

AUDITOR'S REPORT

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AUDITOR'S REPORT TO THE SHAREHOLDERS OF BURZA CENNÝCH PAPIŘŮ PRAHA, A.S.

Based upon our audit we issued the following audit report dated March 3, 2000:

We have audited the financial statements of Burza cenných papírů Praha, a.s. for the year ended December 31, 1999. The Board of Directors is responsible for the preparation of the financial statements and for maintaining accounting records in accordance with relevant laws and regulations. Our responsibility is to express an opinion on the financial statements, taken as a whole, based on our audit.

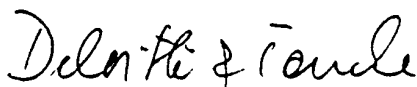
We conducted our audit in accordance with Act No. 524/1992 Coll. on Auditors and the Chamber of Auditors of the Czech Republic, and the auditing standards issued by the Chamber of Auditors. Those standards require that we plan and conduct the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, the accounting records and other evidence supporting the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Company in the preparation of the financial statements, as well as evaluation of the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion on the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities and equity of Burza cenných papírů Praha, a.s. as of December 31, 1999, and the results of its operations for the year then ended in accordance with Act No. 563/1991 Coll. on Accounting and relevant accounting regulations.

Information included in this annual report on pages 34 to 36 was derived, in compliance with applicable regulations, from the audited financial statements, on which we issued the above audit report.

We have also reviewed other financial information included in this annual report for consistency with the audited financial statements. In our opinion, this information is consistent, in all material respects, with the audited financial statements.

Prague, June 29, 2000



Audit firm:
Deloitte & Touche spol. s r.o.
License no. 79



Statutory auditor:
Karel Hampl
License no. 0005

BALANCE SHEET (IN FULL FORMAT) AS AT 31 DECEMBER

CZK 000	1999	1998
TOTAL ASSETS	589,700	626,148
Amounts receivable for subscribed capital	0	0
Fixed assets	485,660	555,408
Intangible fixed assets	36,182	38,969
Establishment costs	0	0
Research and development	0	0
Software	28,034	38,926
Valuable rights (patents, licences, know-how)	0	0
Other intangible fixed assets	17	37
Intangible fixed assets not-in-use	8,131	6
Prepayments for intangible fixed assets	0	0
Tangible fixed assets	449,378	514,154
Land	71,856	71,856
Buildings, halls and structures	321,445	346,047
Machinery, tools and equipment, vehicles and fixtures	56,077	96,126
Perennial crops	0	0
Breeding and draught animals	0	0
Other tangible fixed assets	0	0
Tangible fixed assets not-in-use	0	75
Prepayments for tangible fixed assets	0	50
Adjustments to acquired assets (goodwill)	0	0
Financial investments	100	2,285
Shares and ownership interests in subsidiaries	100	100
Shares and ownership interests in associates	0	2,185
Other securities and ownership interests	0	0
Intercompany loans	0	0
Other financial investments	0	0
Current assets	101,232	68,775
Stocks	0	0
Materials	0	0
Work-in-progress and semi-finished products	0	0
Finished products	0	0
Livestock	0	0
Purchased goods for resale	0	0
Advance payments for stocks	0	0
Long-term debtors	13,219	8,475
Trade debtors	13,219	0
Receivable from partners and consortium members	0	0
Amounts receivable from subsidiaries	0	0
Amounts receivable from associates	0	0
Other debtors	0	8,475
Short-term debtors	30,407	27,211
Trade debtors	28,624	23,584
Receivables from partners and consortium members	0	0
Social security	0	0
Taxes receivable	1,737	3,579
Deferred tax receivable	0	0
Amounts receivable from subsidiaries	0	0
Amounts receivable from associates	0	0
Other debtors	46	48
Cash and investments	57,606	33,089
Cash in hand	49	31
Cash at bank	57,557	33,058
Short-term investments	0	0
Other assets - temporary accounts	2,808	1,965
Accruals and deferrals	2,117	1,958
Deferred expenses	1,802	1,916
Accrued income	315	36
Exchange rate losses	0	6
Estimated assets	691	7

BURZA CENNÝCH PAPIRŮ PRAHA, A.S.

CZK 000	1999	1998
LIABILITIES AND EQUITY	589,700	626,148
Equity	437,045	428,999
Registered capital	382,048	384,948
Registered capital	384,948	384,948
Reacquired shares	-2,900	0
Capital funds	35,948	35,948
Share premium	22,769	22,769
Other capital funds	13,179	13,179
Gains or losses from revaluation of assets	0	0
Gains or losses from investments	6,699	2,799
Funds created from profits	6,699	2,799
Legal reserve fund	0	0
Non-distributable fund	0	0
Statutory and other funds	1,404	-9,297
Retained profit (loss) from prior years	1,404	0
Accumulated losses from previous years	0	-9,297
Profit (loss) of current year (+/-)	10,946	14,601
Liabilities	145,959	189,016
Reserves	7,344	4,882
Legal reserves	1,468	0
Reserve for foreign exchange losses	0	6
Other reserves	5,876	4,876
Long-term liabilities	0	2,062
Long-term payables to subsidiaries	0	0
Long-term payables to associates	0	0
Long-term advances received	0	0
Bonds issued	0	0
Long-term bills of exchange to be paid	0	0
Other long-term payables	0	2,062
Short-term liabilities	39,315	23,101
Trade creditors	16,813	6,093
Payables to partners and consortium members	0	0
Payables to employees	1,769	1,793
Social security	1,187	1,242
Taxes payable and subsidies	7,136	3,413
Deferred tax	12,491	10,344
Payables to subsidiaries	0	216
Payables to associates	0	0
Other creditors	219	0
Bank loans and borrowings	99,000	158,971
Long-term bank loans	99,000	158,971
Short-term bank loans	0	0
Short-term borrowings	0	0
Other liabilities - temporary accounts	6,696	8,133
Accruals and deferrals	2,464	2,202
Accrued expenses	1,953	2,017
Deferred income	485	180
Exchange rate gains	26	5
Estimated liabilities	4,232	5,931

INCOME STATEMENT (IN FULL FORMAT) FOR THE YEAR ENDED 31 DECEMBER

CZK 000	1999	1998
Sales of goods purchased for resale	0	0
Cost of goods sold	0	0
Gross margin	0	0
Production	220,435	238,044
Sale of own products or services	220,435	238,044
Change in finished goods and work-in-progress	0	0
Own work capitalised	0	0
Purchased consumables and services	69,668	69,890
Consumables	1,621	1,759
Services	68,047	68,131
Added value	150,767	168,154
Staff costs	53,846	59,660
Wages and salaries	36,283	41,090
Remuneration of board members	3,338	2,380
Social insurance	12,098	14,154
Social benefits	2,127	2,036
Taxes and charges	153	206
Depreciation of intangible and tangible fixed assets	61,486	59,712
Sale of fixed assets and material	22,224	2,059
Net book value of fixed assets and material sold	21,519	2,703
Drawing of reserves, additions to complex deferred expenses	0	36
Additions to reserves, settlement of complex deferred expenses	2,468	1,000
Drawing of provisions and depreciation of negative goodwill	83	112
Creation of provisions and depreciation of goodwill	2,769	3,933
Other operating income	3,590	5,001
Other operating expenses	1,455	226
Transfer of operating income	0	0
Transfer of operating expenses	0	0
Operating profit (loss)	32,968	47,922
Proceeds from sale of securities and ownership interests	2,500	0
Cost of securities and ownership interests sold	13,550	0
Income from investments	0	0
Income from intercompany securities and ownership interests	0	0
Income from other securities and ownership interests	0	0
Income from other investments	0	0
Income from short-term investments	0	0
Drawing of financial reserves	6	11
Additions to financial reserves	0	6
Settlement of adjustments	11,365	0
Additions to adjustments	0	0
Interest income	4,040	3,356
Interest expense	15,543	30,901
Other financial income	761	6,836
Other financial expenses	2,636	11,633
Transfer of financial income	0	0
Transfer of financial expenses	0	0
Financial profit (loss)	-13,057	-32,337
Income tax on ordinary activities	8,671	3,664
- due	6,524	2,238
- deferred	2,147	1,426
Profit (loss) from ordinary activities	11,240	11,921
Extraordinary income	- 29	2,771
Extraordinary expenses	265	91
Income tax on extraordinary activities	0	0
- due	0	0
- deferred	0	0
Extraordinary profit (loss)	-294	2,680
Transfer of shares on profit (loss) of partnership to partners	0	0
Profit (loss) of current year	10,946	14,601
Profit (loss) of current year before taxation	19,617	18,265

CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated balance sheet of Burza cenných papírů Praha, a.s. as of December 31, 1999, and the related consolidated statement of income for the year then ended. These consolidated financial statements are the responsibility of the Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements were prepared under International Accounting Standards for the first time as of December 31, 1999 and do not include comparative information or a statement of cash flow.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Burza cenných papírů Praha, a.s. as of December 31, 1999, and the results of its operations for the year then ended in conformity with International Accounting Standards, except for the omission of comparative information and the statement of cash flows, which are required by International Accounting Standards.

Prague, April 3, 2000



DELOITTE & TOUCHE

CONSOLIDATED BALANCE SHEET

(CZK 000)	Note	31 December 1999
CURRENT ASSETS		
Cash		72,696
Investments	4	186,629
Receivables (net)	5	37,330
Advances provided and other current assets		2,524
Total current assets		299,179
FIXED ASSETS		
Tangible fixed assets (net)	6	451,736
Intangible fixed assets (net)	7	36,182
Long-term receivables	8	13,434
Total fixed assets		501,352
TOTAL ASSETS		800,531
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHORT-TERM LIABILITIES		
Liabilities	9	211,603
Short-term credits	10	33,000
Accrued expenses		7,945
Taxes due	11	7,318
Total short-term liabilities		259,866
LONG-TERM LIABILITIES		
Long-term credits	10	66,000
Taxes deferred		10,582
Other long-term liabilities		2,583
Reserves and other liabilities	12	7,344
Total long-term liabilities		86,509
Total liabilities		346,375
SHAREHOLDERS' EQUITY		
Registered capital		391,948
Capital funds		46,575
Retained earnings		15,633
Total shareholders' equity	13	454,156
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		800,531

CONSOLIDATED INCOME STATEMENT

(CZK 000)	Note	31 December 1999
Revenues	14	248,543
Services		-76,016
Personnel expenses		-72,352
Depreciation		-62,965
Other operating expenses/revenues	15	6,180
Profit on operating activities		43,390
Other financial expenses/revenues		-2,265
Interest expense/revenue		-10,501
Other expenses/revenues		-10,419
Profit before tax		20,205
Income tax	11	-8,815
Net profit for the year		11,390
Undistributed profit as at 31 December 1998		4,242
Profit of current period		11,390
Undistributed profit as at 31 December 1999		15,633

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 1999

(CZK 000)	Registered capital	Own shares	Capital funds	Undistributed profit	Total
Balance as at 1 January 1999	394,848	0	42,634	8,184	445,666
Allocations from undistributed profit	0	0	3,941	-3,941	0
Own shares	0	-2,900	0	0	-2,900
Net profit	0	0	0	11,390	11,390
Balance as at 31 December 1999	394,848	-2,900	46,575	15,633	454,156

THE EXCHANGE'S SHAREHOLDERS AND MEMBERS

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THE PRAGUE STOCK EXCHANGE'S SHAREHOLDERS AT 31 DECEMBER 1999

Shareholder	No. of shares	Percentage of registered capital
AB Banka, a.s. v likvidaci *)	4,500	1.17%
ATLANTA SAFE, a.s.	3,000	0.78%
ATLANTIK finanční trh, s.r.o.	1,000	0.26%
BBG Finance a.s.	100	0.03%
BH Securities, a.s.	3,749	0.97%
BODY INTERNATIONAL BROKERS a.s.	28,607	7.43%
Böhm & partner a.s.	2,499	0.65%
Brněnská obchodní, a.s. *) **)		
CA IB Securities, a.s.	4,612	1.20%
CITICORP SECURITIES (CR), s.r.o.	1,000	0.26%
COOP BANKA, a.s. v likvidaci *)	2,000	0.52%
Credit Suisse First Boston (Praha) a.s.	2,997	0.78%
C.S. Brokers burzovní, a.s.	120	0.03%
Česká pojišťovna a.s. *)	20,000	5.20%
Česká spořitelna, a.s.	33,408	8.68%
Československá obchodní banka, a.s.	25,901	6.73%
DISISOFT, a.s. v likvidaci *)	100	0.03%
Dynamic Capital Invest, a.s. *)	100	0.03%
EASTBROKERS, akciová společnost *)	1,166	0.30%
EB Brokers, a.s. *) **)		
Expandia Banka, a.s.	7,640	1.98%
FIO, burzovní společnost, a.s.	100	0.03%
Fond národního majetku České republiky	4,500	1.17%
GE Capital Bank, a.s. *)	17,388	4.52%
GES INVEST, a.s.	1,000	0.26%
Global Brokers, spol. s r.o.	1,500	0.39%
Harvardská burzovní společnost, a.s.	48,470	12.59%
HypoVereinsbank CZ a.s.	3,000	0.78%
ICEBERG A.S. *)	14,066	3.65%
imAGe I, a.s. *)	1,000	0.26%
ING Bank N.V., organizační složka	3,000	0.78%
Interbanka, akciová společnost	6,400	1.66%
INVESTIČNÍ A POŠTOVNÍ BANKA, a.s.	38,000	9.87%
INVESTKONZULT, a.s.	1,000	0.26%
KIS a.s. kapitálová investiční společnost České pojišťovny *)	2,000	0.52%
Komerční banka, a.s.	30,429	7.90%
KOMERIO, brokerský dům Konečný, a.s.	50	0.01%
KOMERO s.r.o. *) **)		
LIFOX a.s. *)	666	0.17%
MERX, a.s. *)	1,000	0.26%
Moravia Banka, a.s. *)	500	0.13%
Moravskočeská, a.s. *) **)		
NEWTON STOCK INVESTMENT, a.s. *)	500	0.13%

OESTERREICHER & spol., s.r.o.	1,000	0.26%
Patria Finance, a.s.	3,000	0.78%
Plzeňská kapitálová společnost, a.s. *)	100	0.03%
Pragobanka, a.s. *)	1,996	0.52%
Pražská brokerská a.s. *) **)		
Procap Securities, a.s. *)	1,000	0.26%
Sati, spol. s r.o.	100	0.03%
SLOVENSKÁ SPORITELŇA, a.s. *)	1,000	0.26%
SOCIÉTÉ GÉNÉRALE, pobočka Praha	100	0.03%
Stratego Invest a.s.	1,000	0.26%
Union banka, a.s.	15,000	3.90%
UNIVERSAL BANKA, a.s. *) **)		
Všeobecná úverová banka, a.s.	22,169	5.76%
Wood & Company, s.r.o.	1,000	0.26%
Živnostenská banka, a.s.	14,355	3.73%
Burza cenných papírů Praha, a.s.	2,900	0.75%

OTHER MEMBERS OF THE PRAGUE STOCK EXCHANGE AT 31 DECEMBER 1998

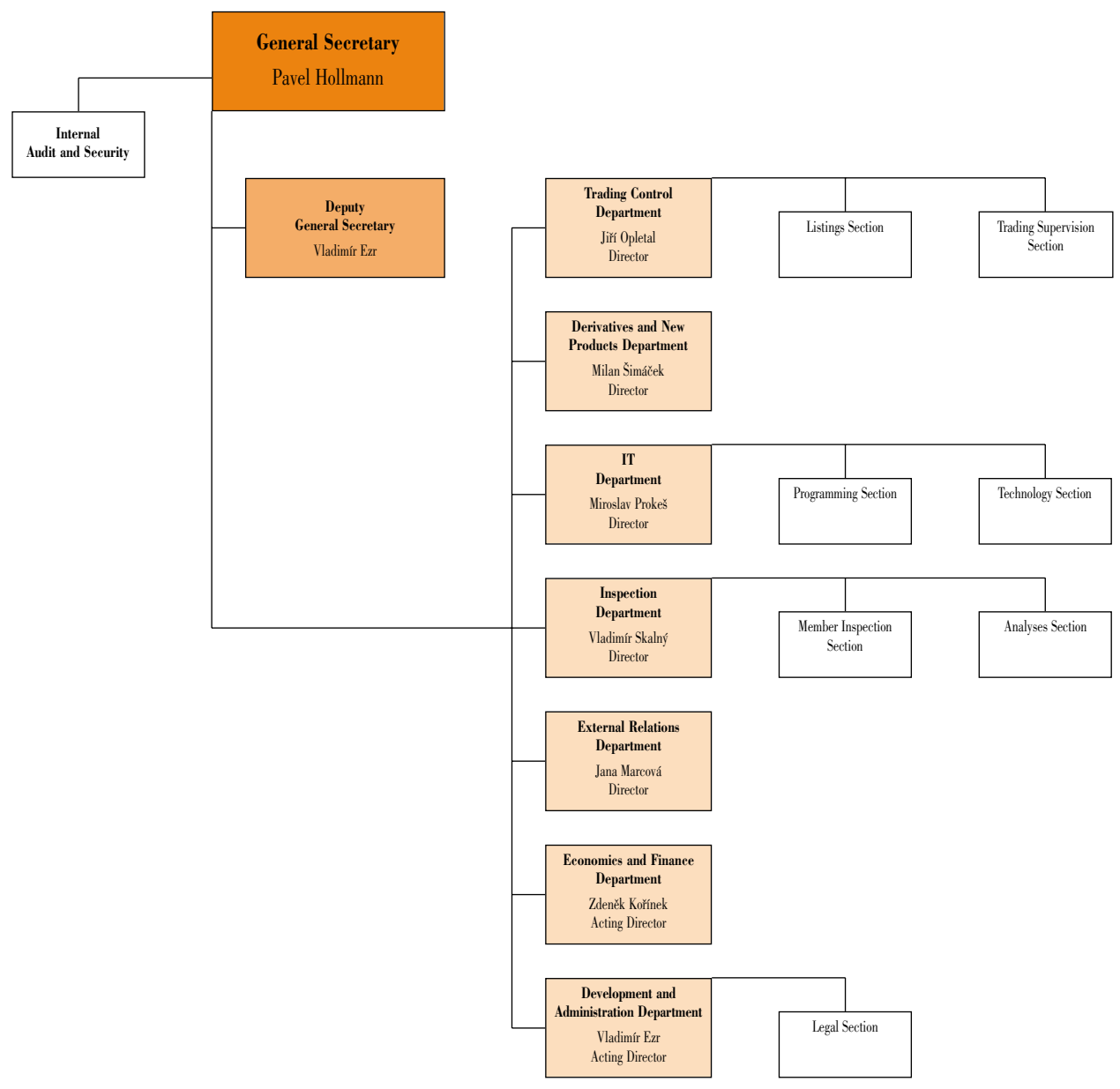
ABN AMRO Bank N.V.
Baader Securities, a.s.
Burzovní společnost pro kapitálový trh, a.s.
CAPITAL PARTNERS, a.s.
CAUTUS FINANCE, s.r.o.
CONSEQ FINANCE, spol. s r.o.
ČESKÁ NÁRODNÍ BANKA
ČESKOMORAVSKÁ ZÁRUČNÍ A ROZVOJOVÁ BANKA, a.s.
DELTA SECURITIES, a.s.
DEUTSCHE BANK AG, pobočka Praha
EPIC Securities, a.s.
Erste Bank Sparkassen (ČR) a.s.
FINNEX Securities, a.s.
Gutmann & Cie Praha a.s.
J & T Securities s.r.o.
J. F. WORLD BROKERS s.r.o.
OFT BROKERS spol. s r.o.
P & P BROKERS, a.s.
PPF burzovní společnost, a.s.
RAIFFEISEN CAPITAL and INVESTMENT PRAHA, s.r.o.

*) not a PSE member

***) company did not agree to publish its share in the PSE registered capital



ORGANISATIONAL STRUCTURE



RESOLUTION OF THE 8TH GENERAL MEETING



On the 8th Ordinary General Meeting of the Prague Stock Exchange held on 25 May 1999 the shareholders discussed and approved:

- 1. THE REPORT ON THE EXCHANGE'S BUSINESS ACTIVITIES AND ITS ASSETS FOR THE YEAR 1999**
- 2. FINANCIAL STATEMENTS FOR THE YEAR 1999 AND THE DECISION ON THE DISTRIBUTION OF PROFIT**

The General Meeting has approved the 1999 financial statements and the proposal for distribution of profit. In 1999, the Prague Stock Exchange generated profit of CZK 10,946,000 after tax. The following distribution of profit was approved:

profit/loss of the current year	CZK 10,946,000
allocation to the reserve fund	CZK 1,000,000
undistributed profit/loss of the current year	CZK 9,946,000
dividends paid	CZK 9,551,000
retained earnings after dividend payout	CZK 395,000

The General Meeting has approved to pay the dividend of 2.5% on a share with a nominal value of CZK 1,000. The dividend is due as at 31 July 2000 on a shareholder's account. The shareholders entered in the List of Shareholders as at 3 July 2000, are entitled to obtain a dividend.

- 3. REPORT OF THE SUPERVISORY BOARD, INCLUDING THE AUDITOR'S REPORT**
- 4. PRINCIPLES FOR THE EXCHANGE'S OPERATIONS IN 2000**

In agreement with the recommendations of the Securities Commission, the Stock Exchange will focus particularly on the supervision of trading and on extending disclosure obligations of members and issuers.

- 5. THE RESULTS EXPECTED FOR 2000**

The General Meeting has approved principles of efficient management for 2000 which anticipate the profit of CZK 3.1 million before tax and maintaining the revenues and costs of the Exchange's activities at the 1999 level.

- 6. THE EXCHANGE REGULATIONS**

With effect from 1 July 2000, the General Meeting has approved partial amendments to the Exchange Regulations. The new regulations stress the trading supervision and extend the disclosure obligations of issuers, including their checking.



ABBREVIATIONS AND TERMS USED

Central market (CM)	A pricing market, it includes the results of trading from fixing, additional orders, KOBOS and SPAD
Financial derivatives	Term contracts concluded on various financial asset bases
Fixing	Trading at fixed prices - a trading segment based on the processing of purchase and sale orders at a determined time
KOBOS	Continuous trading at variable prices (in Czech, “Kontinuální burzovní obchodní systém”)
MAOS	Modernised automatic trading system (in Czech, “Modernizovaný automatizovaný obchodní systém”)
Market maker	An Exchange member who has closed a contract with the Exchange authorizing him to act as a market maker and who must, on a continuous basis, quote prices on all the securities for which he acts as a market maker
Prompt market	A securities market in which securities are supplied for payment, and which is counterbalanced by the derivatives market
PX-D Index	An index formed on the basis of SPAD issues, which will also serve as the underlying asset for derivatives trading
PX- GLOB Index	A global index based on all registered issues of shares, including those issued by investment funds, and units, where the price was fixed no later than at the preceding session
PX 50 Index	The Exchange’s official index, which is based on 50 issues selected on the basis of market capitalisation and liquidity and takes into account their sectoral classification, but excludes investment fund issues
SPAD	A share and bond market trading system - a trading segment based on the prices quoted by market makers
Suspended trade	A transaction which was not property settled
UNIVYC, a.s.	Universal Settlement Centre - a subsidiary of the Exchange

CONTACT INFORMATION



ADDRESS

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FTP SERVER

<ftp://ftp.pse.cz>

Company Identification No. (IČO): 47115629

Tax Identification No. (DIČ): 001-47115629

Bank: Komerční banka, a. s., Prague branch, A/c No. 57008-011/0100

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