Compliance Officer service	1
	Agreement on connection to the transmission system	1
	Purchase agreement on the Nošovice DS	1
	Purchase order	1
<b>Středočeská plynárenská, a.s.</b>	Purchase order	1
<b>STP Net, s.r.o.</b>	Agreement on the provision of the Compliance Officer service	1
	Agreement on electricity billing and payment	1
<b>Východočeská plynárenská, a.s.</b>	Agreement on the delivery of a security certificate	1
	Purchase order	3
<b>VČP Net, s.r.o.</b>	Agreement on the provision of the Compliance Officer service	1
	Purchase order	1
<b>Západočeská plynárenská, a.s.</b>	Agreement on the delivery of a security certificate	1
<b>ZČP Net, s.r.o.</b>	Agreement on the provision of the Compliance Officer service	1

***Scheme of the relations between and control of companies along the relevant line within the RWE Group as at 31 December 2007***





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