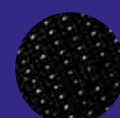
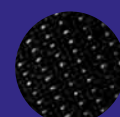
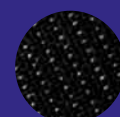
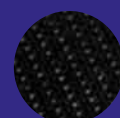
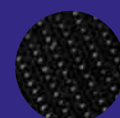
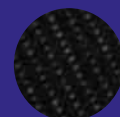


BURZA CENNÝCH PAPÍRŮ PRAHA, A.S.  
PRAGUE STOCK EXCHANGE

VÝROČNÍ ZPRÁVA  
ANNUAL REPORT

2005

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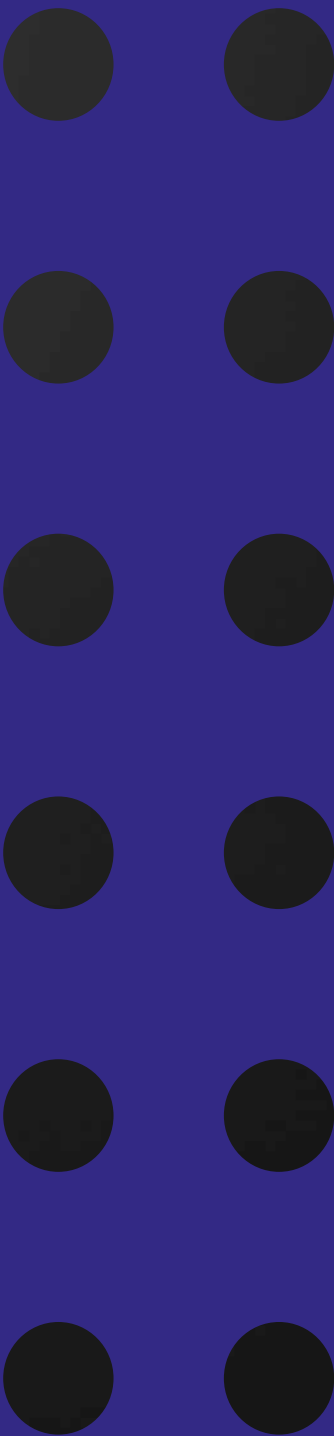
V roce 2005 došlo k zásadním změně firemní identity.  
Burza se nyní prezentuje novým dynamickým logem PX.

In 2005, the corporate identity experienced major changes.  
The Exchange now presents itself with a new, dynamic "PX" logo.

Pražská burza se několikrát v průběhu roku 2005 zařadila v měsíčních bilancích objemu akciových obchodů na první místo v regionu střední Evropy. V ročním součtu pak obsadila dle statistiky Evropské federace burz (FESE) druhé místo v regionu.

Several times during 2005 the Prague Exchange ranked first in Central Europe in the monthly value of share trading. According to the statistics of the Federation of European Securities Exchanges (FESE), it ranked second in the Central European region as far as the annual totals are concerned.





Burza cenných papírů Praha, a.s., znovu otevřela své brány investorům a emitentům v roce 1993. Stalo se tak po více než padesátileté přestávce způsobené druhou světovou válkou a poté léty komunistického režimu. Pražská burza, největší organizátor trhu s cennými papíry v České republice, je akciovou společností, která je založena na členském principu. To v praxi znamená, že přístup do obchodního systému mají pouze licencovaní obchodníci, kteří jsou zároveň členy burzy. Nejvyšším výkonným orgánem společnosti je valná hromada, statutárním orgánem řídícím činnost burzy je burzovní komora. Na činnost a celkový chod burzy dohlíží dozorčí rada. Provoz společnosti řídí generální ředitel, který je volen a odvoláván burzovní komorou.

Výsledky burzovních obchodů se zveřejňují na internetové stránce burzy [www.pse.cz](http://www.pse.cz), dále jsou šířeny prostřednictvím informačních agentur nebo médií.

## PROFIL SPOLEČNOSTI COMPANY PROFILE

The Prague Stock Exchange opened its doors to investors and issuers again in 1993 after a break of over 50 years caused by WWII and the years of the communist regime. The Prague Stock Exchange, the largest organiser of the securities market in the Czech Republic, is a membership-based joint stock company. In practise this means that only licensed traders who are also members of the Exchange have access to the trading system. The supreme executive body of the company is the General Meeting of Shareholders, while the statutory body managing the Exchange's activities is the Exchange Chamber. The Supervisory Board oversees the activities and overall operations of the Exchange. The company's operations are managed by the General Manager, who is elected and recalled by the Exchange Chamber.

The results of Exchange trading are posted at the Exchange's web site [www.pse.cz](http://www.pse.cz) and are also published through information agencies or the media.

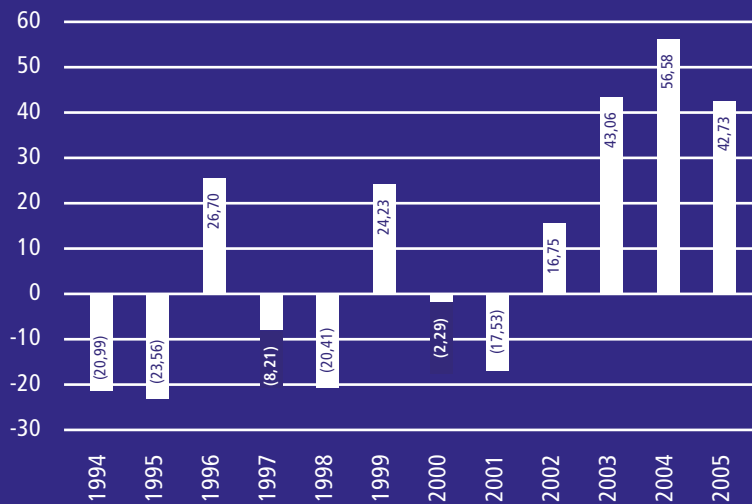
**VÝVOJ INDEXU PX 50 V OBDOBÍ 30. 12. 2004 – 17. 3. 2006**  
**PX 50 INDEX FROM 30 DECEMBER 2004 TO 17 MARCH 2006**



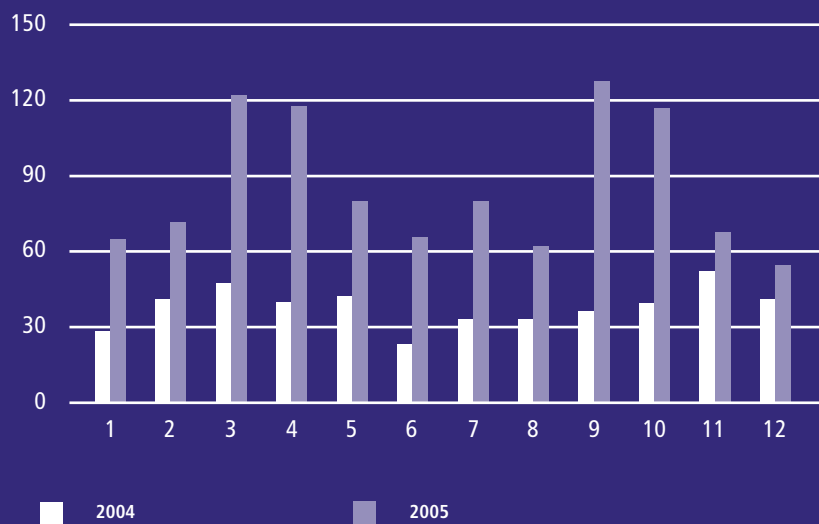
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**VYBRANÉ UKAZATELE**  
**SELECTED INDICATORS**

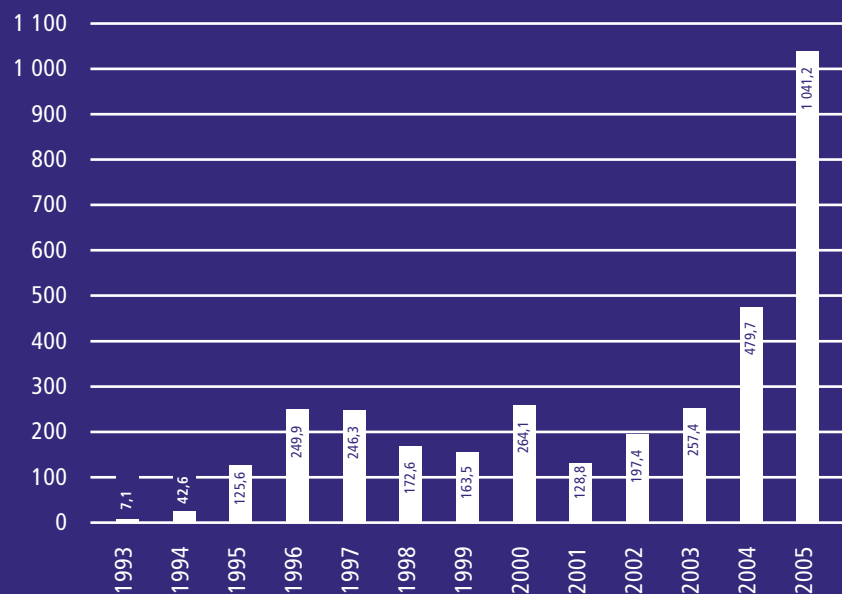
**ROČNÍ ZMĚNY INDEXU PX 50 (%)**  
**YEAR-ON-YEAR CHANGES IN THE PX 50 INDEX (%)**



**MĚSÍČNÍ OBJEMY OBCHODŮ NA TRHU AKCIÍ V OBDOBÍ 2004 – 2005 (mld. Kč)**  
**MONTHLY VALUE OF TRADES IN SHARES FROM 2004 – 2005 (CZKbn)**



**ROČNÍ OBJEMY OBCHODŮ NA TRHU AKCIÍ A PL (mld. Kč)**  
**YEARLY VALUE OF TRADES ON THE SHARE AND UNIT MARKETS (CZKbn)**



## KLÍČOVÉ ROČNÍ ÚDAJE KEY ANNUAL DATA

Celkový objem akciových obchodů dosáhl v roce 2005 rekordní hodnoty 1 041,2 mld. Kč. Ve srovnání s rokem 2004 tak vzrostl o 117,1 %. Nejvyššího objemu obchodů na akciovém trhu v průběhu jediného dne bylo dosaženo 1. 4. 2005, kdy byly zobchodovány akcie v celkové hodnotě 12,055 mld. Kč.

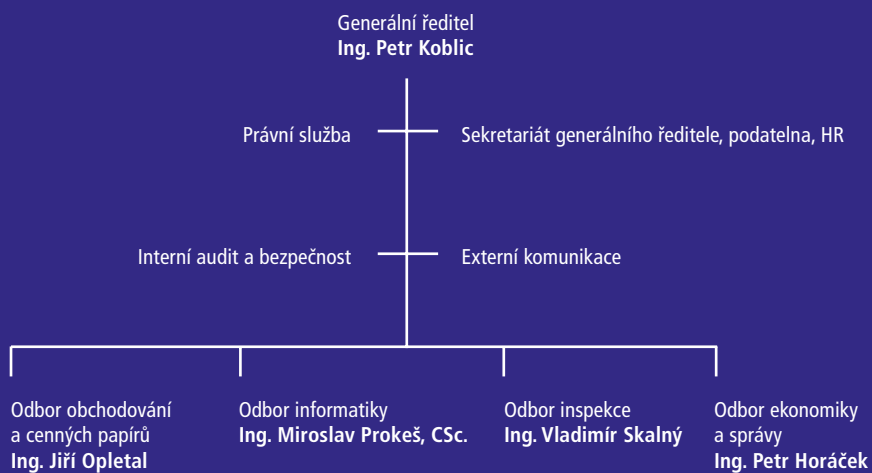
In 2005, the total volume of shares traded reached the record level of CZK 1,041,200,000,000. That represents an increase of 117.1% in comparison with 2004. The heaviest volume of stock trading on a single day was achieved on 1 April 2005, when shares worth a total of CZK 12,055,000,000 were traded.



**Klíčové roční údaje za období 1998 – 2005**  
**Key Annual Data for the period 1998 – 2005**

	2005	2004	2003	2002	2001	2000	1999	1998
Počet burzovních dnů Number of Trading sessions	253	252	251	250	250	249	254	251
Celkový roční objem (mld. Kč) Total yearly value (CZKbn)	1 574,4	1 172,1	1 367,4	1 793,1	1 987,2	1 222,8	1 187,5	860,2
Z toho: Akcie + PL Of that: Shares + Units	1 041,2	479,7	257,4	197,4	128,8	264,1	163,5	172,6
Dluhopisy Bonds	533,2	692,5	1 110,1	1 595,7	1 858,4	958,7	1 024,0	687,6
Průměrný celkový denní objem (mld. Kč) Average total daily value (CZKbn)	6 223,0	4 651,4	5 448,4	7 172,3	7 948,7	4 911,0	4 675,1	3 427,1
Z toho: Akcie + PL Of that: Shares + Units	4 115,3	1 903,4	1 025,7	789,6	515,2	1 060,8	643,5	687,6
Dluhopisy Bonds	2 107,7	2 747,9	4 422,7	6 382,7	7 433,5	3 850,2	4 031,6	2 739,4
Podíl akcií + PL na celkovém objemu obchodů (%) Percentage of shares + units in total value of trades (%)	66,1	40,9	18,8	11,0	6,5	21,6	13,8	20,1
Počet emisí akcií + PL (konec roku) Number of Share and Unit issues (end of year)	39	55	65	79	102	151	195	304
Počet emisí dluhopisů (konec roku) Number of bond issues (end of year)	96	79	81	74	84	94	95	98
Tržní kapitalizace (mld. Kč) – akcie + PL (konec roku) Market capitalization (CZKbn) Shares + Units (end of year)	1 330,8	975,8	644,5	478,0	340,3	442,9	479,6	416,2
Index PX 50 (konec roku) PX 50 Index (end of year)	1 473,0	1 032,0	659,1	460,7	394,6	478,5	489,7	394,2
Index PX-D (konec roku) PX-D Index (end of year)	3 731,4	2 551,1	1 642,7	1 166,4	1 065,6	1 366,0	1 296,7	996,4

## STRUKTURA SPOLEČNOSTI k 31. prosinci 2005




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## STRUKTURA SPOLEČNOSTI COMPANY STRUCTURE

### COMPANY STRUCTURE as at 31 December 2005





Ve své komunikaci se burza zaměřila zejména na potenciální emitenty. Vyvrcholením celé kampaně byla konference s mezinárodní účastí nazvaná „Vše, co jste potřebovali vědět o IPO“. Přední evropské odborníci upozornili na významnou roli kapitálového trhu při financování rozvoje firem a posluchačům přiblížili postup, kterým musí firma při emisi akcií projít.

In its communication, the Exchange focused especially on the potential issuers. The culmination of the entire campaign was the conference with international attendance called "All you needed to know about the IPO". Leading European specialists emphasized the important role of the capital market in financing the development of companies and explained the process which a company needs to undertake when issuing shares.

#### Vážení akcionáři,

jak jsem již na těchto stránkách odhadoval v loňském roce, stal se rok 2005 po všech stránkách rokem rekordním. V jeho průběhu bylo dosaženo historických maxim jak v hodnotách indexu PX, tak v objemu obchodů. Tyto skutečnosti se samozřejmě podepsaly na hospodářském výsledku, který přinesl poprvé v historii konsolidovaný čistý zisk přes 100 milionů korun. Velmi pozitivní je změna struktury investorů, kde po mnoha letech začínají hrát významnější úlohu drobní investoři. Jejich podíl na uzavřených obchodech přesáhl 10 %, což při celkovém objemu obchodů s akciemi přes jeden bilion korun znamená realizovaný objem přes sto miliard korun. Zejména na drobné investory bude v roce 2006 zaměřen projekt obchodování s deriváty a ostatními alternativními produkty, jako jsou investiční certifikáty.

Negativem roku 2005 je stále nízká aktivita emitentů. Na akciový trh se členům podařilo přivést pouze dvě nové emise, obě náležející firmám, které mají kořeny v České republice a z různých důvodů na naší burze zatím chyběly. Je potěšující, že i u těchto emisí získáváme rychle podstatný podíl na jejich celkovém objemu obchodů. To svědčí o profesionalitě našich obchodníků a kvalitě obchodního systému.

V průběhu roku jsme realizovali podstatnou změnu naší firemní identity a způsobu komunikace. Změny v akceptaci pražské burzy odbornou veřejností jsou již nyní dobře patrné a doufám, že není tak daleko doba, kdy bude burza pro naši ekonomiku stejně důležitým článkem, jako je tomu v ostatních vyspělých zemích.

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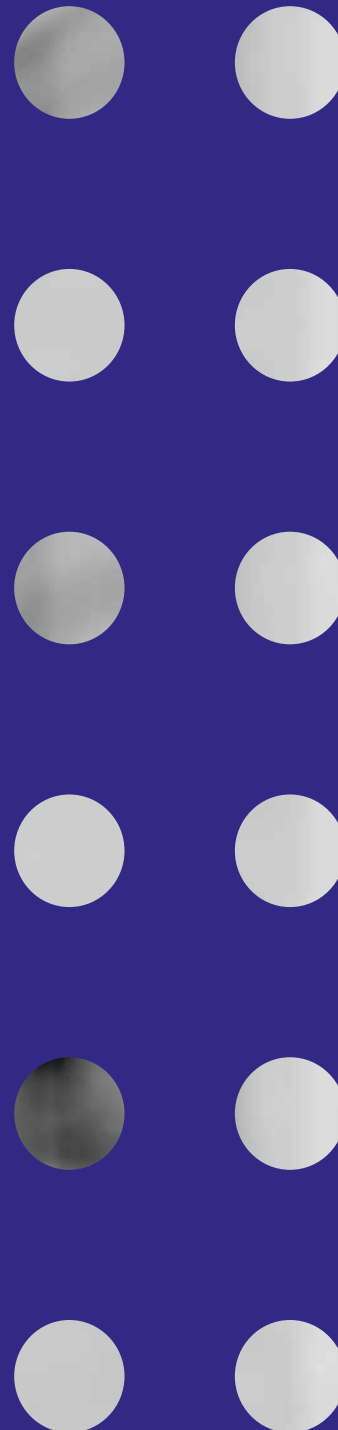
## ÚVODNÍ SLOVO GENERÁLNÍHO ŘEDITELE FOREWORD OF THE CHIEF EXECUTIVE OFFICER

#### Dear shareholders,

As I predicted on these pages last year, 2005 became a record year on all levels. In the course of the year, historical maximums were reached both for the value of the PX index and for trading volume. Such circumstances obviously had an impact on profits. For the first time in history, the consolidated net profit exceeded CZK 100 million. The change of the investor structure, where minor investors are beginning to play a more significant role after many years, has been positive. Their share of completed transactions was in excess of 10%. Taking into account the overall volume of stock transactions in excess of CZK 1 trillion, this corresponds to a realised volume of over CZK 100 billion. In 2006, the project of trading derivatives and other alternative products, such as investment certificates, will focus above all on minor investors.

A negative phenomenon in 2005 was still the low level of activity of the issuers. The members were able to bring only two new issues onto the stock market. Both of them belong to companies that have their roots in the Czech Republic, and for various reasons, they were not yet present on the Stock Exchange. It is delightful to see that even with these issues we are quickly gaining a significant share in their overall transaction volume. That is proof of the professionalism of our traders and the quality of our trading system.

During the year, we implemented a significant change to our company identity and presentation. The professional community and the media are now obviously more accepting of the Prague Stock Exchange than before and I believe that soon the Exchange will become a factor that is as important to our economy as other Exchanges are in Western European countries.





Ing. Petr Koblíček  
generální ředitel  
Chief Executive Officer

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Na pražskou burzu vstoupily emise společnosti ORCO PROPERTY GROUP S.A., jež je také obchodována na sekundárním trhu burzy Euronext v Paříži, a emise společnosti Central European Media Enterprises Ltd. („CME“), jež je obchodována na trhu NASDAQ. Jde o společnosti, jejichž hlavní obchodní aktivity jsou vázány na český trh.

Two issues entered the Exchange market, ORCO PROPERTY GROUP S.A. which is also being traded on a secondary market of the Euronext Exchange in Paris, and Central European Media Enterprises Ltd. ("CME") which is being traded at the NASDAQ market. These are companies whose main business activities are linked to the Czech market.



Ing. Jiří Opletal  
zástupce generálního ředitele  
a ředitel odboru obchodování  
a cenných papírů  
Deputy CEO and Director of  
the Trading and Securities Department

## OBCHODOVÁNÍ A CENNÉ PAPÍRY

Odbor obchodování a cenných papírů se kromě svých běžných aktivit týkajících se zejména výkonu dohledu nad obchodováním v reálném čase, kontroly dodržování pravidel obchodování a komunikace s emitenty podílel na přípravách pro vstup dvou zahraničních společností na pražskou burzu formou duální kotace.

Odbor obchodování a cenných papírů koncem roku zahájil práce na rozšíření produktové řady obchodované na burze, jmenovitě se jedná o možnosti obchodování futures na index a investičních certifikátů. Rozšířením produktů obchodovaných na pražské burze bychom chtěli podpořit rostoucí zájem ze strany investorů, o čemž svědčí skutečnost, že roční objem akciových obchodů překročil poprvé v historii pražské burzy hranici jednoho bilionu korun.

### Struktura burzovních trhů

Rovněž v roce 2005 probíhalo obchodování na burze ve třech tradičních segmentech jejího oficiálního trhu, tj. na:

- volném trhu,
- vedlejším trhu,
- hlavním trhu.

## ČINNOST BURZY V ROCE 2005 PSE'S ACTIVITIES IN 2005

## TRADING AND SECURITIES

Apart from its standard activities related primarily to supervising real time trading, monitoring compliance with the rules of trading and communicating with issuers, the Department of Trading and Securities has participated in preparations for the entry of two foreign companies onto the Prague Stock Exchange through dual listing.

At the end of the year, the Department of Trading and Securities commenced work on extending the product portfolio traded at the Exchange, and specifically the options of trading index futures contracts and investment certificates. By extending the portfolio of products traded at the Prague Stock Exchange we would like to support the growing interest on the side of the investors which is represented by the fact that the annual volume of stock trading reached past the CZK 1 trillion mark for the first time in the history of the Prague Stock Exchange.

### Structure of the exchange markets

Again in 2005, trading at the Exchange took place in the three traditional segments of the official market, namely:

- the free market,
- the secondary market,
- the main market.

Toto rozčlenění poskytuje účastníkům trhu rychlou orientaci, pokud jde o parametry emisí a dostupnost informací o jejich emitentech. Požadavky na parametry emise a na informační otevřenost emitentů jsou totiž pro jednotlivé segmenty rozdílné. Nejnížší nároky se kladou na emitenty, jejichž cenné papíry jsou obchodovány na oficiálním volném trhu burzy. Požadavky vycházejí z obecně závazných podmínek přijetí cenného papíru k obchodování na oficiálním trhu, stanovených v zákoně o podnikání na kapitálovém trhu. Hlavní a vedlejší trh se považují za trhy prestižní. Jsou určeny pro emitenty, kteří mají zájem komunikovat směrem k investorské veřejnosti a jsou ochotni podřídit se přísnějším požadavkům příslušných burzovních pravidel.

### **Informační povinnosti emitentů**

#### **Oficiální volný trh**

V souladu s burzovními pravidly burza požaduje od emitenta, jehož emise je kotována na oficiálním volném trhu, plnění informační povinnosti v rozsahu stanoveném zákonem o podnikání na kapitálovém trhu. Jedná se především o předkládání výroční zprávy včetně účetní závěrky, pololetní zprávy, informací o svolání valné hromady a o výplatě dividend, návrhů změn společenské smlouvy, stanov nebo zakladatelské listiny emitenta a veškerých dalších skutečností týkajících se emitenta, které mohou vyvolat významnou změnu kurzu jím vydaného cenného papíru.

V roce 2005 se do povinností emitentů kotovaných cenných papírů (tj. i emitentů cenných papírů kotovaných na oficiálním volném trhu) naplno promítla novela zákona o účetnictví, která těmto emitentům stanovuje povinnost vést účetnictví a vykazovat výsledky svého hospodaření podle Mezinárodních účetních standardů (IAS/IFRS).

#### **Hlavní a vedlejší trh**

Burzovní pravidla stanoví pro emitenty, jejichž cenné papíry jsou obchodovány na hlavním a vedlejším trhu burzy, další povinnosti nad rámec zákona o podnikání na kapitálovém trhu. K nejdůležitějším povinnostem patří předkládání předběžných hospodářských výsledků, zasílání čtvrtletních hospodářských výsledků a zápisů z valných hromad.

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This arrangement allows quick orientation of traders on the market with respect to the parameters of the issues and the availability of information about the issuers. Requirements for the parameters of issues and for information disclosure of issuers are different for the individual segments. The fewest demands are placed on issuers of securities traded on the Exchange's official free market. The requirements are based on generally binding conditions for the admission of securities to the official market as established in the Act on Undertaking on the Capital Market. The main and secondary markets are considered to be prestigious markets. They are intended for issuers that are interested in communication towards the investing public and that are willing to submit to the stricter requirements of applicable Exchange Rules.

### **Information Disclosure Obligations**

#### **Official free market**

In accordance with the Exchange Rules, the Exchange requires issuers of issues listed on the official free market to satisfy information disclosure obligations to the extent established by the Act on Undertaking on the Capital Market. This mainly involves the submission of an annual report including a financial statement, a half year report, information about the convening of the General Meeting and the payout of dividends, motions to amend the Memorandum of Association, Articles of Association or Deed of Incorporation of the issuer and all other facts concerning the issuer that could cause a significant change to the share price of the securities of the issuer.

In 2005, the obligations of issuers of listed securities (including issuers of securities listed on the official free market) began to fully reflect the amendment to the Act on Accounting that imposes on those issuers the duty of keeping accounting and of reporting its business results in accordance with international accounting standards (IAS/IFRS).

#### **Main market and secondary market**

For issuers of securities traded on the main and secondary markets of the Exchange, the Exchange Rules impose other duties above and beyond the framework of the Act on Undertaking on the Capital Market. Among the most important duties are the submission of reports on preliminary and quarterly business results and minutes from General Meetings.



Všechny informace – s výjimkou originálních nebo notářsky ověřených dokumentů – se zasílají na burzu elektronicky. Informace o emisích a emitentech cenných papírů se po zkontrolování distribuují v reálném čase členským firmám a informačním agenturám.

### Změny burzovních pravidel

V oblasti přijímání cenných papírů došlo v roce 2005 k rozšíření burzovních pravidel Podmínky přijetí cenného papíru k obchodu na hlavním a vedlejším trhu burzy o tzv. „podmíněné obchodování“. Burza přistoupila k zavedení podmíněného obchodování v důsledku požadavků kapitálového trhu na přijímání nových emisí, které nejsou ještě přijaty k obchodování na regulovaném trhu.

K podmíněnému obchodování je tak možno na burze přistoupit za těchto předpokladů:

- jedná se o nově upisované akcie, které nejsou přijaty k obchodování na žádném regulovaném trhu;
- Burzovní výbor pro kotaci rozhodl o přijetí cenného papíru k obchodování na hlavním nebo vedlejším trhu;
- byl zveřejněn prospekt schválený nebo uznáný Komisí pro cenné papíry a byly splněny další podmínky stanovené výborem;
- byla stanovena závěrečná upisovací cena a celkový objem upsané emise.

Podmíněné obchodování může započít nejdříve deset burzovních dní před datem začátku oficiálního obchodování a končí poslední burzovní den před oficiálním začátkem obchodování.

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### Přehled emisí cenných papírů kotovaných na oficiálním trhu k 31. 12. 2005

#### Overview of issues of securities listed on the official market as of 31 December 2005

	Akcie Stocks	Dluhopisy Bonds
Hlavní trh Main market	8	27
Vedlejší trh Secondary market	19	15
Volný trh Free market	12	54

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All information other than original documents or documents authenticated by a notary are sent to the Exchange electronically. Information about issues of securities and their issuers are distributed in real time after their inspection to member companies and information agencies.

### Emendation of Exchange Rules

In the area of the admission of securities, 2005 saw the expansion of the Exchange Rules on Conditions for Admission of Securities for Trading on the Main and Secondary Market of the Exchange to include so-called conditional trading. The Exchange has decided to introduce conditional trading as a consequence of the requirements of the capital market for the admission of new issues that have not yet been admitted for trading on the regulated market.

Conditional trading shall be possible at the Exchange under the following conditions:

- the shares involved are newly subscribed shares that have not been admitted for trading on any regulated market;
- the Exchange Commission on Listing has decided to admit the securities for trading on the main or secondary market;
- a prospectus approved or recognised by the Securities Commission has been published, and other conditions established by the committee have been met;
- a final issue price and the total volume of the issue to be subscribed have been established.

Conditional trading may begin no earlier than ten trading days before the date of the beginning of official trading and ends on the last trading day before the official beginning of trading.

Obchody podmíněného obchodování jsou burzou garantovány ve smyslu burzovních pravidel upravujících garanci burzy za burzovní obchody. K vypořádání obchodů podmíněného obchodování dojde nejdříve dnem zahájení oficiálního obchodování s danou emisí na hlavním nebo vedlejším trhu. V případě, že nedojde k oficiálnímu zahájení obchodování s danou emisí na hlavním nebo vedlejším trhu, nenabývají obchody uzavřené v rámci podmíněného obchodování platnosti.

V roce 2005 bylo na burzovní trhy přijato 32 emisí cenných papírů. Vesměs se jedná o dluhové cenné papíry, tj. hypoteční zástavní listy, bankovní a podnikové dluhopisy renomovaných společností a státní dluhopisy. Významnou skutečností bylo přijetí emisí akcií společnosti ORCO PROPERTY GROUP a CENTRAL EUROPEAN MEDIA ENTERPRISES (CME). Obě tyto pro investory zajímavé emise rozšířily nabídku titulů kotovaných na prestižním hlavním trhu burzy.

V témže období burzu opustilo 31 emisí. Nejčastějším důvodem bylo vyřazení z důvodu řádného splacení emise dluhopisů a v případě akciových titulů šlo o zrušení registrace na veřejných trzích na žádost emitenta. Určitým specifickým roku 2005 byl výkup účastnických cenných papírů majoritním vlastníkem v souladu s §183n obchodního zákoníku (squeeze out).

### Dluhopisové programy

Schválením dluhopisového programu umožňuje burza přijímání emisí dluhopisů konkrétního emitenta na základě společných emisních podmínek v daném časovém rozmezí až do výše schváleného objemu nesplacených dluhopisů.

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V roce 2005 schválil burzovní výbor pro kotaci následující dluhopisové programy:

In 2005 the Exchange Commission on Listing approved the following bond programmes:

Emítent Issuer	Celkový povolený objem programu (mln. Kč) Total permitted volume of the programme (CZKbn)	Doba trvání Term
Fond pojištění vkladů	10	10 let/years
eBanka	9	5 let/years
Českomoravská hypoteční banka, a.s. II	100	30 let/years

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Conditional trading transactions are guaranteed by the Exchange in accordance with the Exchange Rules regulating the Exchange's guarantees of exchange transactions. Conditional trading transactions are not settled until the day of the official start of trading of the issue in question on the main or secondary market. If trading of the issue in question is not officially commenced on the main or secondary market, the trades concluded as conditional trades do not take effect.

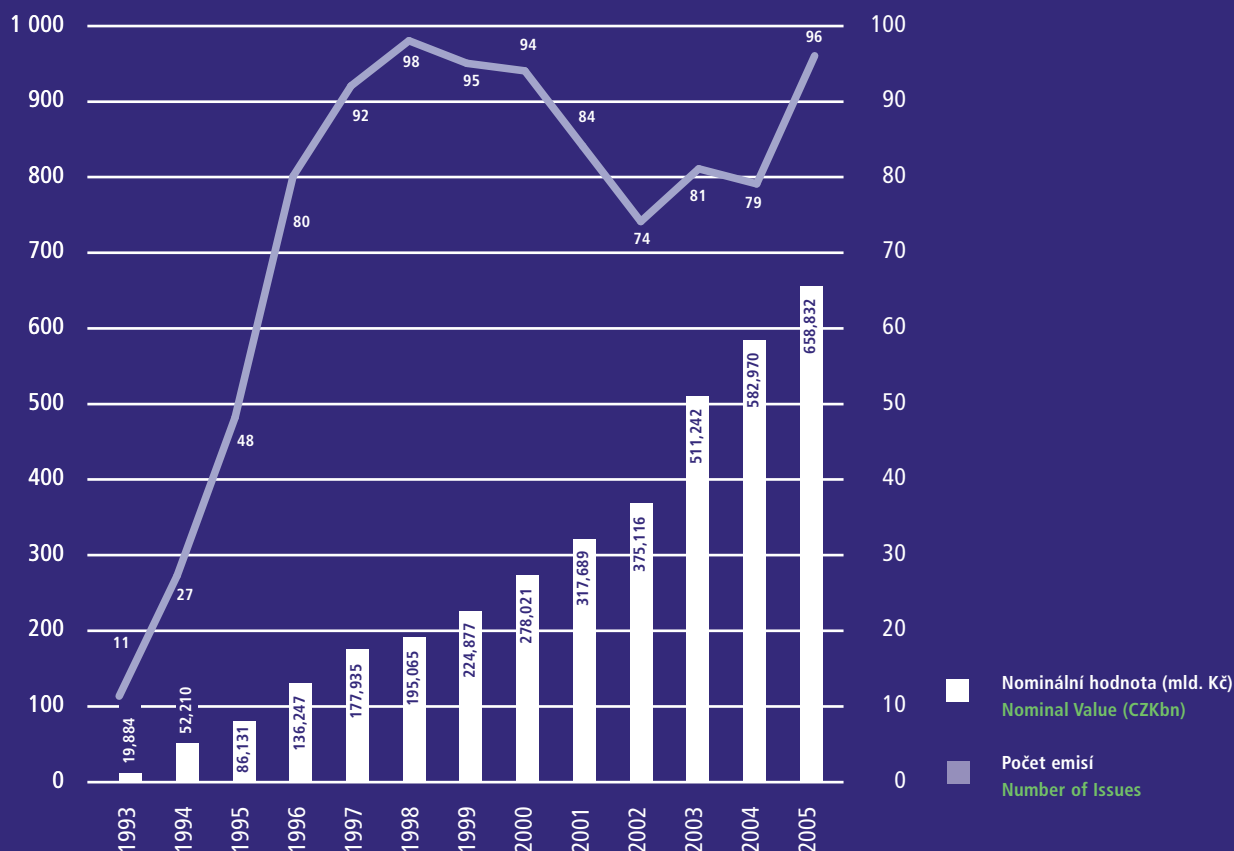
In 2005, the exchange markets admitted 32 issues of securities. Generally, this involved debt securities such as mortgage certificates, bank and corporate bonds of renowned companies and government bonds. Of importance was the admission of issues of stock in the companies ORCO PROPERTY GROUP and CENTRAL EUROPEAN MEDIA ENTERPRISES (CME). Both of these issues are of interest to investors and have expanded the offering of stocks listed on the prestigious main market of the Exchange.

During the same period, 31 issues left the Exchange. The most frequent reasons were liquidation because of due payment of a bond issue, or in the case of stock listings, cancellation of registration on public markets at the request of the issuer or the purchase of participation securities by the majority shareholder in accordance with § 183n of the Commercial Code (squeeze out).

### Bond programmes

Approval of the bond programme will allow the Exchange to admit issues of bonds of a specific issuer on the basis of common issue conditions in the given timeframe up to the amount of the approved volume of unpaid bonds.

## NOMINÁLNÍ HODNOTA A POČET EMISÍ DLUHOPISŮ – KONEC ROKU NOMINAL VALUE AND NUMBER OF BOND ISSUES – END OF YEAR



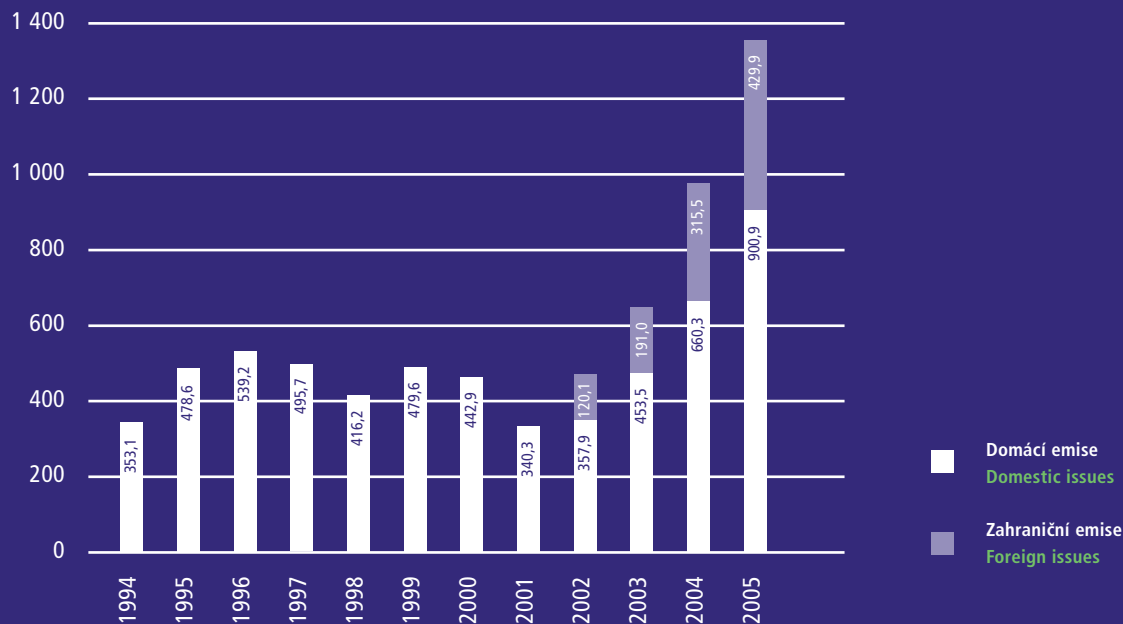
### 10 emisí akcií s největšími objemy obchodů v roce 2005 10 share issues with the highest trading values in 2005

Poř. č. Rank	Název emise Issue title	Objem obchodů (mil. Kč) Trade value (CZKbn)	Podíl (%) Percentage (%)	Roční změna kurzu (%) Yearly price change (%)
1	ČEZ	298 734,0	28,69	116,11
2	ČESKÝ TELECOM	288 306,4	27,69	42,06
3	KOMERČNÍ BANKA	206 388,1	19,82	5,17
4	ZENTIVA	100 548,8	9,66	49,95
5	UNIPETROL	51 243,6	4,92	136,76
6	ERSTE BANK	47 744,1	4,59	15,59
7	PHILIP MORRIS ČR	35 305,0	3,39	8,79
8	CETV	5 945,1	0,57	18,01 <sup>*)</sup>
9	ORCO	5 697,7	0,55	40,67 <sup>**)</sup>
10	RM-S HOLDING	436,4	0,04	(20,89)

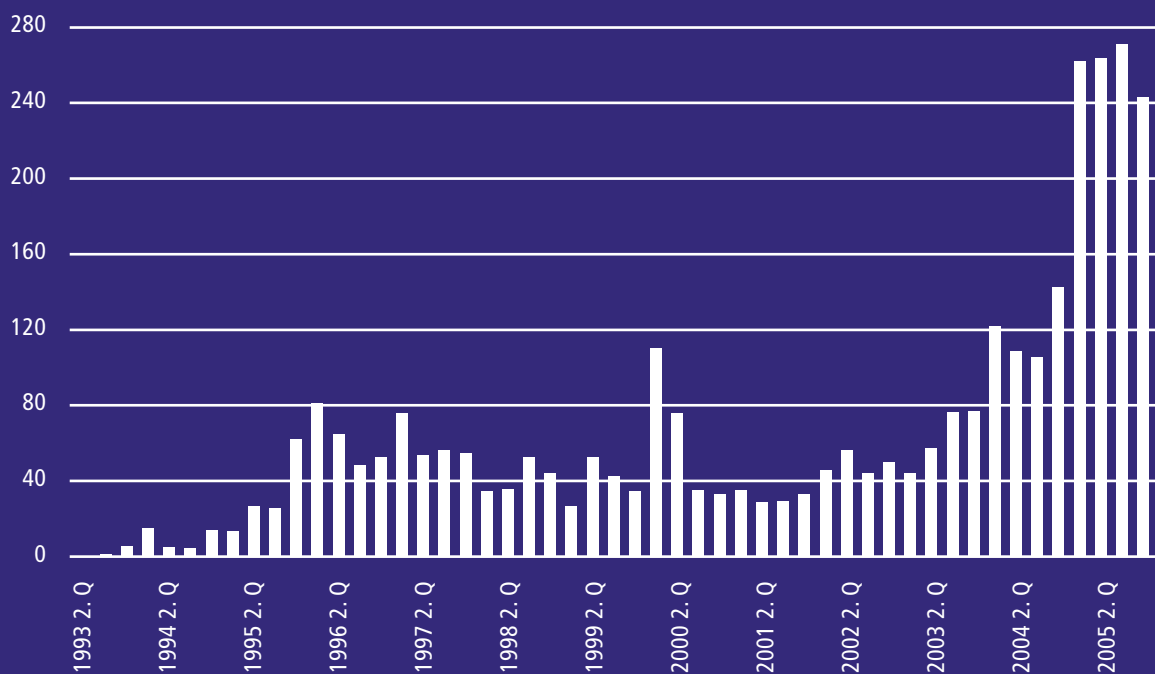
<sup>\*)</sup> porovnání s kurzem z 27. června 2005  
comparison with the price of 27 June 2005

<sup>\*\*)</sup> porovnání s kurzem z 1. února 2005  
comparison with the price of 1 February 2005

**TRŽNÍ KAPITALIZACE – AKCIE + PL (konec roku, v mld. Kč)**  
**MARKET CAPITALISATION – SHARES + UNITS (end of year, in CZKbn)**



**ČTVRTLETNÍ OBJEMY OBCHODŮ NA TRHU AKCIÍ A PL (mld. Kč)**  
**QUARTERLY VALUES OF TRADES ON THE SHARE AND UNIT MARKET (CZKbn)**



**Objemy obchodů v roce 2005 podle typu trhu a cenného papíru**  
**Value of trades in 2005 by type of the market and security**

		Dluhopisy/Bonds		Akcie/Shares		Celkem/Total	
		Objem mld. Kč Value CZKbn	Počet tis. ks Number thnd pcs	Objem mld. Kč Value CZKbn	Počet tis. ks Number thnd pcs	Objem mld. Kč Value CZKbn	Počet tis. ks Number thnd pcs
Hlavní trh	OS/ST	0,004	0	366,217	624 005	366,220	624 005
Main Market	OC/OT	484,194	44 554	638,391	1 137 354	1 122,585	1 181 908
	Celkem/Total	484,198	44 554	1 004,608	1 761 359	1 488,806	1 805 913
Vedlejší trh	OS/ST	0,000	0	0,324	212	0,324	212
Secondary Market	OC/OT	14,833	434	0,591	579	15,424	1 013
	Celkem/Total	14,833	434	0,915	791	15,748	1 225
Volný trh	OS/ST	0,049	4	15,307	1 355	15,356	1 360
Free market	OC/OT	34,161	2 550	20,343	1 373	54,504	3 922
	Celkem/Total	34,210	2 554	35,650	2 728	69,860	5 282
Celkem	OS/ST	0,053	5	381,848	625 572	381,900	625 577
Total	OC/OT	533,188	47 538	659,325	1 139 306	1 192,513	1 186 844
	Celkem/Total	533,241	47 543	1 041,173	1 764 878	1 574,414	1 812 421

OS = Obchody obchodního systému, které zahrnují automatické obchody (aukční + kontinuální režim), a obchody uzavřené v segmentu SPAD s povinnostmi tvůrců trhu.

OC = Ostatní obchody členů burzy, které zahrnují obchody uzavřené v segmentu SPAD bez povinnosti tvůrců trhu, a blokové obchody.

ST = System trades which include automated trades (auction + continual) and trades concluded in SPAD with market makers duties.

OT = Other trades by Exchange members which include trades in SPAD without market makers duties and block trades.

**Struktura objemu obchodů na trhu dluhopisů v roce 2005**  
**Value of trades on the bond market in 2005**

Typ dluhopisů	Objem obchodů (mld. Kč)	Podíl (%)	Nominální hodnota (mld. Kč)	Podíl (%)
Bond type	Trade value (CZKbn)	Percentage (%)	Nominal value (CZKbn)	Percentage (%)
1 Státní dluhopisy State bonds	477,300	89,5	457,503	69,4
2 Komunální dluhopisy Municipal bonds	0,294	0,1	5,000	0,8
3 Podnikové dluhopisy Corporate bonds	13,430	2,5	51,328	7,8
4 Bankovní dluhopisy Bank bonds	12,487	2,3	53,900	8,2
5 Hypoteční zástavní listy Mortgage debentures	29,730	5,6	91,101	13,8

A black and white portrait of Ing. Miroslav Prokeš, CSc., a middle-aged man with short hair, wearing a dark suit, a light-colored checkered shirt, and a dark patterned tie. He is smiling slightly and looking towards the camera. A small pin is visible on his lapel. The background is blurred, showing architectural lines.

20/21

V roce 2005 bylo hlavní úsilí odboru informatiky soustředěno na realizaci projektu přípravy Centrálního depozitáře cenných papírů. Realizační práce byly završeny koncem roku rozsáhlými testy a výsledky předvedeny KCP, která v roce 2006 potvrdila technickou připravenost systémů pro činnost CD.

In 2005, the main efforts of the Information Technology Department were focused on implementing a project to prepare the Central Securities Depository. Implementation was finished at the year's end with extensive testing, the results of which were turned over to the Securities Commission, which confirmed in 2006 the technical readiness of systems for the activities of the CD.

A handwritten signature in cursive script, reading "Prokeš".

Prokeš

Ing. Miroslav Prokeš, CSc.  
ředitel odboru informatiky  
Director of the IT Department

## INFORMAČNÍ A OBCHODNÍ SYSTÉM

Zásadní modernizace nejdůležitějších serverů otevřela prostor pro zvýšení výkonnosti, dostupnosti a bezpečnosti výpočetní infrastruktury a její přípravu na řešené nebo připravované nové projekty.

Rok 2005 byl z technického hlediska nejdůležitějším a nejnáročnějším rokem řešení projektu Centrálního depozitáře cenných papírů (CD). Projekt byl na základě smlouvy řešen ve spolupráci s Podnikem výpočetní techniky, a.s.

V rámci řešení projektu ISMS (systém řízení informační bezpečnosti) v souladu s českými normami ČSN ISO/IEC 17799 a ČSN BS 7799-2 byly realizovány základní analýzy a zpracovány klíčové dokumenty – Vymezení ISMS, Bezpečnostní politika, Analýza rizik, Analýza hrozeb a zranitelností, Systémová politika, Výběr a návrh opatření a Prohlášení o aplikovatelnosti.

Významně pokročily práce k vyřešení nového alternativního způsobu připojení členů a informačních agentur k burze a Univycu, respektive CD, založenému na moderních technologiích (webové služby, SOAP, XML). Řešení pro účastníky CD bylo na úrovni burzy otestováno a nabídnuto k dalšímu testování tvůrcům SW pro členy Univycu. Ověřené technologie webových služeb jsou postupně zaváděny i do vnitropodnikových aplikací.

Rok 2005 byl i rokem zásadní technologické obměny výpočetní techniky. Byly modernizovány hlavní obchodní servery IBM iSeries (HW i SW upgrade) a rovněž byla modernizována infrastruktura Intel serverů s využitím nových technologií Blade serverů a diskových polí.

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## INFORMATION AND TRADING SYSTEM

The fundamental modernisation of the most important servers has opened up room for increased performance, accessibility and security of the computer infrastructure, and its preparation for new projects that have been completed or are being developed.

From a technical standpoint, 2005 was the most important and difficult year of project development for the Central Securities Deposit (CD). On the basis of a contract, the project was developed in cooperation with the company Podnik výpočetní techniky, a.s.

Within the framework of the design of the project ISMS (Information Security Management System) and in compliance with the Czech norms ČSN ISO / IEC 17799 and ČSN BS 7799-2, fundamental analyses were performed and key documents were compiled, including Defining of the ISMS, Security Policy, Risk Analysis, Analysis of Threats and Vulnerability, System Policy, Choice and Design of Measures, and a Declaration of Applicability.

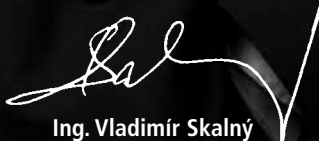
Work progressed significantly towards the development of a new, alternative method of connecting members and information agencies to the Exchange and to Univyc or the CD, based on modern technologies (web services, SOAP, XML). The system for CD participants was tested at the Exchange level, and was offered for further testing to the creators of SW for Univyc members. The open technologies of web services are also gradually being introduced to in-house applications.

The year 2005 also saw fundamental technological upgrades of computer equipment. We modernised the main IBM iSeries business servers (HW and SW upgrades), and we also modernised the infrastructure of Intel servers using the new technology of Blade Servers and disc arrays.

22/23

Trvalou prioritou inspekce burzy je včasné odhalování případů porušení předpisů a minimalizace jejich negativních dopadů na burzu. To se nám daří zajišťovat především analytickým monitoringem vycházejícím z dat obchodního systému burzy, inspekce u členů i běžnou každodenní komunikací se členy.

The lasting priority of the Exchange's inspection activities is timely identification of breaches of the rules and minimising negative impact on the Exchange. We have been able to do this above all through analytical monitoring based on the data from the Exchange's trading system, inspections of the members and regular, daily communication with them.



Ing. Vladimír Skalný  
ředitel odboru inspekce  
Director of the Inspection  
Department



## INSPEKČNÍ ČINNOST

Dlouhodobý rozvoj softwarové podpory inspekce přispěl k automatizaci základních kontrolních funkcí, zaměřených zejména na oblast transparentnosti trhu, odhalování případů manipulace, poskytování odborné péče zákazníkům i dodržování pravidel obchodování.

V roce 2005 jsme se orientovali především na další posílení preventivního charakteru inspekce. Jako formu jsme zvolili operativní komunikaci se členy a průběžné, informativní upozorňování na zjištěné nedostatky. V souvislosti se standardizací kapitálového trhu, kdy postupně klesá počet závažných zjištění o porušení burzovních pravidel, se do popředí dostává i úloha inspekce v oblasti poradenství a spolupráce se členy na analýze a řešení vybraných systémových problémů.

Analytický monitoring založený na denním sledování a analýze dat burzovního obchodního systému a navazující komunikaci se členy ohledně indikovaných nedostatků je základem průběžné kontrolní činnosti inspekce. Ve sledovaném období jsme monitorovali cca 11 000 obchodních případů, z toho cca 1 000 jsme prověřili formou písemného nebo telefonického dotazu. Při závažnějších nebo opakujících se zjištěních nebo při potřebě preventivního ověření jednání člena jsme zahájili 6 operativních inspekcí. Z uvedených čísel jasně vyplývá, že jednoznačnou preferencí je pro nás forma dotazu jako operativního prostředku k prošetření vybraných obchodních transakcí a zjednání nápravy namísto formalizovaných inspekcí.

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## INSPECTION WORK

Long term development of software support for the inspections has contributed to the automation of basic inspection functions, focusing above all on the areas of market transparency, identifying manipulation, providing specialized care for customers and compliance with the rules of trading.

In 2005, we focused above all on further strengthening of the preventative character of inspections. For these activities, we selected a format of operative communication with the members and continuous, informative warnings about identified shortcomings. With respect to standardization of the capital market, where the number of detected instances of serious breaches of the Exchange's regulations has been decreasing, the role of inspections is also coming to the fore in the area of consulting and cooperation with members when analysing and solving selected system problems.

Analytical monitoring based on daily monitoring and analysis of data from the Exchange's trading systems and follow-up communication with members on identified shortcomings are the basis of continuous control activities within the framework of inspections. During the period being analysed, we monitored approximately 11,000 trading cases, out of which 1000 were verified by a written or a telephone inquiry. We initiated six operative inspections in cases of findings of significant or repeated violations or when there was a need for preventative verification of a member's activity. The figures above clearly show that we undoubtedly prefer the inquiry format as an operative tool for investigating selected trading transactions and for seeking redress, as opposed to the carrying out formal inspections.

V souladu s harmonogramem inspekcí jsme v roce 2005 zahájili 9 hloubkových a 8 opakovaných inspekcí s cílem zachovat periodu 1 hloubkové kontroly za 3 roky u každého člena. Zaměření hloubkových inspekcí je orientováno zejména na kontrolu oblastí, které není možné v plném rozsahu sledovat prostřednictvím analytického monitoringu (zásady jednání se zákazníky, informační povinnost, dokumentace).

Zjištění o porušení burzovních pravidel se týkala zejména nedostatků v obchodní dokumentaci, dále pak narušení transparentnosti trhu, porušení burzou stanovených pravidel obchodování a poskytování odborné péče zákazníkům. Ve smyslu zákona o podnikání na kapitálovém trhu informovala burza Komisi pro cenné papíry o podezření z uzavření obchodů s využitím vnitřní informace (1 případ) a o podezření z manipulace na kapitálovém trhu (2 případy). Porušení burzovních pravidel členem burzy nebylo v uvedených případech prokázáno.

V případě závažnějších porušení burzovních pravidel byli členové upozorňováni na zjištěné nedostatky dopisem předsedy Burzovního výboru pro členské otázky (7 případů) a současně byla vyžádána opatření k nápravě zjištěného stavu. S ohledem na závažnost porušení předpisů, která nezbytně nevyžadovala uplatnění sankcí, i právní nejistotu spojenou s případným ukládáním sankcí (v roce 2005 neměla burza oporu pro ukládání sankcí v zákoně o podnikání na kapitálovém trhu) nevyužil výbor v roce 2005 možnost udělení sankce. Změna v uplatňování sankční politiky burzy neměla negativní vliv na jednání členů, na jejich přístup k dodržování burzovních pravidel a odstraňování zjištěných nedostatků.

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In accordance with the inspection schedule, we have initiated nine in-depth and eight repeated inspections in 2005 with the goal of continuing to perform one in-depth inspection every three years for each member. The in-depth inspections focus above all on checking those areas that cannot be fully covered by analytical monitoring (fundamentals of dealing with customers, information disclosure, documentation).

Detected breaches of Exchange Regulations were related primarily to trading documentation deficiencies, violations involving market transparency and violations Exchange rules for trading and for providing specialised customer care. Pursuant to the Act on Undertaking on the Capital Market, the Exchange informed the Securities Commission about suspected insider trading (1 case) and suspicion of capital market manipulation (2 cases). In those cases, the violation of Exchange rules by an Exchange member was not proven.

In cases of more serious violations of Exchange rules, the members were notified about determined problems in a letter from the Chairman of the Exchange Committee on Membership (7 cases) and, at the same time, were asked to take steps to correct the identified deficiencies. In view of the degree of seriousness of the violations, which did not necessarily call for the imposing of sanctions, and given the legal uncertainty related to the potential imposing of sanctions (in 2005, capital market trading legislation provided no basis for the imposing of sanctions by the Exchange), the Committee did not use the option of imposing a sanction in 2005. The changes in implementation of sanction policy of the Exchange have had no negative impact on the actions of members, on their attitudes towards compliance with the Exchange rules and on correcting identified shortcomings.

V rámci rozvoje softwarové podpory jsme se v roce 2005 orientovali na testování nových funkcí, zaměřených především na problematiku možné manipulace trhem cenných papírů. Průběžně jsou upřesňována kritéria pro automatizovaný výběr neobvyklých situací. V rámci aplikace zajišťující informace o členech jsme plně zprovoznili její „komunikační část“, která umožňuje členům plnit jejich informační povinnost vůči burze a mít možnost ověřit si správnost údajů evidovaných burzou prostřednictvím softwarového rozhraní. Písemná forma plnění informační povinnosti je tak zásadním způsobem potlačena.

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Within the framework of developing software support, we focused in 2005 on testing new functions, concentrating mainly on the issue of potential securities market manipulation. We have been continually specifying criteria for the automated selection of unusual situations. With regard to the application providing information on members, we have launched full operation of the communications portion, letting members fulfil their information disclosure obligations to the Exchange and verify the accuracy of data registered by the Exchange through the software interface. The written form of information disclosure has thus been significantly reduced.

26/27

Výsledek hospodaření po zdanění, kterého burza dosáhla v roce 2005, činil 110 mil. Kč, což je nejlepší výsledek hospodaření v novodobé historii burzy od roku 1993. Uvedeného výsledku bylo jednoznačně dosaženo výrazným nárůstem příjmů z obchodování při dodržení nákladové kázně na úrovni schváleného rozpočtu.

The 2005 net profit after taxes was CZK 110 million, representing the best economic result in the modern history of the Exchange since 1993. This result was undoubtedly reached thanks to significant growth of trading revenue while maintaining cost discipline at the level of the approved budget.



Ing. Petr Horáček  
ředitel odboru ekonomiky a správy  
Director of the Finance and  
Administration Department

## VÝSLEDKY HOSPODAŘENÍ

Uplynulý rok 2005 byl z pohledu ekonomiky burzy nejúspěšnějším rokem v její dosavadní historii. Aktivita našich obchodujících členů, podpořena privatizací Českého Telecomu či Unipetrolu, stejně jako výsledky společnosti ČEZ, zvedla 2,5x příjmy z obchodování proti roku 2004 a více než 3x ve srovnání s rozpočtem v roce 2005. Vytvořené zdroje budou použity především k dokončení projektu vzniku Centrálního depozitáře v ČR a k rozšíření portfolia nabízených burzovních služeb.

Závěrem bych chtěl vyjádřit přesvědčení, že se tak burza svými výsledky a působením na českém kapitálovém trhu posunula i v očích široké veřejnosti mezi instituce, které jsou ve zdravé a prosperující ekonomice užitečné a nezbytné.

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## PERFORMANCE AND RESULTS

From an economic standpoint, last year was the most successful year in the history of the Exchange. The activities of our trading members, supported by privatization of Czech Telecom and Unipetrol, as well as the results of ČEZ increased our trading revenues by a factor of 2.5 when compared to 2004 and by more than 3 times when compared to the 2005 budget. The resources created will be used above all for finishing the project of the Central Depository in the Czech Republic and in order to extend the portfolio of services offered by the Exchange.

In conclusion, I would like to express my belief that with such results and activities on the Czech capital market, the Exchange in the eyes of the general public has moved into the circle of institutions that are useful and necessary in a sound and prosperous economy.

### Vybrané ukazatele

Pro posouzení vývoje vybraných ukazatelů je třeba uvést, že výsledky hospodaření v letech 2003 a 2002 byly výrazně ovlivněny účetními operacemi, které byly vyvolány prodejem budovy Burzovního paláce. V roce 2002 byla vytvořena opravná položka ve výši 172 mil. Kč, která negativně ovlivnila výsledek hospodaření (výsledek hospodaření před zdaněním bez vlivu prodeje budovy by byl ve výši 63 mil. Kč). V roce 2003 se uskutečnil prodej budovy za cenu vyšší, než byl předpoklad znaleckého posudku, byla rozpuštěna vytvořená opravná položka z roku 2002 (výsledek hospodaření před zdaněním bez vlivu prodeje budovy by byl ve výši 26 mil. Kč).

V roce 2004 a 2005 je pak celková výše výnosů i nákladů ovlivněna tím, že část peněžních prostředků burzy je zhodnocována operacemi správce portfolia cenných papírů a v souvislosti s nárůstem počtu jak burzovních, tak i mimoburzovních obchodů také výrazným zvýšením nákladů i výnosů spojených s vypořádáním. V roce 2005 byla celková výše výnosů dále ovlivněna příjmy z dlouhodobého finančního majetku, a to ve formě přijaté dividendy ve výši 29 mil. Kč.

mil. Kč/CZKm	2005	2004	2003	2002	2001	2000
Výnosy Revenues	553	267	359	199	202	241
Náklady Costs	411	225	312	320	168	192
Výsledek hospodaření před zdaněním Profit or loss before tax	142	42	47	(121)	34	49
Výsledek hospodaření po zdanění Profit or loss after tax	110	30	38	(124)	21	32
Vlastní kapitál Equity	445	337	348	339	466	445

### Selected indicators

In order to evaluate the development of the selected indicators, it needs to be said that the economic results in 2003 and 2002 were significantly influenced by accounting operations triggered by the sale of the Burzovní palác building. In 2002, provisions were created amounting to CZK 172 million, negatively influencing the economic result (the profit or loss before taxation without the impact of the building sale would have amounted to CZK 63 million). In 2003, the building was sold for more than the price based on the expert appraisal. The provisions from 2002 were liquidated (the profit before taxation without the impact of the building sale would have amounted to CZK 26 million).

In 2004 and 2005, the overall amount of revenues and expenditures was influenced by the fact that part of the cash resources of the exchange were up-valued by the transactions of the administrator of the securities portfolio and due to the increased number of both exchange and extra-exchange transactions, as well as a significant growth in expenditures and revenues related to the settlement of such transactions. In 2005, the overall amount of revenues was further influenced by income from long-term financial assets, in the form of an accepted dividend amounting to CZK 29 million.

Po očištění o výše uvedené vlivy (viz níže uvedená tabulka) dosahuje společnost dlouhodobě pozitivních výsledků hospodaření.

### Finanční výsledky

Příjmy z činnosti burzy a její vlastní zdroje plně pokrývají provozní i investiční potřeby společnosti.

mil. Kč/CZKm	2005	2004	2003	2002	2001	2000
Výnosy Revenues	256	165	150	199	202	241
Náklady Expenditures	137	121	124	136	168	192
Výsledek hospodaření před zdaněním Profit or loss before tax	119	44	26	63	34	49

Finanční situace a prosperita společnosti jsou patrné z uvedeného vývoje ukazatelů:  
The company's financial situation and prosperity are obvious from the developments of the following ratios and indicators:

	2005	2004	2003	2002	2001	2000
<b>Ukazatele rentability</b> Return ratios						
Rentabilita celkového kapitálu Return on total assets	0,225	0,080	0,100	x	0,041	0,058
Rentabilita vlastního kapitálu Return on equity	0,248	0,090	0,110	x	0,046	0,073
Rentabilita základního kapitálu Return on registered capital	0,408	0,097	0,104	x	0,058	0,088
Rentabilita cizího kapitálu Return on liabilities	2,458	0,821	0,834	x	0,523	0,303
<b>Ukazatele finanční stability společnosti</b> Financial stability indicators						
Finanční nezávislost Financial independency	0,908	0,893	0,884	0,886	0,896	0,796
Dlouhodobé zdroje Long-term loans	0,910	0,896	0,920	0,886	0,920	0,885
Úrokové krytí Interest coverage	x	x	x	x	7,85	4,98
Platební neschopnost Insolvency	0	0	0	0	0	0
Celková likvidita Total liquidity	8,72	7,20	16,22	8,32	7,02	3,35
Celková zadluženost Total debt	0,09	0,10	0,06	0,05	0,03	0,15
Zvýšení, respektive snížení krátkodobého finančního majetku Increase or decrease of short-term financial assets	86 169	97 009	11 521	42 799	3 854	19 630

Ukazatele rentability v roce 2002 nejsou uvedeny, neboť v tomto roce byla vykázána ztráta vlivem tvorby opravné položky k majetku – budově Burzovního paláce.

Indicators of profitability are not given for 2002, because the company showed a loss due to creation of provisions for assets – the Burzovní palác building.

After clearing the influences described above (see the table above), the company has been reaching positive economic results in the long term.

### Financial results

Revenues from the Exchange's activities and its own resources fully cover operations and investment requirements of the company.

## Vývoj struktury majetku a zdrojů financování (%)

## Development of the Structure of Assets and Financial Resources (%)

	2005	2004	2003	2002	2001	2000
<b>Majetek (aktiva)</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>
<b>Assets</b>						
Dlouhodobý majetek	21,96	29,30	7,88	60,34	79,31	80,33
Fixed assets						
z toho: hmotný a nehmotný majetek	3,01	4,57	6,14	60,31	78,44	78,73
of this: tangible and intangible assets						
finanční investice	18,91	24,65	0,79	0,03	0,02	0,02
financial investments						
dlouhodobé pohledávky	0,04	0,08	0,95	0,00	0,85	1,58
long-term receivables						
Krátkodobé pohledávky	11,55	7,25	56,45	5,82	3,93	5,35
Short-term receivables						
z toho: z obchodního styku	4,90	4,84	54,51	5,82	3,93	4,62
of this: trade receivables						
ostatní pohledávky	6,65	2,41	1,94	0,00	0,00	0,73
other receivables						
Finanční majetek	65,06	61,53	34,4	32,41	15,61	13,81
Financial assets						
Přechodné účty	1,43	1,92	1,27	1,43	1,15	0,51
Temporary accounts						
<b>Zdroje (pasiva)</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>	<b>100,00</b>
<b>Liabilities</b>						
Dlouhodobé zdroje	91,00	89,33	88,37	88,62	89,64	88,43
Long-term liabilities						
z toho: vlastní zdroje	90,84	89,33	88,37	88,62	89,64	79,58
of this: own resources						
bankovní úvěry a výpomoci	0,00	0,00	0,00	0,00	0,00	8,85
bank loans and assistance						
dlouhodobé závazky	0,16	0,00	0,00	0,00	0,00	0,00
long-term liabilities						
Krátkodobé závazky	8,79	9,57	5,66	4,60	5,45	8,53
Short-term liabilities						
Rezervy	0,20	0,26	3,66	4,73	2,37	1,70
Reserves						
Přechodné účty	0,01	0,84	2,31	2,05	2,54	1,34
Temporary accounts						



Výsledkem hospodaření před zdaněním za rok 2005 je zisk ve výši 141 688 tis. Kč. V porovnání s rozpočtem roku 2005 je výsledek hospodaření vyšší o 130 856 tis. Kč a byl příznivě ovlivněn především vyššími tržbami z obchodování včetně vypořádání a výnosy z dlouhodobého finančního majetku (výplata dividendy od dceřiné společnosti UNIVYC).

Z výsledku hospodaření vznikla společnosti daňová povinnost ve výši 30 887 tis. Kč. Odložená daň z příjmů, vypočtená ze všech dočasných rozdílů mezi daňovými a účetními hodnotami v roce 2005, znamená, že vznikl odložený daňový závazek ve výši 771 tis. Kč. Dodatečná daňová přiznání za rok 2001 a za rok 2002 znamenají snížení daňové povinnosti o 72 tis. Kč. Výsledek hospodaření za účetní období (po zdanění) tvoří zisk ve výši 110 102 tis. Kč.

## Vývoj výsledků hospodaření společnosti

### Trends in trading results

tis. Kč CZK '000	Rozpočet Projection	Skutečnost Actual balance					
		2005	2005	2004	2003	2002	2001
<b>Výsledek hospodaření před zdaněním</b> <b>Profit (loss) before taxes</b>	<b>10 832</b>	<b>141 688</b>	<b>42 260</b>	<b>47 302</b>	<b>(120 958)</b>	<b>33 548</b>	<b>49 607</b>
– z provozní činnosti – from operating activities	7 422	110 872	32 091	44 226	(123 605)	33 582	54 778
v tom: vliv prodeje budovy BP subtotal: effect of the sale of the PSE building	–	–	–	21 474	(184 067)	–	–
– z finanční činnosti – from financial activities	3 410	30 816	10 169	3 076	1 156	(384)	(5 244)
v tom: vliv prodeje CP z portfolia subtotal: effect of sale of securities from the portfolio	2 630	1 364	3 757	–	–	–	–
výnosy z podílu v dceřiné společnosti earnings from sale of the subsidiary	–	29 000	–	–	–	–	–
– z mimořádné činnosti – from extraordinary activities	0	0	0	0	1 491	350	73
<b>Daň z příjmů</b> <b>Income Tax</b>	<b>5 263</b>	<b>31 586</b>	<b>11 791</b>	<b>9 095</b>	<b>2 607</b>	<b>12 307</b>	<b>17 238</b>
– splatná – due	5 263	30 815	8 053	12 835	15 816	12 215	16 612
– odložená – deferred	–	771	3 738	(3 740)	(13 209)	92	626
<b>Výsledek hospodaření po zdanění</b> <b>Profit (loss) after tax</b>	<b>5 569</b>	<b>110 102</b>	<b>30 469</b>	<b>38 207</b>	<b>(123 565)</b>	<b>21 241</b>	<b>32 369</b>

The profit before taxes for 2005 was CZK 141,688,000. In comparison with the 2005 budget, the profit is higher by CZK 130,856,000 and was favourably influenced mainly by higher earnings from trading including settlements and earnings from long-term financial assets (payout of a dividend from the subsidiary UNIVYC).

The profit resulted in a tax liability for the company in the amount of CZK 30,887,000. Deferred income tax calculated from all temporary differences between tax values and book values in 2005 lead to the arising of a deferred tax obligation in the amount of CZK 771,000. Supplementary tax returns for 2001 and 2002 led to the lowering of the tax liability by CZK 72,000. The profit for the fiscal period (after taxes) amounted to CZK 110,102,000.

Rok 2005 byl pro Univyc, a.s., úspěšný jak z hlediska objemu a počtu vypořádaných obchodů a převodů, tak i z hlediska hospodaření společnosti. Objem vypořádaných obchodů a převodů prostřednictvím Univycu dosáhl v roce 2005 rekordní hodnoty v jeho dosavadní historii – téměř 4 biliónů korun.

The year 2005 was a success for Univyc, a.s. both with respect to the volume and number of settled trades and transfers, and also with respect to the company's business results. In 2005, Univyc achieved the best numbers in its history for the volume of trades and transfers reaching nearly 4 trillion crown treshold.



Ing. Helena Čacká  
generální ředitelka a místopředsedkyně  
představenstva UNIVYC, a.s.  
General Manager and Vice-Chairwoman  
of the Board of Directors of UNIVYC, a.s.

## VYPOŘÁDÁNÍ BURZOVNÍCH OBCHODŮ

Na českém kapitálovém trhu má Univyc v oblasti vypořádání dominantní postavení, neboť převážná část objemu obchodů s cennými papíry se vypořádává právě prostřednictvím Univycu.

Kromě vypořádání poskytuje Univyc širokou škálu dalších služeb a produktů určených nejen pro členy burzy a účastníky Univycu, ale i pro ostatní účastníky trhu.

Naším stěžejním úkolem pro nadcházející období zůstává projekt centrálního depozitáře cenných papírů. Univyc je jediným žadatelem o licenci na jeho provozování a po celý rok 2005 pokračovaly práce spojené s jeho přípravou. Splnili jsme požadavky předložené Komisí pro cenné papíry a v listopadu jsme úspěšně dokončili testování systému včetně jeho bezpečnostních prvků. Poslední záležitostí, kterou je třeba vyjasnit, zůstává ocenění evidencí Střediska cenných papírů, což bylo rovněž důvodem pro prodloužení licenčního řízení Komisí pro cenné papíry v březnu 2006. Tyto skutečnosti posouvají termín zahájení činnosti centrálního depozitáře, jehož provoz by mohl začít v návaznosti na testování systému účastníky Univycu do šesti měsíců od udělení licence regulátorem.

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## SETTLEMENT

Univyc has a dominant standing on the Czech capital market in the area of settlement, since Univyc handles the settlement of the majority of the volume of trades of securities.

Besides settlement, Univyc provides a broad range of other services and products intended not only for Exchange members and Univyc participants, but also for other market participants.

Our pivotal task for the coming period is still the project for the central securities depository. Univyc is one of the applicants for a license for its operation, and work connected with its preparation continued throughout 2005. We have met the requirements presented by the Securities Commission, and in November we successfully completed testing of the system, including its security elements. The last matter that needs to be clarified is the appraisal of records of the Securities Centre. This was also the reason for the extension of the licensing proceedings by the Securities Commission in March 2006. These facts are delaying the deadline for the launch of the activities of the central depository, the activities of which should begin in connection with the testing of the system by Univyc participants within six months of the granting of a license by the regulator.

### Vypořádání

Finanční vypořádání v české měně zabezpečuje Univyc prostřednictvím platebních příkazů zasílaných do Zúčtovacího centra České národní banky (ZC ČNB). V roce 2005 zaslal Univyc do ZC ČNB přibližně 297 tisíc příkazů v celkovém objemu 4 085 mld. Kč. Objem vypořádaných burzovních obchodů a mimoburzovních transakcí s cennými papíry prostřednictvím Univycu za rok 2005 dosáhl rekordní hodnoty 3 897 mld. Kč, což odpovídá 99,4% podílu všech vypořádaných obchodů a převodů na českém kapitálovém trhu. Z celkového objemu transakcí vypořádaných Univycem připadá na burzovní obchody 1 328 mld. Kč (34,1 %) a 2 569 mld. Kč na mimoburzovní převody.

### Další služby

V průběhu roku 2005 Univyc zprostředkoval vypořádání 51 primárních emisí dluhopisů v celkové hodnotě 173 mld. Kč, což ve srovnání s rokem 2004 představuje nárůst jak v počtu, tak v objemu. Dále pro účastníky Univycu zajistil výplatu dividend včetně možnosti vyřízení refundace daně v případě tří zahraničních akciových emisí – ERSTE BANK, ORCO a ZENTIVA. Rovněž zajistil výplatu dividend v případě listinných cenných papírů akciové emise STOCK PLZEŇ a výplatu výnosů pro majitele listinných dluhopisů společnosti MERO ČR, a.s.

Pro úschovu listinných cenných papírů Univyc již druhým rokem využíval depozitář Československé obchodní banky, a. s. V rámci privatizace Českého Telecomu Univyc zajišťoval vypořádání nákupu a prodeje akcií Českého Telecomu včetně převodu finančních prostředků. K dalším službám Univycu patřila registrace emisí dluhopisů v rámci primárních emisí, registrace akciových emisí a půjčování cenných papírů, které však v posledních letech zaznamenává postupný pokles zájmu ze strany účastníků Univycu.

### Centrální depozitář

Přípravy na zahájení činnosti centrálního depozitáře navázaly na aktivity z předchozích let. V lednu 2005 byla uzavřena smlouva mezi Univycem a PVT, a.s., poskytovatelem technického řešení budoucího depozitáře, a 31. ledna 2005 podal Univyc na Komisi pro cenné papíry žádost o udělení licence k činnosti centrálního depozitáře. V dubnu 2005 však komise licenční řízení přerušila. Na základě požadavků komise předal Univyc v listopadu 2005 doplněnou žádost o licenci, jejíž součástí byly i výsledky testování systému, které byly jednou ze základních podmínek licence. Ke splnění podmínek licenčního řízení přispěly i legislativní změny

### Settlement

Univyc secures financial settlement in Czech currency through payment orders sent to the Clearing Centre of the Czech National Bank (ZC ČNB). In 2005, Univyc sent ZC ČNB ca. 297,000 orders with a total volume of CZK 4.085 billion. The volume of settled exchange trades and after-hours securities transactions through Univyc for 2005 reached a record value of CZK 3.897 billion, corresponding to a 99.4% share of all settled trades and transfers on the Czech capital market. Of the total volume of transactions settled by Univyc, CZK 1.328 trillion (34.1%) was for exchange trades and CZK 2.569 trillion was for after-hours transfers.

### Other services

During 2005, Univyc handled the settlement of 51 primary bond issues with a total value of CZK 173 billion, representing growth compared with 2004 of both the number and volume of transactions. Furthermore, it secured the payout of dividends for Univyc participants, including the option of the handling of tax refunds in the case of three foreign stock – ERSTE BANK, ORCO and ZENTIVA. It also handled the payout of dividends in the case of the certificated securities of STOCK PLZEŇ stock and the payout of interest yields on certificated bond issue of the company MERO ČR, a.s.

For the custody of securities certificates, for the second year now Univyc has used the depository of Československá obchodní banka, a.s. Within the framework of the privatisation of Czech Telecom, Univyc secured the settlement of the purchase and sale of Czech Telecom shares, including the transfer of funds. Among the other services of Univyc have been the registration of bond issues within the framework of primary issues, registration of stock issues and lending of securities, but interest among Univyc participants in these services has been declining in recent years.

### Central depository

Preparations for the launch of the activities of the central depository are tied in with activities from past years. In January 2005, a contract was concluded between Univyc and PVT, a.s., the contractor providing the technical solution for the future depository, and on 31 January 2005, Univyc submitted an application to the Securities Commission for the granting of a license for the activities of a central depository. In April 2005, however, the Commission suspended the licensing proceedings. At the request of the Commission, Univyc submitted a completed licence application in November 2005. The application included

přijaté v září 2005, které mimo jiné umožňují udělení podmíněčné licence k provozování centrálního depozitáře ze strany regulátora. Tato právní úprava se vztahuje k testování systému účastníky Univycu, kteří jsou ochotni testovat až s licencovaným subjektem. V březnu 2006 však Komise licenční řízení opětovně přerušila. Důvodem přerušení řízení byla změna ve výchozích předpokladech obchodního plánu, do kterého nebylo zahrnuto ocenění evidencí Střediska cenných papírů. Všechny ostatní podklady pro licenci, které vycházejí ze stávající legislativy, Univyc již předložil a komise posoudila. Depozitář by mohl zahájit svou činnost do šesti měsíců od udělení licence regulátorem.

#### **Orgány Univycu**

**Představenstvo Univycu je tříčlenné a k 31. 12. 2005 pracovalo v následujícím složení:**

**Ing. Petr Koblíček** – předseda představenstva  
**Ing. Helena Čácká** – místopředsedkyně představenstva  
**Ing. Jan Klenor** – člen představenstva

**Složení dozorčí rady k 31. 12. 2005:**

**Ing. Věslav Michalík, CSc.** – předseda  
**Ing. Petra Wendelová, CSc.**  
**Ing. Jan Struž**

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the system testing results, which were among the basic licensing requirements. Also contributing to the meeting of the conditions of the licensing proceeding were legislative amendments adopted in September 2005, allowing among other things the granting of a conditional license by the regulator for the operation of a central depository. This legislative amendment is related to the testing of the system for Univyc participants who are not willing to do testing with an unlicensed subject. In March 2006, however, the Commission again suspended the licensing proceedings. The reason for suspension of the proceedings was a change to the original prerequisites of the business plan, which had not included the appraisal of records of the Securities Centre. Univyc has already submitted and the Commission has already evaluated all other documentation for licensing based on existing legislation. The depository could launch its activities within six months of the granting of a licence by a regulator.

#### **Corporate Bodies of Univyc**

**The board of directors of Univyc has three members. As of 31 December 2005, the following persons were working on the board:**

**Petr Koblíček** – Chairman of the Board of Directors  
**Helena Čácká** – Vice-Chairwoman of the Board of Directors  
**Jan Klenor** – Member of the Board of Directors

**Members of the supervisory board as of 31 December 2005:**

**Věslav Michalík** – Chairman  
**Petra Wendelová**  
**Jan Struž**

**BURZOVNÍ ORGÁNY**  
**EXCHANGE BODIES**



## BURZOVNÍ KOMORA

Burzovní komora je statutárním orgánem burzy, který řídí její činnost a jedná jejím jménem. Burzovní komora se sešla během roku 2005 na 11 zasedáních.

### Složení burzovní komory k 31. 12. 2005

#### Předseda

**Ing. Petr Koblic** – Burza cenných papírů Praha, a.s.  
datum narození: 22. 2. 1971  
vzdělání: Vysoká škola ekonomická v Praze  
současná funkce: generální ředitel

#### Místopředsedové

**Ing. Jan Klenor** – zástupce akcionáře Patria Finance, a.s.  
datum narození: 9. 2. 1966  
vzdělání: Vysoká škola ekonomická v Praze  
současná funkce: předseda představenstva  
místopředseda burzovní komory od 22. 6. 2005

**Ing. Daniel Heler** – zástupce akcionáře Česká spořitelna, a.s.  
datum narození: 12. 12. 1960  
vzdělání: Vysoká škola ekonomická v Praze  
současná funkce: člen představenstva a náměstek generálního ředitele  
místopředseda burzovní komory od 21. 2. 2005

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## THE EXCHANGE CHAMBER

The Exchange Chamber is the PSE's statutory body which directs its work and acts in its name. The Exchange Chamber met at a total of eleven meetings in 2005.

### Composition of the Exchange Chamber as at 31 December 2005

#### Chairman

**Petr Koblic** – Prague Stock Exchange, a.s.  
Date of birth: 22 February 1971  
Education: University of Economics, Prague  
Current post: Chief Executive Officer

#### Vice-Chairmen

**Jan Klenor** – shareholder representative, Patria Finance, a.s.  
Date of birth: 9 February 1966  
Education: University of Economics, Prague  
Current post: Chairman of the Board of Directors  
Vice-Chairman of the Exchange Chamber from 22 June 2005

**Daniel Heler** – shareholder representative, Česká spořitelna, a.s.  
Date of birth: 12 December 1960  
Education: University of Economics, Prague  
Current post: Member of the Board of Directors  
and Deputy Managing Director  
Vice-Chairman of the Exchange Chamber from 21 February 2005

## Členové

**Mgr. Petr Milev** – zástupce akcionáře PPF banka a.s.

datum narození: 15. 12. 1968

vzdělání: Karlova univerzita, Matematicko-fyzikální fakulta

současná funkce: předseda představenstva a Managing Director

**Ing. Peter Palečka** – zástupce akcionáře Komerční banka, a.s.

datum narození: 3. 11. 1959

vzdělání: Vysoká škola ekonomická v Bratislavě

současná funkce: člen představenstva a náměstek generálního ředitele

opětovně zvolen do funkce 9. 6. 2005

**Ing. Jan Sýkora, MBA** – zástupce akcionáře WOOD & Company Financial Services, a.s.

datum narození: 18. 1. 1972

vzdělání: Vysoká škola ekonomická, Rochester Institute of Technology

současná funkce: předseda představenstva

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## Members

**Petr Milev** – shareholder representative, PPF banka a.s.

Date of birth: 15 December 1968

Education: Faculty of Mathematics and Physics, Charles University

Current post: Chairman of the Board of Directors and Managing Director

**Peter Palečka** – shareholder representative, Komerční banka, a.s.

Date of birth: 3 November 1959

Education: University of Economics, Bratislava

Current post: Member of the Board of Directors and Deputy Managing Director

re-elected on 9 June 2005

**Jan Sýkora, MBA** – shareholder representative, WOOD & Company Financial Services, a.s.

Date of birth: 18 January 1972

Education: University of Economics, Rochester Institute of Technology

Current post: Chairman of the Board of Directors



## DOZORČÍ RADA K 31. 12. 2005

Dozorčí rada má šest členů volených na dobu pěti let. Dozorčí rada dohlíží na výkon působnosti burzovní komory a na činnost burzy.

### **Dne 9. 6. 2005 byli zvoleni:**

#### **Zdeněk Bakala**

narozen: 7. 2. 1961

současná funkce: předseda představenstva – KARBON INVEST, a.s.

#### **Ing. Jiří Michal**

narozen: 23. 12. 1950

současná funkce: předseda představenstva a generální ředitel – Zentiva, a.s.

#### **Ing. Jaroslav Míl**

narozen: 10. 8. 1958

současná funkce: prezident – Svaz průmyslu a dopravy ČR

#### **Tomáš Kvapil**

narozen: 8. 4. 1967

současná funkce: ředitel sekce – Česká národní banka

#### **Ing. Tomáš Prouza**

narozen: 30. 4. 1973

současná funkce: náměstek ministra financí České republiky

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## SUPERVISORY BOARD AS AT 31 DECEMBER 2005

The Supervisory Board has six members elected for five years. The Board supervises the performance of the Exchange Chamber and the Exchange's activities.

### **On 9 June 2005 were elected:**

#### **Zdeněk Bakala**

Date of birth: 7 February 1961

Current post: Chairman of the Board of Directors – KARBON INVEST, a.s.

#### **Jiří Michal**

Date of birth: 23 December 1950

Current post: Chairman of the Board of Directors and General Director – Zentiva, a.s.

#### **Jaroslav Míl**

Date of birth: 10 August 1958

Current post: President of the Confederation of Industry of the Czech republic

#### **Tomáš Kvapil**

Date of birth: 8 April 1967

Current post: Executive Director of Financial markets department – Czech National Bank

#### **Tomáš Prouza**

Date of birth: 30 April 1973

Current post: Deputy Minister of Finance of the Czech republic

**Dr. Martin Roman**

narozen: 29. 10. 1969

současná funkce: předseda představenstva a generální ředitel – ČEZ, a. s.

**Dne 1. 6. 2005 odstoupili:**

**Ing. Věslav Michalik, CSc.** – zástupce akcionáře CA IB Securities, a.s.

datum narození: 1. 3. 1963

vzdělání: Fakulta jaderné fyziky ČVUT

současná funkce: člen představenstva

**JUDr. Martin Aschenbrenner, LL. M., PhD.** – Procházka Randl Kubr & Partneři

datum narození: 8. 5. 1973

vzdělání: Právnická fakulta UK, Harvard Law School, Cambridge

současná funkce: advokát

**Ing. Roman Klaban** – Všeobecná úverová banka a.s.

datum narození: 16. 4. 1965

vzdělání: New York University, Columbia University v New Yorku

současná funkce: předseda představenstva

**Ing. Jiří Klumpar** – PricewaterhouseCoopers

datum narození: 9. 5. 1956

vzdělání: Fakulta jaderná a fyzikálně inženýrská ČVUT

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**Martin Roman**

Date of birth: 29 October 1969

Current post: Chairman of the Board of Directors and General Director – ČEZ, a. s.

**On 1 June 2005 resigned:**

**Věslav Michalik** – shareholder representative, CA IB Securities, a.s.

Date of birth: 1 March 1963

Education: Czech Technical University, Faculty of Nuclear Physics

Current post: Member of the Board of Directors

**Martin Aschenbrenner, LL. M., PhD.**, Procházka Randl Kubr & Partneři

Date of birth: 8 May 1973

Education: Law Faculty of the Charles University, Harvard Law School, Cambridge

Current post: attorney

**Roman Klaban** – Všeobecná úverová banka a.s.

Date of birth: 8 April 1967

Education: New York University, Columbia University in New York

Current post: Chairman of the Board of Directors

**Jiří Klumpar** – PricewaterhouseCoopers

Date of birth: 9 May 1956

Education: Czech Technical University, Faculty of Nuclear Physics

**Ing. Jan Struž** – finanční a ekonomický poradce

datum narození: 5. 5. 1949

vzdělání: Vysoká škola ekonomická

**Ing. Petra Wendelová, CSc.** – ERNST & YOUNG Česká republika, k.s.

datum narození: 3. 6. 1962

vzdělání: Vysoká škola ekonomická

současná funkce: Corporate Finance Partner

## **BURZOVNÍ VÝBOR PRO ČLENSKÉ OTÁZKY**

### **Předseda**

**Ing. Peter Palečka** – Komerční banka, a.s.

### **Místopředsedkyně**

**Mgr. Gabriela Dudášová** – ATLANTIK finanční trhy, a.s.

### **Tajemník**

**Mgr. Ing. Josef Marek** – Burza cenných papírů Praha, a.s.

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**Jan Struž** – Financial and Economic consultant

Date of birth: 5 May 1949

Education: University of Economics

**Petra Wendelová** – ERNST & YOUNG Česká republika, k.s.

Date of birth: 3 June 1962

Education: University of Economics

Current post: Corporate Finance Partner

## **EXCHANGE COMMITTEE ON MEMBERSHIP**

### **Chairman**

**Peter Palečka** – Komerční banka, a.s.

### **Vice-Chairman**

**Gabriela Dudášová** – ATLANTIK finanční trhy, a.s.

### **Secretary**

**Josef Marek** – Prague Stock Exchange, a.s.

Burzovní výbor pro členské otázky zasedal v roce 2005 sedmkrát. Počet členů burzy byl v tomto roce již stabilizován. Členové kvalifikovaně (a až na výjimky včas) plnili předepsanou informační povinnost vůči burze a dodržovali stanovené limitní hodnoty. V důsledku toho ubyla z agendy výboru s tím obvykle spojená operativní administrativa a výbor se mohl více soustředit na posuzování příčin zjištěných porušení burzovních pravidel při obchodování a jejich odstranění. K tomu významně přispělo i průběžné informování výboru o zjištěných operativního monitoringu. K urychlenému a důslednému odstranění závažnějších porušení burzovních pravidel výbor využíval dopisu předsedy výboru a o výsledku byl informován prostřednictvím opakovaných inspekcí.

K 31. 12. 2005 měla burza 22 členů, ze zákona jsou další 3 subjekty oprávněny uzavírat burzovní obchody (Česká národní banka, Česká konsolidační agentura a Ministerstvo financí ČR). V únoru 2005 odňala Burzovní komora členství na burze společnosti Sati, a.s., z důvodu neuhrazení ročního poplatku za organizování obchodů a majetkové nestability. K 31. 12. 2005 ukončila členství na burze společnost Epic Securities.

Největším akcionářem burzy byla v roce 2005 společnost Patria Finance, a.s., s podílem 21,001 % na zapsaném základním kapitálu. Výbor projednal a připravil podklad pro rozhodnutí burzovní komory u 2 žádostí o vyslovení souhlasu s převodem akcií burzy. Na výzvu akcionářů burza odkoupila 3 270 akcií. Ke dni 31. 12. 2005 bylo v držení burzy 48 476 vlastních akcií. Během roku změnilo majitele 12 760 akcií burzy z celkových 313 792, což je 4,066 %.

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The Exchange Committee on Membership met seven times in 2005. The number of members of the Exchange was already stabilised that year. The members duly and for the most part promptly fulfilled their Information Disclosure obligations to the Exchange and respected the established limit values. This relieved the committee of some of its usual operational administration agenda, so it was able to concentrate more on evaluating the causes of the detected violations of Exchange Rules during trading and on elimination of those violations. Also contributing to this significantly was the continual informing of the committee about the findings of operational monitoring. For the accelerated and thorough elimination of serious violations of Exchange Rules, the committee used a letter from the committee chairman. The committee was informed of the outcome through repeated inspections.

As of 31 December 2005, the Exchange had 22 members. By law, three more subjects are authorised to conclude Exchange trades (the Czech National Bank, the Czech Consolidation Agency and the Ministry of Finance of the Czech Republic). In February 2005, the Exchange Committee on Membership revoked the Exchange membership of the company Sati, a.s. on the grounds of non-payment of the annual fee for the organisation of trades and because of unstable assets. As of 31 December 2005, Epic Securities cancelled its Exchange membership.

The Exchange's largest shareholder in 2005 was the company Patria Finance, a.s. with a 21.001% of the registered capital on record. The committee discussed and prepared the basis for a resolution of the Exchange Chamber for two applications for the granting of consent for the transfer of Exchange shares. At the request of the shareholders, the Exchange bought back 3,270 shares. As of 31 December 2005, the Exchange held 48,476 of its own shares. During the year, 12,760 Exchange shares changed owners from a total of 313,792 or 4.066%.

## BURZOVNÍ VÝBOR PRO KOTACI

### Předseda

Ing. Petr Koblíček – Burza cenných papírů Praha, a.s.

### Místopředsedkyně

Ing. Markéta Mühlhoferová – Česká spořitelna, a.s.

### Tajemnice

JUDr. Eva Štrupová – Burza cenných papírů Praha, a.s.

Burzovní výbor pro kotaci se sešel v roce 2005 celkem na pěti řádných zasedáních, šestnáctkrát rozhodoval hlasováním per rollam.

Výbor se především zabýval projednáváním a schvalováním žádostí o přijetí cenných papírů k obchodování. Celkem bylo přijato 28 cenných papírů, jednalo se především o dluhové cenné papíry, tj. hypoteční zástavní listy a bankovní a podnikové dluhopisy renomovaných společností.

Rok 2005 byl pro burzu významný tím, že došlo k přijetí dvou zahraničních emisí akcií, v obou případech šlo o duální kotaci.

Na počátku roku byla přijata na hlavní trh významná developerská firma působící v našem regionu, společnost ORCO PROPERTY GROUP S.A., která je současně obchodována na burze EURONEXT v Paříži. Společně s akciemi byly přijaty na pražský trh i vyměnitelné dluhopisy této společnosti. Emise byla následně po přijetí zařazena do burzovních indexů.

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## EXCHANGE COMMITTEE ON LISTING

### Chairman

Petr Koblíček – Prague Stock Exchange, a.s.

### Vice-Chairman

Markéta Mühlhoferová – Česká spořitelna, a.s.

### Secretary

Eva Štrupová – Prague Stock Exchange, a.s.

In 2005, the Exchange Committee on Listing held five regular meetings. The Committee adopted resolutions through per rollam voting 16 times.

The Committee focused above all on discussing and approving applications for admission of securities to trading. A total of 28 securities were admitted. Most of them were debt securities, i.e. mortgage bonds and bank and company bonds of renowned companies.

The year 2005 was significant for the Exchange, since two foreign share issues were admitted. Both cases involved dual listings.

At the beginning of the year, a major development company active in our region (ORCO PROPERTY GROUP S.A.) was admitted to the main market. The company is currently traded on the EURONEXT exchange in Paris. Together with its stock, the Prague market also admitted the company's convertible bonds. Following its admission, the issue was assigned to Exchange indices.

Další významnou kotací na hlavním trhu bylo přijetí akcií emitenta Central European Media Enterprises Ltd. (CME). Jde o prvního mimoevropského emitenta, jehož akcie jsou kotovány v Praze a současně na americkém trhu NASDAQ. Přijetí proběhlo za mimořádného zájmu investorské veřejnosti a akcie společnosti byly rovněž zařazeny do bází burzovních indexů.

Při přijetí těchto zahraničních emisí výbor povolil výjimky z informační povinnosti stanovené v burzovních pravidlech. Výjimky se týkají především zveřejňování v anglickém jazyce a skutečnosti, že společnosti mohou reportovat na burzu ve stejném čase a ve stejném rozsahu jako na zahraniční burzu.

V souladu s burzovními pravidly byly dále schváleny tři dluhopisové programy, které umožňují zjednodušení procesu přijímání jednotlivých emisí emitovaných v rámci programu.

V roce 2005 byla dále výborem přijata významná úprava části III. burzovních pravidel – Podmínky přijetí cenného papíru k burzovnímu obchodu na hlavním a vedlejším trhu. Úprava se týkala zavedení institutu tzv. podmíněného obchodování na burze, jehož podstatou je možnost obchodovat cenné papíry po určitou dobu ještě před jejich skutečným vydáním. Podmínkou začátku podmíněného obchodování je však rozhodnutí výboru o přijetí k oficiálnímu obchodování a uveřejnění prospektu cenného papíru. Toto významné ustanovení burzovních pravidel bylo přijato s ohledem na očekávané primární emise a další přijímání zahraničních emitentů.

Výbor se dále zabýval problematikou úpravy burzovních pravidel s ohledem na členství ČR v EU a s tím související povinností implementovat směrnice EU. Přistoupil k přípravě novelizace předpisů s očekávanou technickou novelou zákona o podnikání na kapitálovém trhu (zák. č. 256/2004 Sb.). Podílel se také na diskusi k prováděné úpravě ve výpočtu burzovních indexů.

Výbor pokračoval v důsledné kontrole plnění informační povinnosti emitentů přijatých k burzovnímu obchodu na hlavním a vedlejším trhu a sledoval plnění informační povinnosti stanovené zákonem o podnikání na kapitálovém trhu i u společností obchodovaných na volném trhu.

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Another significant listing on the main market was the admission of the stock of Central European Media Enterprises Ltd. (CME). This is the first non-European issuer with stock listed in Prague and at the same time on the U.S. NASDAQ market. The investing public took an extraordinary interest in the stock's admission. The company's stock was also included in the bases of the Exchange indices.

When admitting the foreign issues, the Committee approved exceptions from Information Disclosure obligations stipulated by the Exchange Rules. The exceptions relate mostly to providing information in English and to allowing the companies to disclose information to the Exchange at the same time and to the same extent as when providing information to the foreign Exchange.

In compliance with the Exchange Rules, three bond programmes were approved that allow for a simplified admission process for individual issues within the programme.

In 2005, the Committee also adopted a significant amendment to Section III of the Exchange Rules – Requirements for Admission of a Security to Exchange Trading in the Main and Secondary Markets. The amendment was related to introducing to the Exchange the institute of conditional trading, based on the possibility of trading securities for a certain period of time prior to their actual issue. Prerequisite for such conditional trading, however, are a resolution of the Committee on admission to official trading and the publication of a securities prospectus. This significant provision of the Exchange Rules was adopted, taking into consideration the expectation of primary issues and future admissions of foreign issuers.

The Committee also looked into the question of amending the Exchange Rules with respect to the membership of the Czech Republic in the EU and the related duty to implement EU Decrees. The Committee also started preparing amended regulations in compliance with the expected technical amendment of the Act on Undertaking on the Capital Market (Act No. 256/2004 Coll.). It also participated in discussions on ongoing modifications to the calculating of the Exchange indices.

The Committee continued with thorough review of the information disclosure obligation of issuers admitted to Exchange trading on the main and the secondary markets. It also monitored compliance with information disclosure obligations stipulated by the Act on Undertaking on the Capital Market for those companies traded on the free market.

## **BURZOVNÍ VÝBOR PRO BURZOVNÍ OBCHODY**

### **Předseda**

Ing. Jan Sýkora, MBA – WOOD & Company Financial Services, a.s.

### **Místopředseda a tajemník**

Ing. Jiří Opletal – Burza cenných papírů Praha, a.s.

Výbor v průběhu roku 2005 jednal vždy dle aktuální potřeby a v několika případech rozhodoval na základě hlasování per rollam.

Obchodování v průběhu roku 2005 nebylo ovlivňováno technickými ani operativními změnami vyvolanými novelami zákonů či vyhlášek upravujících podnikání na kapitálovém trhu. Činnost výboru se tak soustředila zejména na úpravy standardních podmínek u emisí zařazených do obchodování ve SPAD, o kterých bylo většinou hlasováno formou per rollam.

Výbor se dále zabýval otázkou podmíněného obchodování na burze, přijímáním a obchodováním investičních certifikátů a futures, obchodováním na neregulovaném volném trhu. Burzovní komoře navrhoval harmonogram burzovních dní, zabýval se prodloužením doby obchodování na burze a posuzoval návrhy na úpravu poplatků za burzovní obchody. Výbor rovněž projednával návrhy úprav burzovních indexů PX 50 a PX-D a možné změny obchodního systému, které by zjednodušily jak obchodování, tak i zveřejňování informací o výsledcích obchodování.

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## **EXCHANGE COMMITTEE ON EXCHANGE TRADES**

### **Chairman**

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

### **Vice-Chairman and Secretary**

Jiří Opletal – Prague Stock Exchange, a.s.

Throughout 2005, the Committee convened as needed and in some cases it adopted resolutions based on per rollam voting.

In 2005, trading was not influenced by technical or operative changes caused by amended legislation or decrees regulating trading in the capital markets. The activities of the Committee therefore focused above all on modifications of standard conditions for issues included in SPAD trading, and voting on this question was usually by the per rollam method.

The Committee also dealt with the issue of conditioned Exchange trading, admitting and trading investment certificates and futures and trading in the unregulated free market. The Committee proposed a schedule of Exchange days to the Exchange Chamber, deliberated on extending the trading hours at the Exchange and evaluated proposals for modification of fees for Exchange transactions. The Committee also discussed proposed amendments to the PX 50 and PX-D Exchange indices and possible changes of the trading system that would simplify trading as well as publishing information on the trading results.

**PŘEHLED AKCIONÁŘŮ**  
**PSE SHAREHOLDERS**





Akcionáři Burzy cenných papírů Praha, a.s., ke dni 31. 12. 2005  
The Prague Stock Exchange shareholders as at 31 December 2005

	Akcionář Shareholders	Akcie (ks) No. of shares	Podíl na ZK (%) Percentage of the PSE registered capital (%)
1	ATLANTA SAFE, a.s. *)	3 000	0,956
2	ATLANTIK finanční trhy, a.s.	2 996	0,955
3	BAWAG Bank CZ a.s.	6 400	2,040
4	BH Securities a.s.	3 849	1,227
5	BODY INTERNATIONAL BROKERS a.s.	607	0,193
6	Brněnská obchodní, a.s. v likvidaci *)	100	0,032
7	Citibank a.s. *)	1 000	0,319
8	CYRRUS, a.s.	1 000	0,319
9	Česká konsolidační agentura *) **)	4 500	1,434
10	Česká pojišťovna a.s. *)	20 000	6,374
11	Česká spořitelna, a.s.	38 908	12,399
12	Československá obchodní banka, a.s.	1 000	0,319
13	DISISOFT, a.s. *)	100	0,032
14	EASTBROKERS, akciová společnost v likvidaci*)	10	0,003
15	Fio, burzovní společnost, a.s.	100	0,032
16	GARFIELD a.s. *)	10	0,003
17	GE Money Bank, a.s. *)	17 388	5,541
18	GES INVEST, a.s. *)	1 000	0,319
19	Global Brokers, a.s.	1 500	0,478
20	HVB Bank Czech Republic a.s.	7 612	2,426
21	ICEBERG a.s. *)	40	0,013
22	ING Bank N.V., organizační složka	3 000	0,956
23	Komerční banka, a.s.	30 529	9,729
24	Merx, a.s. *)	20	0,006
25	Moravia Banka, a.s. v likvidaci *)	500	0,159
26	OESTERREICHER & spol. s r.o. *)	1 000	0,319
27	Patria Finance, a.s.	65 901	21,001
28	PPF banka a.s.	12 140	3,869
29	Sati, a.s. v konkursu *)	100	0,032
30	Stock Investment, a.s. *)	500	0,159
31	Všeobecná úverová banka, a.s. *)	22 154	7,060
32	WOOD & Company Financial Services, a.s.	3 997	1,274
33	Živnostenská banka, a.s.	14 355	4,575

\*) není členem, účastníkem burzovního obchodu

The company is not a PSE member.

\*\*) společnost s právem uzavírat burzovní obchody

The company is authorized to conclude exchange trade.

SEZNAM ČLENŮ  
PSE MEMBERS



## ČLENOVÉ BURZY CENNÝCH PAPÍRŮ PRAHA, a.s., k 31. 12. 2005 PSE MEMBERS as at 31 December 2005

ABN AMRO Bank N.V., pobočka Praha

ATLANTIK finanční trhy, a.s.

BAWAG Bank CZ a.s.

BH Securities, a.s.

BODY INTERNATIONAL BROKERS a.s.

CAPITAL PARTNERS a.s.

CYRRUS, a.s.

Česká spořitelna, a.s.

Českomoravská záruční a rozvojová banka, a.s.

Československá obchodní banka, a.s.

DEUTSCHE BANK Aktiengesellschaft Filiale Prag, organizační složka

EPIC Securities, a.s. \*)

FIO, burzovní společnost, a.s.

Global Brokers, a.s.

HVB Bank Czech Republic a.s.

ING Bank N.V. organizační složka

J&T BANKA, a.s.

Komerční banka, a.s.

Patria Finance, a. s.

PPF banka a.s.

Raiffeisenbank a.s.

WOOD & Company Financial Services, a.s.

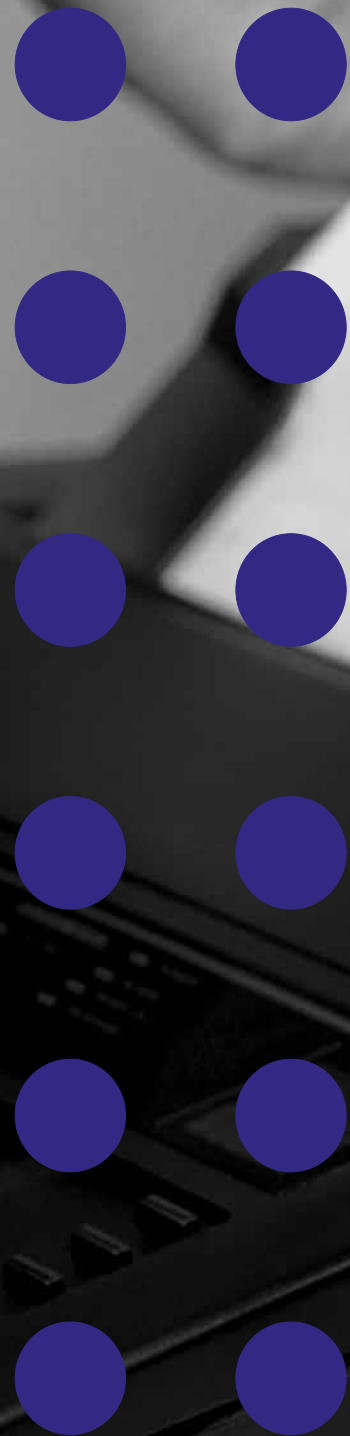
Živnostenská banka, a.s.

\*) členem do 31. 12. 2005

\*) member until 31 December 2005

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ZPRÁVA DOZORČÍ RADY  
REPORT OF THE SUPERVISORY BOARD



## STANOVISKO DOZORČÍ RADY K DOKUMENTŮM PŘEDLOŽENÝM KE SCHVÁLENÍ AKCIONÁŘŮM BURZY NA 14. ŘÁDNÉ VALNÉ HROMADĚ DNE 14. ČERVNA 2006

### 1. Stanovisko ke Zprávě o podnikatelské činnosti burzy a o stavu jejího majetku

Dozorčí rada na svém zasedání dne 29. 5. 2006 projednala „Zprávu o podnikatelské činnosti burzy a o stavu jejího majetku za rok 2005“. K předložené zprávě nemá dozorčí rada připomínky, a proto valné hromadě doporučuje její schválení.

### 2. Zpráva o přezkoumání roční řádné a konsolidované účetní závěrky za rok 2005 a rozhodnutí o rozdělení zisku a výplatě dividendy

Dozorčí rada v souladu s článkem 35 Stanov Burzy cenných papírů Praha, a.s., přezkoumala auditorovsky ověřenou řádnou účetní závěrku za rok 2005 a seznámila se zprávou auditora. Dozorčí rada souhlasí s účetní závěrkou Burzy cenných papírů Praha, a.s., a s předloženým návrhem na rozdělení zisku. Dozorčí rada doporučuje valné hromadě akcionářů schválit řádnou účetní závěrku a návrh burzovní komory na rozdělení zisku z roku 2005. Dozorčí rada souhlasí s návrhem burzovní komory vyplatit akcionářům dividendu ve výši 455 Kč na akcii a doporučuje valné hromadě schválení výplaty dividendy v této výši.

V Praze dne 29. května 2006



**Zdeněk Bakala**  
člen dozorčí rady



**Ing. Jiří Michal**  
člen dozorčí rady

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## SUPERVISORY BOARD'S OPINION ON DOCUMENTS SUBMITTED FOR APPROVAL TO THE EXCHANGE SHAREHOLDERS DURING THE 14<sup>TH</sup> REGULAR GENERAL MEETING HELD ON 14 JUNE, 2006

### 1. Opinion on the Report on Exchange's Business Activities and State of its Assets

During its meeting held on 29 May, 2006 the Supervisory Board discussed the 2005 Report on Exchange's Business Activities and State of its Assets. The Supervisory Board has no comments regarding the report thus recommending it for the approval by the General Meeting.

### 2. Report on Review of the 2005 Regular Annual and Consolidated Financial Statements and Decision on Profit Distribution and Payment of Dividends

In compliance with Art. 35 of the Prague Stock Exchange Statutes, the Supervisory Board reviewed the audited 2005 regular financial statements and the auditor's report. The Supervisory Board approves the financial statements of the Prague Stock Exchange and the submitted proposal for profit distribution. The Supervisory Board recommends the regular financial statements and the proposal of the Exchange Chamber for 2005 profit distribution for approval by the General Meeting. The Supervisory Board approves the proposal of the Exchange Chamber to pay a dividend amounting to CZK 455 per share to the shareholders and recommends the payment of the dividend in the said amount for approval by the General Meeting.

In Prague, 29 May 2006



**Zdeněk Bakala**  
Supervisory Board Member



**Jiří Michal**  
Supervisory Board Member

## ZPRÁVA AUDITORA

# Deloitte.

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zapsaná Městským soudem  
v Praze, oddíl C, vložka 24349  
IČ: 49620592  
DIČ: CZ49620592

### Zpráva nezávislého auditora pro akcionáře společnosti Burza cenných papírů Praha, a.s.

Se sídlem: Praha 1, Rybná 14/682

Identifikační číslo: 47115629

Hlavní předmět podnikání: organizování v souladu s obecně právními předpisy, Burzovním řádem a Burzovními pravidly na určeném místě a ve stanovenou dobu prostřednictvím oprávněných osob poptávku a nabídku registrovaných cenných papírů, investičních instrumentů, které nejsou cennými papíry, popř. jiných instrumentů kapitálového trhu v rozsahu povolení vydaného Komisí pro cenné papíry

#### Nekonsolidovaná účetní závěrka

Na základě provedeného auditu jsme dne 19. dubna 2006 vydali k nekonsolidované účetní závěrce, která je nedílnou součástí finanční části této výroční zprávy na příloženém CD, zprávu následujícího znění:

„Provedli jsme audit příložené účetní závěrky společnosti Burza cenných papírů Praha, a.s., k 31. prosinci 2005. Za sestavení účetní závěrky je odpovědná burzovní komora. Naší odpovědností je vyjádřit výrok k účetní závěrce jako celku na základě provedeného auditu.

Náš audit jsme provedli v souladu se zákonem o auditorech a Mezinárodními auditorskými standardy a souvisejícími aplikačními doložkami Komory auditorů České republiky. Tyto standardy vyžadují, aby auditor naplánoval a provedl audit tak, aby získal přiměřenou jistotu, že účetní závěrka neobsahuje významné nesprávnosti. Audit zahrnuje výběrovým způsobem provedené posouzení důkazních informací prokazujících částky a informace uvedené v účetní závěrce. Audit též zahrnuje posouzení použitých účetních metod a významných odhadů provedených vedením a dále posouzení celkové prezentace účetní závěrky. Jsme přesvědčeni, že provedený audit poskytuje přiměřený podklad pro vyjádření výroku auditora.

Podle našeho názoru účetní závěrka ve všech významných ohledech podává věrný a poctivý obraz aktiv, pasiv a finanční situace společnosti Burza cenných papírů Praha, a.s., k 31. prosinci 2005 a nákladů, výnosů a výsledků jejího hospodaření za rok 2005 v souladu s účetními předpisy České republiky.“

#### Konsolidovaná účetní závěrka

Na základě provedeného auditu jsme dne 19. dubna 2006 vydali ke konsolidované účetní závěrce, která je součástí finanční části této výroční zprávy na příloženém CD, zprávu následujícího znění:

„Provedli jsme audit příložené konsolidované účetní závěrky Burzy cenných papírů, a.s. („společnost“), která se skládá z rozvahy k 31. prosinci 2005 a souvisejících výkazů zisku a ztráty, peněžních toků a změn vlastního kapitálu za rok 2005 a přílohy. Za sestavení účetní závěrky je odpovědná burzovní komora. Naší odpovědností je vyjádřit výrok k účetní závěrce jako celku na základě provedeného auditu.

Náš audit jsme provedli v souladu s Mezinárodními auditorskými standardy. Tyto standardy vyžadují, aby auditor naplánoval a provedl audit tak, aby získal přiměřenou jistotu, že účetní závěrka neobsahuje významné nesprávnosti. Audit zahrnuje výběrovým způsobem provedené posouzení důkazních informací prokazujících částky a informace uvedené v účetní závěrce. Audit též zahrnuje posouzení použitých účetních metod a významných odhadů provedených vedením a dále posouzení celkové prezentace účetní závěrky. Jsme přesvědčeni, že provedený audit poskytuje přiměřený podklad pro vyjádření výroku auditora.

Podle našeho názoru účetní závěrka ve všech významných ohledech podává věrný a poctivý obraz aktiv, pasiv a finanční situace společnosti Burza cenných papírů, a.s., k 31. prosinci 2005 a nákladů, výnosů a výsledků jejího hospodaření za rok 2005 v souladu s Mezinárodními standardy finančního výkaznictví.“

## AUDITOR'S REPORT

# Deloitte.

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Registered at the Municipal Court  
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Id Nr.: 49620592  
Tax Id. Nr.: CZ49620592

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

Having its registered office at: Prague 1, Rybná 14/682

Identification number: 47115629

Principal activities: Organising, in accordance with the generally applicable legal regulations; Stock Exchange Rules and Stock Exchange Regulations, on pre-determined premises and at a set time through authorised persons, trading with registered securities, investment instruments that are not securities, and other capital market instruments to the extent of the licence issued by the Securities Commission

#### **Unconsolidated Financial Statements**

Based upon our audit, we issued the following audit report dated 19 April 2006 on the unconsolidated financial statements which are included in the integral financial part of this annual report on the attached CD:

"We have audited the accompanying financial statements of Burza cenných papírů Praha, a.s. for the year ended 31 December 2005. These financial statements are the responsibility of the Stock Exchange Chamber. 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 the Act on Auditors and International Standards on Auditing and the related application guidelines issued by 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 financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view, in all material respects, of the assets, liabilities and equity and financial position of Burza cenných papírů Praha, a.s. as of 31 December 2005 and of the expenses, income and results of its operations for the year then ended in accordance with accounting regulations applicable in the Czech Republic."

#### **Consolidated Financial Statements**

Based upon our audit, we issued the following audit report dated 19 April 2006 on the consolidated financial statements which are included in the financial part of this annual report on the attached CD:

"We have audited the accompanying consolidated financial statements of Burza cenných papírů Praha, a.s. (the "Company"), which comprise the balance sheet as of 31 December 2005, and the related statement of income, changes in equity and cash flows for the year then ended and notes. These financial statements are the responsibility of the Stock Exchange Chamber. 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 International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view, in all material respects, of the assets, liabilities and equity and financial position of Burza cenných papírů, a.s. as of 31 December 2005 and of the expenses, income and results of its operations for the year then ended in accordance with International Financial Reporting Standards."

### Výroční zpráva

Ověřili jsme též soulad výroční zprávy s výše uvedenou účetní závěrkou. Za správnost výroční zprávy je odpovědná burzovní komora. Naším úkolem je vydat na základě provedeného ověření výrok o souladu výroční zprávy s účetní závěrkou.

Ověření jsme provedli v souladu se zákonem o auditorech a Mezinárodními auditorskými standardy a souvisejícími aplikačními doložkami Komory auditorů České republiky. Tyto standardy vyžadují, aby auditor naplánoval a provedl ověření tak, aby získal přiměřenou jistotu, že informace obsažené ve výroční zprávě, které popisují skutečnosti, jež jsou též předmětem zobrazení v účetní závěrce, jsou ve všech významných ohledech v souladu s příslušnou účetní závěrkou. Jsme přesvědčeni, že provedené ověření poskytuje přiměřený podklad pro vyjádření výroku auditora.

Podle našeho názoru jsou informace uvedené ve výroční zprávě ve všech významných ohledech v souladu s výše uvedenou účetní závěrkou.

V Praze dne 6. června 2006



Auditorská společnost:  
Deloitte s.r.o.  
Osvědčení č. 79  
zastoupená:



Marie Kučerová, pověřený zaměstnanec

Odpovědný auditor:



Marie Kučerová, osvědčení č. 1207



### Annual Report

We have also audited the annual report for consistency with the financial statements referred to above. This annual report is the responsibility of the Stock Exchange Chamber. 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 International Standards on Auditing and the related application guidelines issued by 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 is consistent, in all material respects, with the financial statements referred to above.

In Prague on 6 June 2006



Audit firm:  
Deloitte s.r.o.  
Certificate no. 79  
Represented by:



Marie Kučerová, authorised employee

Statutory auditor:



Marie Kučerová, certificate no. 1207

ZÁVĚREČNÉ INFORMACE  
CLOSING INFORMATION



## ZÁVĚREČNÉ INFORMACE

### Usnesení 14. řádné valné hromady akcionářů

Na 14. zasedání konaném dne 14. 6. 2006 řádná valná hromada akcionářů Burzy cenných papírů Praha, a.s., schválila:

#### 1) Zprávu o podnikatelské činnosti burzy za rok 2005

Akcionáři projednali a schválili Zprávu o podnikatelské činnosti burzy a stavu jejího majetku na rok 2005. Zároveň vzali na vědomí zprávu dozorčí rady a auditorskou zprávu k řádné účetní závěrce a konsolidované účetní závěrce.

#### 2) Účetní závěrku za rok 2005, rozhodnutí o rozdělení zisku a výplatě dividendy

Výsledkem hospodaření burzy za rok 2005 je zisk před zdaněním ve výši 141,688 mil. Kč. Největší podíl na zisku burzy mají tradičně poplatky spojené s obchodováním. Ty – i přes jejich snižování v průběhu roku 2005 – překročily dvaapůlkrát předpokládaný rozpočet. Valná hromada tak, i s přihlédnutím k těmto výsledkům, mohla schválit výplatu doposud rekordní dividendy ve výši 455 Kč za jednu akcii.

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## CLOSING INFORMATION

### Resolution of the 14<sup>th</sup> Regular General Meeting of Shareholders

The 14<sup>th</sup> Regular General Meeting of Shareholders of the Prague Stock Exchange held on 14 June, 2006 approved:

#### 1) The 2005 Report on Exchange's Business Activities

The shareholders discussed and approved the 2005 Report on Exchange's Business Activities and State of its Assets. At the same time, the shareholders acknowledged the Report of the Supervisory Board and the auditor's report on the regular annual and consolidated financial statements.

#### 2) The 2005 Financial Statements and Decision on Profit Distribution and Payment of Dividends

The Exchange's 2005 business activities generated profit before tax amounting to CZK 141.688 million. As usual, the largest contribution to the Exchange's profit has come from trading-related fees. Though reduced in the course of 2005, the fees exceeded the budgeted amount 2.5 times. In view of these figures, the General Meeting was able to approve the highest ever dividend of CZK 455 per share.

Po odvedení daně z příjmů, dodatečném odvodu za rok 2004 a dopadu odložené daně je výsledkem hospodaření Burzy cenných papírů Praha, a.s., zisk ve výši 110,102 mil. Kč který bude rozdělen následovně:

- Výsledek hospodaření běžného roku 110,102 mil. Kč.
- Zákonný povinný příděl do rezervního fondu 5,506 mil. Kč.
- Úhrada ztráty z minulých let 6,477 mil. Kč.
- Nerozdělený výsledek hospodaření 98,119 mil. Kč.

### 3) Konsolidovanou účetní závěrku

Konsolidovaný zisk společností Burza cenných papírů Praha, a.s., UNIVYC, a.s., a Centrální depozitář, a.s., před zdaněním činí 146,662 mil. Kč.

### 4) Zásady činnosti a hospodaření Burzy na rok 2006

Valná hromada rovněž schválila zásady činnosti burzy na rok 2006 a souhlasila s prioritami, kterými jsou podpora IPO, podpora retail trhu, s čímž bezprostředně souvisí plánované rozšíření nabídky investičních instrumentů zejména o deriváty. Rovněž v roce 2006 je jednou z priorit burzy práce na projektu Centrálního depozitáře. Ten je po technické stránce plně připraven a čeká se pouze na nové ocenění evidence dat Střediska cenných papírů, které umožní dokončit obchodní plán fungování budoucího Centrálního depozitáře. Burza bude, stejně jako v předešlých letech, i nadále harmonizovat burzovní pravidla s legislativou, která je platná v EU. Neméně důležitou prioritou je oblast propagace, kde se burza soustředí zejména na zvýšení informovanosti široké veřejnosti o kapitálovém trhu a burze samotné.

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After tax, additional levies for 2004 and impact of the deferred tax, the business activities of the Prague Stock Exchange generated profit amounting to CZK 110.102 million, which is to be distributed in the following manner:

- Current year profit CZK 110.102 million;
- Mandatory contribution to the reserve fund CZK 5.506 million;
- Coverage of the unsettled loss from previous years CZK 6.477 million;
- Retained profit CZK 98.119 million.

### 3) The Consolidated Financial Statement

The consolidated profit of the Prague Stock Exchange, UNIVYC, a.s. and the Central Depository before tax amounted to CZK 146.662 million.

### 4) The Principles for the Exchange's 2006 Business and Other Activities

The General Meeting also approved the principles for the Exchange's 2006 business and other activities, accepting support to IPO and to the retail market as its priorities, which closely relates to the envisaged extension of investment tools, particularly with derivatives. Also in 2006, the Exchange will place the Central Depository project among its priorities. The technical part is ready for run; the business plan for the future Central Depository functioning can be completed as soon as the new evaluation of the Securities Centre data register is available. Like in previous years, the Exchange will continue to harmonise the exchange rules with the applicable EU legislation. Another priority of similar importance will be publicity aiming to raise awareness among the general public of the capital market and the Exchange alone.

#### **5) Návrh na snížení základního kapitálu**

V souladu s platnou zákonnou úpravou schválila valná hromada snížení základního kapitálu burzy o 1,1 mil. Kč na 265,216 mil. Kč. Velikost snížení základního kapitálu odpovídá velikosti podílu vlastních akcií ve vlastnictví burzy. Po provedeném zápisu snížení burza vlastní akcie zničí.

#### **6) Změny stanov burzy**

Změny stanov se vztahují k méně závažným administrativně-technickým bodům, které přiblíží fungování burzy standardní akciové společnosti. V některých případech reagují na změnu legislativy, a to i v terminologii.

#### **7) Změny ve složení burzovní komory a dozorčí rady**

Burzovní komora je zcela naplněna a má 6 členů. Dne 29. 5. 2006 rezignoval na své členství v dozorčí radě Ing. Tomáš Kvapil a na uvolněné místo valná hromada nikoho nejmenovala. Zůstává tedy jedno volné místo v dozorčí radě.

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#### **5) Proposal to Reduce the Registered Capital**

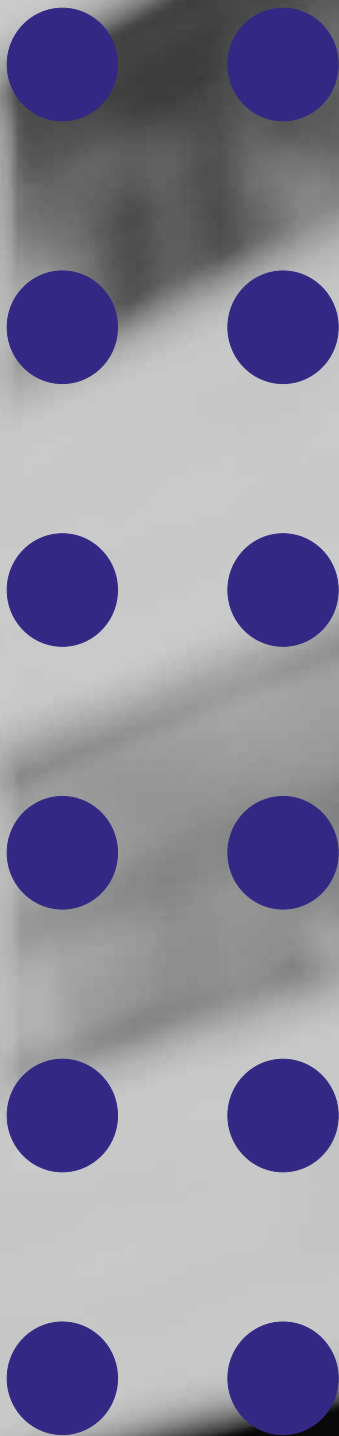
In compliance with the applicable legislation, the General Meeting approved the reduction of the Exchange's registered capital by CZK 1.1 million down to CZK 265.216 million. The reduction rate of the registered capital corresponds to proportion of own shares held by the Exchange. After the relevant registration of the reduction, the Exchange will destroy the shares.

#### **6) Amendments to the Exchange Statutes**

Amendments to the Statutes relate to minor administrative and technical aspects which will provide for the Exchange's functioning as a standard joint stock company. In certain cases, the amendments reflect changes, even terminological, in legislation.

#### **7) Changes in the Memberships of the Exchange Chamber and Supervisory Board**

The membership of the Exchange Chamber is complete with six members. On 29 May, 2006 Tomáš Kvapil resigned to his position in the Supervisory Board, and no appointment to his position has been made. There is therefore one vacant position in the Supervisory Board.



## BALANCE SHEET

full version as of 31 December 2005 (in CZK '000)

	2005		2004	
	Gross	Adjustment	Net	Net
<b>TOTAL ASSETS</b>	<b>625,986</b>	<b>136,313</b>	<b>489,673</b>	<b>377,728</b>
<b>B. Fixed assets</b>	<b>238,132</b>	<b>130,818</b>	<b>107,314</b>	<b>110,364</b>
<b>B.I. Intangible fixed assets</b>	<b>72,198</b>	<b>69,482</b>	<b>2,716</b>	<b>2,931</b>
B.I.3. Software	72,006	69,322	2,684	2,931
B.I.6. Other intangible fixed assets	160	160	–	–
B.I.7. Intangible fixed assets under construction	32	–	32	–
<b>B.II. Tangible fixed assets</b>	<b>72,834</b>	<b>60,836</b>	<b>11,998</b>	<b>14,333</b>
B.II.3. Individual movable assets and sets of movable assets	72,834	60,836	11,998	14,333
<b>B.III. Non-current financial assets</b>	<b>93,100</b>	<b>500</b>	<b>92,600</b>	<b>93,100</b>
B.III.1. Equity investments in subsidiaries	93,100	500	92,600	93,100
<b>C. Current assets</b>	<b>380,827</b>	<b>5,495</b>	<b>375,332</b>	<b>260,111</b>
<b>C.II. Long-term receivables</b>	<b>220</b>	<b>–</b>	<b>220</b>	<b>303</b>
C.II.5. Long-term prepayments made	220	–	220	301
C.II.8. Deferred tax asset	–	–	–	2
<b>C.III. Short-term receivables</b>	<b>62,019</b>	<b>5,495</b>	<b>56,524</b>	<b>27,389</b>
C.III.1. Trade receivables	29,438	5,495	23,943	18,278
C.III.2. Receivables – controlling entity	29,000	–	29,000	–
C.III.5. Social security and health insurance contributions	–	–	–	1
C.III.6. State – tax receivables	–	–	–	6,354
C.III.7. Short-term prepayments made	3,291	–	3,291	2,719
C.III.8. Estimated receivables	261	–	261	19
C.III.9. Other receivables	29	–	29	18
<b>C.IV. Current financial assets</b>	<b>318,588</b>	<b>–</b>	<b>318,588</b>	<b>232,419</b>
C.IV.1. Cash on hand	10	–	10	25
C.IV.2. Cash at bank	1,620	–	1,620	3,362
C.IV.3. Short-term securities and investments	316,958	–	316,958	229,032
<b>D. I. Other assets</b>	<b>7,027</b>	<b>–</b>	<b>7,027</b>	<b>7,253</b>
D.I.1. Deferred expenses	5,508	–	5,508	4,474
D.I.3. Accrued income	1,519	–	1,519	2,779

	2005	2004
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>489,673</b>	<b>377,728</b>
<b>A. Equity</b>	<b>444,831</b>	<b>337,431</b>
<b>A.I. Share capital</b>	<b>270,178</b>	<b>292,268</b>
A.I.1. Share capital	266,316	313,792
A.I.2. Treasury shares and holdings (-)	(43,614)	(73,473)
A.I.3. Changes in share capital	47,476	51,949
<b>A.II. Capital funds</b>	<b>35,998</b>	<b>35,998</b>
A.II.1. Share premium	22,769	22,769
A.II.2. Other capital funds	13,229	13,229
<b>A.III. Statutory funds</b>	<b>10,947</b>	<b>9,423</b>
A.III.1. Statutory reserve fund / Indivisible fund	10,947	9,423
<b>A.IV. Retained earnings</b>	<b>17,606</b>	<b>(30,727)</b>
A.IV.1. Accumulated profits brought forward	28,945	-
A.IV.2. Accumulated losses brought forward	(11,339)	(30,727)
<b>A.V. Profit or loss for the current period (+/-)</b>	<b>110,102</b>	<b>30,469</b>
<b>B. Liabilities</b>	<b>44,792</b>	<b>37,116</b>
<b>B.I. Reserves</b>	<b>981</b>	<b>981</b>
B.I.4. Other reserves	981	981
<b>B.II. Long-term liabilities</b>	<b>772</b>	<b>-</b>
B.II.5. Long-term prepayments received	3	-
B.II.10. Deferred tax liability	769	-
<b>B.III. Short-term liabilities</b>	<b>43,039</b>	<b>36,135</b>
B.III.1. Trade payables	18,027	23,647
B.III.5. Payables to employees	-	3,982
B.III.6. Social security and health insurance payables	-	3,115
B.III.7. State – tax payables and subsidies	20,582	1,855
B.III.8. Short-term prepayments received	1,224	768
B.III.9. Bonds issued	-	-
B.III.10. Estimated payables	3,206	2,607
B.III.11. Other payables	-	161
<b>C. I. Other liabilities</b>	<b>50</b>	<b>3,181</b>
C.I.1. Accrued expenses	-	3,131
C.I.2. Deferred income	50	50



## PROFIT AND LOSS ACCOUNT

year ended 31 December 2005 (in CZK '000)

	2005	2004
<b>II. Production</b>	<b>277,650</b>	<b>163,190</b>
II.1. Sales of own products and services	277,650	163,190
<b>B. Purchased consumables and services</b>	<b>92,043</b>	<b>65,804</b>
B.1. Consumed material and energy	1,721	1,012
B.2. Services	90,322	64,792
<b>+ Added value</b>	<b>185,607</b>	<b>97,386</b>
<b>C. Staff costs</b>	<b>62,664</b>	<b>58,395</b>
C.1. Payroll costs	41,233	39,508
C.2. Remuneration to members of statutory bodies	4,167	2,265
C.3. Social security and health insurance costs	14,208	13,665
C.4. Social costs	3,056	2,957
<b>D. Taxes and charges</b>	<b>194</b>	<b>14,153</b>
<b>E. Depreciation of intangible and tangible fixed assets</b>	<b>8,320</b>	<b>9,979</b>
<b>III. Sales of fixed assets and material</b>	<b>1,233</b>	<b>209</b>
III.1. Sales of fixed assets	1,232	209
III.2. Sales of material	1	–
<b>F. Net book value of fixed assets and material sold</b>	<b>2,965</b>	<b>–</b>
F.1. Net book value of sold fixed assets	2,965	–
<b>G. Change in reserves and provisions relating to operating activities and complex deferred expenses</b>	<b>(872)</b>	<b>(14,508)</b>
IV. Other operating income	61	4,626
<b>H. Other operating expenses</b>	<b>2,758</b>	<b>2,111</b>
<b>* Operating profit or loss</b>	<b>110,872</b>	<b>32,091</b>
VI. Proceeds from the sale of securities and investments	232,313	88,600
<b>J. Cost of securities and investments sold</b>	<b>234,712</b>	<b>88,059</b>
VII. Income from non-current financial assets	29,000	–
VII.1. Income from subsidiaries and associates	29,000	–
VIII. Income from current financial assets	4,170	1,944
<b>K. Costs of financial assets</b>	<b>8,121</b>	<b>111</b>
<b>M. Change in reserves and provisions relating to financial activities</b>	<b>500</b>	<b>–</b>
X. Interest income	8,921	8,497
XI. Other financial income	12	2
<b>O. Other financial expenses</b>	<b>267</b>	<b>704</b>
<b>* Financial profit or loss</b>	<b>30,816</b>	<b>10,169</b>
<b>Q. Income tax on ordinary activities</b>	<b>31,586</b>	<b>11,791</b>
Q.1. – due	30,815	8,053
Q.2. – deferred	771	3,738
<b>** Profit or loss from ordinary activities</b>	<b>110,102</b>	<b>30,469</b>
<b>*** Profit or loss for the current period (+/-)</b>	<b>110,102</b>	<b>30,469</b>
<b>**** Profit or loss before tax</b>	<b>141,688</b>	<b>42,260</b>

## CASH FLOW STATEMENT

year ended 31 December 2005 (in CZK '000)

	2005	2004
<b>P. Opening balance of cash and cash equivalents</b>	<b>3,387</b>	<b>1,630</b>
<i>Cash flows from ordinary activities:</i>		
Z. Profit or loss from ordinary activities before tax	141,688	42,260
A.1. Adjustments for non-cash transactions	(28,740)	(13,244)
A.1.1. Depreciation of fixed assets	8,320	9,979
A.1.2. Change in provisions and reserves	(872)	(14,517)
A.1.3. Profit/(loss) on the sale of fixed assets	1,733	(209)
A.1.4. Revenues from dividends and profit shares	(29,000)	–
A.1.5. Interest expense and interest income	(8,921)	(8,497)
<b>A.* Net operating cash flow before changes in working capital</b>	<b>112,948</b>	<b>29,016</b>
A.2. Change in working capital	(111,183)	105,357
A.2.1. Change in operating receivables and other assets	(6,570)	186,308
A.2.2. Change in operating payables and other liabilities	(16,687)	14,300
A.2.4. Change in current financial assets	(87,926)	(95,252)
<b>A.** Net cash flow from operations before tax and extraordinary items</b>	<b>1,765</b>	<b>134,373</b>
A.4. Interest received	10,181	5,718
A.5. Income tax paid from ordinary operations	(3,998)	(4,555)
<b>A.*** Net operating cash flows</b>	<b>7,948</b>	<b>135,536</b>
<i>Cash flows from investing activities:</i>		
B.1. Fixed assets expenditure	(8,235)	(93,076)
B.2. Proceeds from fixed assets sold	1,232	209
<b>B.*** Net investment cash flows</b>	<b>(7,003)</b>	<b>(92,867)</b>
C.2. Impact of changes in equity	(2,702)	(40,912)
C.2.1. Cash increase in share capital	(2,702)	(40,912)
<b>C.*** Net financial cash flows</b>	<b>(2,702)</b>	<b>(40,912)</b>
<b>F. Net increase or decrease in cash and cash equivalents</b>	<b>(1,757)</b>	<b>1,757</b>
<b>R. Closing balance of cash and cash equivalents</b>	<b>1,630</b>	<b>3,387</b>

## STATEMENT OF CHANGES IN EQUITY

year ended 31 December 2005 (in CZK '000)

	Share capital	Treasury shares and holdings (-)	Changes in share capital	Capita funds	Statutory funds	Accumulated profits brought forward	Accumulated losses brought forward	Profit or loss for the current period	Total equity
<b>Balance at 31 December 2003</b>	<b>365,741</b>	<b>(51,768)</b>	<b>19,207</b>	<b>35,998</b>	<b>7,512</b>	<b>56,544</b>	<b>(123,567)</b>	<b>38,207</b>	<b>347,874</b>
Distribution of profit or loss	-	-	-	-	1,911	-	-	(1,911)	-
Settlement of loss brought forward	-	-	-	-	-	(56,544)	92,840	(36,296)	-
Registered decrease in share capital	-	19,207	(19,207)	-	-	-	-	-	-
Proposed share capital decrease	(51,949)	-	51,949	-	-	-	-	-	-
Acquisition of treasury shares	-	(40,912)	-	-	-	-	-	-	(40,912)
Profit or loss for the current period	-	-	-	-	-	-	-	30,469	30,469
<b>Balance at 31 December 2004</b>	<b>313,792</b>	<b>(73,473)</b>	<b>51,949</b>	<b>35,998</b>	<b>9,423</b>	<b>-</b>	<b>(30,727)</b>	<b>30,469</b>	<b>337,431</b>
Distribution of profit or loss	-	-	-	-	1,524	28,945	-	(30,469)	-
Registered decrease in share capital	-	32,561	(51,949)	-	-	-	19,388	-	-
Proposed share capital decrease	(47,476)	-	47,476	-	-	-	-	-	-
Acquisition of treasury shares	-	(2,702)	-	-	-	-	-	-	(2,702)
Profit or loss for the current period	-	-	-	-	-	-	-	110,102	110,102
<b>Balance at 31 December 2005</b>	<b>266,316</b>	<b>(43,614)</b>	<b>47,476</b>	<b>35,998</b>	<b>10,947</b>	<b>28,945</b>	<b>(11,339)</b>	<b>110,102</b>	<b>444,831</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31. 12. 2005

### 1. GENERAL INFORMATION

#### 1.1. Incorporation and Description of the Business

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

The Company was entered in the Register of Companies maintained by the Regional Court for Prague 1 on 24 November 1992. The Finance Ministry of the Czech Republic granted a permit to incorporate the Company on 16 October 1992 (Ref. No. 102/58/294/92). The corporate details of the Company are maintained in the Register of Companies held at the Municipal Court in Prague, File B, Insert 1773.

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

- To organise, in accordance with the generally applicable legal regulations, Stock Exchange Rules and Stock Exchange Regulations, on pre-determined premises and at a set daily time through authorised persons, trading with registered securities, investment instruments that are not securities, and other capital market instruments to the extent of the licence issued by the Securities Commission which applies to the following capital market instruments:
  - a) Options in terms of Section 8a (1) (g) of the Securities Act, the values of which are derived from the value in the rate index composed of shares listed on a public market in the Czech Republic, where none of the options has a weighting in excess of 35 percent in this index;
  - b) Futures in terms of Section 8a (1) (d) of the Securities Act, the values of which are derived from the value in the rate index composed of shares listed on a public market in the Czech Republic, where none of the futures has a weighting in excess of 35 percent in this index;
  - c) Futures in terms of Section 8a (1) (d) of the Securities Act, the values of which are derived from an interest rate commonly used on a financial market in the Czech Republic; and
  - d) Futures in terms of Section 8a (1) (d) of the Securities Act, the values of which are derived from the value of a basket of not less than two government bonds pursuant to Section 18 (1) of the Bonds Act 530/1990 Coll., as amended, listed on a public market in the Czech Republic;
- To ensure publication of the results of stock exchange transactions;
- To render services involving the provision of information, even information that relates to securities that have not been listed on a public market under the conditions set out in the Stock Exchange Act 214/1992 Coll., as amended, to the extent of the licence issued by the Securities Commission and provided that the provision of the information is set out in the Stock Exchange Rules;
- To undertake advisory, educational and other activities relating to the principal operations;
- To provide software;
- To purchase goods for sale and resale;
- To undertake training activities;
- To mediate educational activities;
- To perform technical activities related to information technologies; and
- To perform publishing activities.

The Company's share capital recorded in the Register of Companies as of 31 December 2005 of CZK 313,792 thousand is split into 313,792 shares of registered stock with a nominal value of CZK 1,000. Only Patria Finance, a.s. has an equity interest greater than 20 percent (21 percent).

#### 1.2. Year-on-Year Changes and Amendments to the Register of Companies

At the General Meeting held on 9 June 2005, shareholders resolved to decrease the issued share capital by CZK 47,476 thousand to CZK 266,316 thousand. On the basis of this resolution, the Company filed a "petition to initiate proceedings to record the resolution of the General Meeting in the Register of Companies" on 20 July 2005. The share capital decrease was registered by the Register of Companies of the Municipal Court in Prague on 2 March 2006.

On 17 February 2005, the decrease of the share capital of CZK 51,949 thousand was entered in the Register of Companies held by the Municipal Court in Prague. This decrease was approved at the General Meeting held on 24 June 2004.

### 1.3. Organisational Structure of the Company

The following units report directly to the CEO:

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

### 1.4. Group Identification

As of 31 December 2005, the Prague Stock Exchange had two subsidiary companies.

UNIVYC was incorporated by a Notarial Deed on 21 June 1996, as a joint stock company and was recorded in the Register of Companies on 8 October 1996. The Company was incorporated by the transformation of the limited liability company Burzovní registr cenných papírů, s.r.o. UNIVYC became the legal successor of this company. UNIVYC is a wholly owned subsidiary of the Prague Stock Exchange. As of 31 December 2005, UNIVYC's share capital of CZK 100,000 thousand consists of 100,000 registered shares with a value of CZK 1,000.

In 2001, the Company and UNIVYC, a.s. entered into a controlling agreement which was revoked at the end of the 2004 reporting period, that is, 31 December 2004, following agreement of both entities.

On 21 November 2003, the Company, as the sole founder, decided to form a joint stock company, Centrální depozitář, a.s., with its registered office at Rybná 14, Prague 1. The share capital of CZK 3,000 thousand consists of 3,000 shares with a nominal value of CZK 1,000. The sole shareholder is the Prague Stock Exchange. The company was recorded in the Register of Companies held by the Municipal Commercial Court in Prague on 3 March 2004. The company's business includes "activities of business, financial, organisational and economic advisors".

### 1.5. Stock Exchange Chamber and Supervisory Board as of 31 December 2005

#### Stock Exchange Chamber

	Position
Petr Kobic	Chairman
Daniel Heler	Vice-Chairman
Jan Klenor	Vice-Chairman
Jan Sýkora, MBA	Member
Peter Palečka	Member
Petr Milev	Member

#### Supervisory Board

	Position
Jaroslav Míl	Member
Tomáš Prouza	Member
Zdeněk Bakala	Member
Jiří Michal	Member
Tomáš Kvapil	Member
Martin Roman	Member

In the year ended 31 December 2005, the following changes were made to the composition of the Company's Board of Directors and Supervisory Board:

#### **Stock Exchange Chamber**

##### ***Vice-Chairman:***

	Date of change
<b>Original member</b>	
Michael Jasanský	16 February 2005
<b>New member</b>	
Daniel Heler	20 April 2005
Jan Klenor	9 June 2005

#### **Supervisory Board**

##### ***Member:***

	Date of change
<b>Original member</b>	
Jan Struž	1 June 2005
Petra Wendelová	1 June 2005
Věslav Michalik	1 June 2005
Roman Klaban	1 June 2005
Martin Aschenbrenner	1 June 2005
<b>New member</b>	
Jaroslav Míl	9 June 2005
Tomáš Prouza	9 June 2005
Zdeněk Bakala	9 June 2005
Jiří Michal	9 June 2005
Tomáš Kvapil	9 June 2005
Martin Roman	9 June 2005

## 2. BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with the Accounting Act 563/1991 Coll., as amended; the Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records; and Czech Accounting Standards for Businesses.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis, the accruals principle, the prudence concept and the going concern assumption.

The transaction recognition date is the date when a delivery is performed, a payable settled, a receivable collected, an advance payment made or received, a shortfall, deficit, surplus or damage determined, an asset transferred within the reporting entity or when other events occur arising from the internal circumstances of the Company that are subject to accounting and that occurred in the Company or can be supported by relevant documents.

The Company recognises expenses and income in the period to which they relate on an accruals basis.

Expenses and costs relating to future periods are recognised on an accruals basis as deferred or accrued expenses.

Income and revenues relating to future periods are recognised on an accruals basis as deferred or accrued income.

The Company records a reserve fund in accordance with the Commercial Code.

The financial statements were prepared as of the balance sheet date of 31 December 2005.

All figures are presented in Czech crowns ("CZK"). The standard unit of measurement used is thousands, unless indicated otherwise.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1. Tangible Fixed Assets

Tangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 40,000 on an individual basis.

The following tangible fixed assets are stated at replacement cost: tangible fixed assets acquired through donation, fixed assets recently entered in the accounting records (accounted for by a corresponding entry in the relevant accumulated depreciation account), and an investment of tangible fixed assets.

Purchased tangible fixed assets are valued at acquisition cost.

The cost of fixed asset improvements exceeding CZK 40,000 for the period increases the acquisition cost of the related tangible fixed asset.

Depreciation is charged so as to write off the cost of tangible fixed assets, other than land and assets under construction, over their estimated useful lives, using the straight line method, on the following basis:

	<b>Number of years</b>
Computer systems	3 – 4
Vehicles	4
Furniture and fixtures	5 – 12
Other	4 – 10

Other tangible fixed assets composed of individual movable assets with an acquisition cost greater than CZK 10,000 and lower than CZK 40,000 and an estimated useful life greater than one year which are recorded in a stand-alone subledger account of tangible fixed assets are depreciated according to the estimated useful life as assessed by an expert.

#### Provisioning

Provisions were made against impaired or unused tangible fixed assets based on the results of the inventory taking, to the extent that the carrying value temporarily does not match the actual balance.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised through the profit and loss account.

#### 3.2. Intangible Fixed Assets

Intangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 60,000 on an individual basis.

Purchased intangible fixed assets are stated at cost.

The cost of fixed asset improvements exceeding CZK 40,000 for the period increases the acquisition cost of the related fixed asset.

Amortisation of intangible fixed assets is recorded on a straight line basis over their estimated useful lives as follows:

	<b>Number of years</b>
Software	3

Other intangible fixed assets composed of software with a cost greater than CZK 10,000 and lower than CZK 60,000 and an estimated useful life greater than one year which are recorded in a stand-alone subledger account of intangible fixed assets are amortised according to the estimated useful life as assessed by an expert.



**Provisioning**

Provisions were made against impaired or unused intangible fixed assets based on the results of the inventory taking, to the extent that the carrying value temporarily does not match the actual balance.

**3.3. Non-Current Financial Assets**

Securities and equity investments are carried at cost upon acquisition.

At the acquisition date, the Company categorises non-current financial assets based on their underlying characteristics as equity investments or debt securities held to maturity or securities and equity investments available for sale.

Investments in enterprises in which the Company has the power to govern the financial and operating policies so as to obtain benefits from their operations are treated as "Equity investment in subsidiaries".

Investments in enterprises in which the Company is in a position to exercise significant influence over their financial and operating policies so as to obtain benefits from their operations are treated as "Equity investments in associates."

At the balance sheet date, equity investments are stated at acquisition cost.

**Provisioning**

The Company provides for equity investments in subsidiaries and equity investments in associates up to the amount of difference between the carrying value and the value of the equity share of the Company.

**3.4. Current Financial Assets**

Petty cash and bank accounts are stated at nominal value.

Other current financial assets are carried at cost upon acquisition.

At the acquisition date, the Company categorises current financial assets based on their underlying characteristics as current financial assets held for trading or available for sale. Current financial assets held for trading are defined as securities held by the Company with the intention of reselling them on public markets, thereby generating profits on price fluctuations in the short term.

These financial assets are marked-to-market at the end of each month and at the balance sheet date.

**3.5. Derivatives**

The Company does not enter into any derivative contracts and does not account for any derivative transactions.

**3.6. Inventory**

The Company carries no inventory given the nature of its business.

**3.7. Receivables**

Upon origination, receivables are stated at their nominal value and subsequently reduced by appropriate provisions for doubtful and bad amounts.

**Provisioning**

The Company records provisions against receivables based upon an assessment of the recoverability of individual debts.

### **3.8. Trade Payables**

The Company records provisions against receivables based upon an assessment of the recoverability of individual debts.

### **3.9. Loans**

Loans are reported at nominal value.

The portion of long-term loans maturing within one year from the balance sheet date is included in short-term loans.

### **3.10. Reserves**

Reserves are intended to cover future obligations or expenditure, the nature of which is clearly defined and which are either likely to be incurred or certain to be incurred, but which are uncertain as to the amount or the date on which they will arise.

### **3.11. Foreign Currency Translation**

Transactions in foreign currencies are translated using the exchange rate of the Czech National Bank or the exchange rate used by a bank prevailing on the transaction date.

At the balance sheet date, financial assets, current assets and liabilities denominated in a foreign currency are translated using the effective exchange rate promulgated by the Czech National Bank as of that date. Any resulting foreign exchange rate gains and losses are recorded as the current year's financial expenses or revenues as appropriate.

### **3.12. Finance Leases**

The Company held no assets under finance lease agreements during the year ended 31 December 2005.

### **3.13. Taxation**

#### **3.13.1. Current Tax Payable**

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

#### **3.13.2. Depreciation of Fixed Assets for Tax Purposes**

Depreciation of fixed assets is calculated using the straight line method for tax purposes.

#### **3.13.3. Deferred Taxation**

Deferred tax is accounted for using the balance sheet liability method.

Under the liability method, deferred tax is calculated at the income tax rate that is expected to apply in the period when the tax liability is settled or the asset realised.

The balance sheet liability method focuses on temporary differences which are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount that will be deductible for tax purposes in the future.

Deferred tax is calculated at the income tax rate that is expected to apply in the period when the tax liability is settled or the asset realised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited to the profit and loss account.

Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet.

### **3.14. Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater of net selling price and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

### **3.15. Treasury Shares**

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

The Company is obliged to repurchase treasury shares if the Stock Exchange Chamber does not approve the transfer to another party. The Company is required to sell the shares acquired by 30 November 2004 within a three-year period, if it fails to do so, it is obliged to withdraw the treasury shares from circulation and reduce its share capital balance by their nominal value. On 21 October 2004, the Extraordinary General Meeting approved a share acquisition resolution under which the period for the mandatory sale of shares is set at 18 months.

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

### **3.16. Revenue Recognition**

Revenues are recognised when services are rendered and are reported net of discounts and VAT.

### **3.17. Use of Estimates**

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company believes that the estimates and assumptions used will not significantly differ from the actual results and outcomes in the following reporting periods.

### **3.18. Extraordinary Expenses and Income**

Extraordinary items are income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company as well as income or expenses from events or transactions that are not expected to recur frequently or regularly.

### **3.19. Year-on-Year Changes in Accounting, Valuation and Depreciation Policies**

In the year ended 31 December 2005, there were no significant year-on-year changes in accounting, valuation and depreciation policies.

### 3.20. Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets easily convertible into cash in an amount known in advance. Cash and cash equivalents can be analysed as follows:

CZK '000	31 Dec 2005	31 Dec 2004
Cash on hand and cash in transit	10	25
Cash at bank	1,620	3,362
<b>Total cash and cash equivalents</b>	<b>1,630</b>	<b>3,387</b>

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

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

### 4.1. Fixed Assets

#### 4.1.1. Intangible Fixed Assets

##### Cost

CZK '000	Balance at 31 Dec 2003	Additions	Disposals	Balance at 31 Dec 2004	Additions	Disposals	Balance at 31 Dec 2005
Software	80,829	1,350	0	82,179	1,201	11,374	72,006
– software costing more than CZK 60 thousand	76,986	1,334	0	78,320	1,201	11,223	68,298
– software costing less than CZK 60 thousand	3,843	16	0	3,859	0	151	3,708
Other intangible fixed assets	160	0	0	160	0	0	160
Intangible fixed assets under construction	0	0	0	0	32	0	32
<b>Total</b>	<b>80,989</b>	<b>1,350</b>	<b>0</b>	<b>82,339</b>	<b>1,233</b>	<b>11,374</b>	<b>72,198</b>

##### Accumulated Amortisation

CZK '000	Balance at 31 Dec 2003	Additions	Disposals	Balance at 31 Dec 2004	Additions	Disposals	Balance at 31 Dec 2005
Software	76,999	2,249	0	79,248	1,448	11,374	69,322
– software costing more than CZK 60 thousand	73,382	2,182	0	75,564	1,375	11,223	65,716
– software costing less than CZK 60 thousand	3,617	67	0	3,684	73	151	3,606
Other intangible fixed assets	160	0	0	160	0	0	130
<b>Total</b>	<b>77,159</b>	<b>2,249</b>	<b>0</b>	<b>79,408</b>	<b>1,448</b>	<b>11,374</b>	<b>69,482</b>

##### Net Book Value

CZK '000	Balance at 31 Dec 2003	Balance at 31 Dec 2004	Balance at 31 Dec 2005
Software	3,830	2,931	2,684
– software costing more than CZK 60 thousand	3,604	2,756	2,582
– software costing less than CZK 60 thousand	226	175	102
Intangible fixed assets under construction	0	0	32
<b>Total</b>	<b>3,830</b>	<b>2,931</b>	<b>2,716</b>

### Additions to Intangible Fixed Assets

In 2005, additions to intangible fixed assets of CZK 1,233 thousand predominantly consisted of Spam Sentinel, Interscan Virus Wall, upgrade of the Tango v. 4 AS/400, OS 400 iSeres, and an extended version of the Legato Network.

Intangible fixed assets under construction include costs related to the change of the logo of the Company incurred by the end of the year. The process will be finalised, including other costs incurred in 2006, following the registration of the draft logo and the licence in the List of Trademarks.

In 2004, additions to intangible assets of CZK 1,350 thousand predominantly included supplies of MS Office 2003 Standard Win 32 software, MS Office 2003 Pro Win 32 software and the Legato Networker SQL module software.

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

CZK '000	Amortisation
2004	2,249
2005	1,448

In 2005, no provisions against intangible fixed assets were charged based on the stock count.

## 4.2. Tangible Fixed Assets

### Cost

CZK '000	Balance at 31 Dec 2003	Additions	Disposals	Balance at 31 Dec 2004	Additions	Disposals	Balance at 31 Dec 2005
Individual movable assets	93,907	1,725	15,561	80,071	7,503	14,740	72,834
Machinery and equipment	69,707	907	14,744	55,870	7,023	10,551	52,342
Vehicles	2,874	0	0	2,874	0	2,099	775
Furniture and fixtures	7,585	0	0	7,585	203	1,425	6,363
Low value tangible FA	13,741	818	817	13,742	277	665	13,354
<b>Total</b>	<b>93,907</b>	<b>1,725</b>	<b>15,561</b>	<b>80,071</b>	<b>7,503</b>	<b>14,740</b>	<b>72,834</b>

### Accumulated Depreciation and Provisions

CZK '000	Balance at 31 Dec 2003	Additions	Disposals	Balance at 31 Dec 2004	Additions	Disposals	Balance at 31 Dec 2005
Individual movable assets	73,569	7,730	15,561	65,738	9,837	14,739	60,836
Machinery and equipment	50,948	6,317	14,744	42,521	9,247	10,551	41,217
Vehicles	2,581	191	0	2,772	102	2,099	775
Furniture and fixtures	7,226	121	0	7,347	56	1,425	5,978
Low value tangible FA	12,814	1,101	817	13,098	432	664	12,866
<b>Total</b>	<b>73,569</b>	<b>7,730</b>	<b>15,561</b>	<b>65,738</b>	<b>9,837</b>	<b>14,739</b>	<b>60,836</b>

### Net Book Value

CZK '000	Balance at 31 Dec 2003	Balance at 31 Dec 2004	Balance at 31 Dec 2005
Individual movable assets	20,338	14,333	11,998
Machinery and equipment	18,759	13,349	11,125
Vehicles	293	102	0
Furniture and fixtures	359	238	385
Low value tangible FA	927	644	488
<b>Total</b>	<b>20,338</b>	<b>14,333</b>	<b>11,998</b>

**Additions to Tangible Fixed Assets**

In 2005, additions to tangible fixed assets of CZK 7,503 thousand consisted of supplies of improvements to AS 400 computers in the aggregate amount of CZK 5,715 thousand.

In 2004, additions to tangible fixed assets of CZK 1,725 thousand consisted of supplies of computers and copiers.

**Disposals of Tangible Fixed Assets**

In the year ended 31 December 2005, disposals of tangible fixed assets of CZK 14,740 thousand represented predominantly an AS 400 computer and its accessories due to their sale and disposal of cars and furniture and fixtures.

In the year ended 31 December 2004, disposals of CZK 15,561 thousand predominantly consisted of obsolete computers for which the Company had no use.

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

CZK '000	Depreciation
2004	7,730
2005	6,872

In 2005, no provisions against tangible fixed assets were charged based on the stock count.

The carrying value of tangible fixed assets disposed of by sale was as follows:

CZK '000	Carrying value
2004	0
2005	2,965

None of the assets is pledged as collateral.

**4.3. Leased Assets**

As of 31 December 2005, the Company has five cars under operating leases. The aggregate amount of payments made in 2005 was CZK 1,217 thousand.

**4.4. Non-Current Financial Assets**

The Company is the sole owner of UNIVYC, a.s. and Centrální depozitář, a.s. The share capital of UNIVYC, a.s. and Centrální depozitář, a.s. amounts to CZK 100,000 thousand and CZK 3,000 thousand, respectively (refer to Note 1.4.).

**Cost**

CZK '000	Balance at 31 Dec 2003	Additions 2004	Disposals 2004	Balance at 31 Dec 2004	Additions 2005	Disposals 2005	Provision at 31 Dec 2005	Balance at 31 Dec 2005
UNIVYC, a.s.	100	90,000	0	90,100	0	0	0	90,100
Centrální depozitář, a.s.	3 000	0	0	3 000	0	0	500	2,500
<b>Total</b>	<b>3,100</b>	<b>90,000</b>	<b>0</b>	<b>93,100</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>92,600</b>

As of 31 December 2005, UNIVYC, a.s. records equity of CZK 130,385 thousand. In the reporting period from 1 January 2005 to 31 December 2005, it generated a profit of CZK 27,807 thousand.

As of 31 December 2005, Centrální depozitář, a.s. records equity of CZK 2,502 thousand. For the reporting period from 1 January 2005 to 31 December 2005, it incurred a loss of CZK 234 thousand.

In 2005, based upon the count process, the Company recognised a provision against its equity investment in Centrální depozitář, a.s. on the basis set out in Note 3.3.

#### 4.4.1. Non-Current Financial Assets Pledged as Security

The Company pledged no non-current financial assets as security.

#### 4.5. Current Financial Assets

CZK '000	31 Dec 2005	31 Dec 2005
Cash on hand	10	25
Current accounts	1,620	3,362
Short-term securities	316,958	229,032
<b>Total current financial assets</b>	<b>318,588</b>	<b>232,419</b>

In 2005, the amount of financial assets was impacted by the level of income generated from trading where payment discipline was good.

In compliance with the Portfolio Management Contract, the Company holds bonds of local and foreign counterparties as of 31 December 2005.

#### 4.6. Dlouhodobé pohledávky

As of 31 December 2005, long-term receivables amount to CZK 220 thousand (2004: CZK 301 thousand) and they include permanent prepayments according to contracts that will be accounted for at the expiration of the contractual arrangement.

#### 4.7. Short-Term Receivables

Set out below is an analysis of short-term receivables (net balances):

CZK '000	Balance at 31 Dec 2005	Balance at 31 Dec 2004
Trade receivables	23,943	18,278
– Customers	23,935	18,275
– Expenses to be distributed	8	3
Receivables from controlled entities (dividends)	29,000	0
Operating prepayments made	3,291	2,719
Tax receivables	0	6,354
Estimated receivables	261	19
Other receivables and social security	29	19
<b>Total short-term receivables, net</b>	<b>56,524</b>	<b>27,389</b>

The increase in short-term receivables in 2005 is predominantly attributable to the receivable from the subsidiary UNIVYC due to the payment of dividends from the profit of 2004, payable on 30 April 2006. The increase in receivables from customers in comparison with 2004 was impacted by a greater amount of trading fees in December.

As of 31 December 2004, tax receivable includes an excessive payment of the 2004 income tax prepayments and an additional tax return related to 2003. None of the receivables have been pledged as collateral.

#### 4.7.1. Aging of Trade Receivables

CZK '000	Before due date	Past due date					Total past due date	Total
		0 – 60 days	61 – 180 dní	181 – 360 days	1 – 2 years	2 and more years		
<b>2005</b>								
Short-term	23,943	0	0	94	0	5,401	5,495	29,438
Provisions	0	0	0	94	0	5,401	5,495	5,495
Net	23,943	0	0	0	0	0	0	23,943
<b>2004</b>								
Short-term	18,257	21	0	0	24	6,333	6,378	24,635
Provisions	0	0	0	0	24	6,333	6,357	6,357
Net	18,257	21	0	0	0	0	21	18,278

#### 4.7.2. Net Intercompany Receivables

##### Short-term receivables

CZK '000	Balance at 31 Dec 2005	Balance at 31 Dec 2004
UNIVYC	39,970	13,268
– Trade receivables	10,970	13,268
– Dividend payment	29,000	0
Centrální depozitář	7	7
<b>Total short-term receivables</b>	<b>39,977</b>	<b>13,275</b>

Intercompany receivables are before their due dates.

#### 4.7.3. Estimated Receivables

CZK '000	Balance at 31 Dec 2005	Balance at 31 Dec 2004
<b>Estimated receivables</b>	<b>261</b>	<b>19</b>
– Unbilled rental services	261	19

The increase in unbilled rental services relates to the expansion of leased premises.

#### 4.7.4. Deferred Expenses and Accrued Income

CZK '000	Balance at 31 Dec 2005	Balance at 31 Dec 2004
<b>Deferred expenses</b>	<b>5,508</b>	<b>4,474</b>
– Rental of non-residential premises	2,464	2,538
– Insurance	334	662
– Fees – Federation of European Stock Exchanges	998	0
– Other	1,712	1,274
<b>Accrued income</b>	<b>1,519</b>	<b>2,779</b>
– Stock exchange information	1,390	1,270
– Interest	18	9
– Interest income on government bonds	111	1,500
<b>Total accruals and deferrals</b>	<b>7,027</b>	<b>7,253</b>

### 4.8. Equity

#### 4.8.1. Share Capital

##### Changes in Share Capital

Changes in the share capital reflect the petition to decrease the share capital balance pursuant to the resolution of the General Meeting, refer to Note 1.2.

In 2005, the Company purchased treasury shares at an acquisition cost of CZK 2,702 thousand which have a nominal value of CZK 3,270 thousand.



### Treasury Shares

Set out below is the development and structure of the Company's shares as purchased and sold by the Company's shareholders during 2005:

CZK '000	Nominal value of shares	Purchase cost of shares	Shares purchased from	Shares withdrawn from circulation by the Company
<b>Balance at 31 December 2004</b>	<b>97,155</b>	<b>73,473</b>		
January	1,000	750	imAGe GROUP, a.s.	
	100	75	BBG Finance, a.s.	
February	50	37	DPFR, a.s.	
	1,000	750	PROCON INTERNATIONAL, s.r.o.	
March	(2,499)	(2,499)		První legionářská s.r.o.
	(980)	(980)		Merx a.s.
	(48,470)	(29,082)		HBS – poradenská, a.s.
	120	90	C. S. Brokers burzovní, a.s.	
June	1,000	1,000	INVESTKONZULT, a.s.	
<b>Balance at 31 December 2005</b>	<b>48,476</b>	<b>43,614</b>		

### 4.8.2. Profit for the Year Ended 31 December 2005

The Company generated a net profit of CZK 110,102 thousand for the year ended 31 December 2005.

### Net Profit

CZK '000	2005
<b>Profit before tax</b>	<b>141,688</b>
Due tax	(30,815)
of which: – current period	(30,887)
– additional tax return	72
Deferred tax	(771)
<b>Net profit</b>	<b>110,102</b>

At the balance sheet date, no decision has yet been made regarding the allocation of the profit generated in 2005.

### 4.8.3. Statutory Reserve Fund

CZK '000	Reserve fund
<b>31 December 2003</b>	<b>7,512</b>
Creation	1,911
Use	0
<b>31 December 2004</b>	<b>9,423</b>
Creation	1,524
Use	0
<b>31 December 2005</b>	<b>10,947</b>

In 2005, the statutory reserve fund was increased by an allocation from the profit for the year ended 31 December 2004.

## 4.9. Reserves and Provisions

### 4.9.1. Reserves

CZK '000	Other reserves
<b>Balance at 31 December 2003</b>	<b>14,423</b>
Creation of reserves	981
Release of reserves	14,423
<b>Balance at 31 December 2004</b>	<b>981</b>
Creation of reserves	0
Release of reserves	0
<b>Balance at 31 December 2005</b>	<b>981</b>

As of 31 December 2005, other reserves were created for the costs arising from the verdict of the Municipal Court for Prague, as the appeal court, of 28 January 2005. The Court decided that the termination of employment delivered to a former employee on 26 July 2002 was invalid. The reserve was created in the amount of CZK 981 thousand that equals the lost earnings and statutory insurance.

In 2005, the legal dispute referred to above was not finalised. No other events that would necessitate reserving have occurred.

### 4.9.2. Provisions

CZK '000	Provisions for trade receivables	Provisions for other receivables	Total provisions for receivables
<b>Balance at 31 December 2003</b>	<b>7,433</b>	<b>0</b>	<b>7,433</b>
Creation	0	10	10
Release	1,076	0	1,076
<b>Balance at 31 December 2004</b>	<b>6,357</b>	<b>10</b>	<b>6,367</b>
Creation	94	0	94
Release	956	10	966
<b>Balance at 31 December 2005</b>	<b>5,495</b>	<b>0</b>	<b>5,495</b>

## 4.10. Payables

### 4.10.1. Long-Term Payables

As of 31 December 2005, long-term payables amount to CZK 772 thousand and include a deferred tax liability (refer to Note 4.12) of CZK 769 thousand and a received prepayment (deposit) of CZK 3,000 according to the Office Rental Contract.

### 4.11. Short-Term Payables

Set out below is the structure of short-term payables:

CZK '000	Balance at 31 Dec 2005	Balance at 31 Dec 2004
Trade payables	18,027	23,647
– Suppliers – Czech Republic	17,026	22,733
– Suppliers – cross-border	1,001	856
– Other payables	0	58
Prepayments received	1,224	768
Estimated payables	3,206	2,607
Tax liabilities	20,582	1,855
Payables to staff	0	3,982
Social security and health insurance payables	0	3,115
Other payables	0	161
<b>Total short-term payables</b>	<b>43,039</b>	<b>36,135</b>

The decrease in payables to staff and social security and health insurance payables as of 31 December 2005 is due to the payment of salaries for December and related costs before this date.

#### 4.11.1. Aging of Short-Term Trade Payables

CZK '000	Before due date	Past due date					Total past due date	Total
		0 – 60 days	61 – 180 dní	181 – 360 days	1 – 2 years	2 and more years		
<b>2005</b>								
Short-term	18,027	0	0	0	0	0	0	18,027
<b>2004</b>								
Short-term	23,647	0	0	0	0	0	0	23,647

#### 4.11.2. Intercompany Payables

CZK '000	Balance at 31 Dec 2005	Balance at 31 Dec 2004
UNIVYC	10,913	18,188
– trade payables	10,584	18,188
– received unbilled prepayments	329	0
Centrální depozitář	23	19
– trade payables	0	0
– received unbilled prepayments	23	19
<b>Total short-term intercompany payables</b>	<b>10,936</b>	<b>18,207</b>

#### 4.11.3. Collateralised Payables or Otherwise Secured

The Company maintains no collateralised payables or payables otherwise secured.

#### 4.11.4. Long-Term Bank Loans

The Company maintained no long-term or short-term loans or borrowings in the years ended 31 December 2005 and 2004.

#### 4.12. Deferred Tax and Current Tax Payable

The deferred tax asset/(liability) is analysed as follows:

##### Deferred Tax Arising from

CZK '000	Balance at 31 Dec 2005	Balance at 31 Dec 2004
Accumulated depreciation and amortisation of fixed assets	(1,004)	(462)
Reserves	235	255
Social security and health insurance	0	209
<b>Deferred tax asset/liability</b>	<b>(769)</b>	<b>2</b>
<b>Impact on the profit or loss</b>	<b>771</b>	<b>3,738</b>

#### 4.13. Income Tax on Ordinary and Extraordinary Activities

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

CZK '000	Balance at 31 Dec 2005	Balance at 31 Dec 2004
Profit before tax	141,688	42,260
Tax at the domestic income tax rate of 26 percent (28%)	36,839	11,833
Tax effect of expenses that are not deductible in determining taxable profit	2,438	2,426
Tax impact of income exempt from tax	(7,540)	0
Tax impact of income that is not subject to taxation	0	(5,290)
Tax effect of deductible items	(850)	(9)
Recognition of deferred tax	771	3,738
Additional taxes of prior years	(72)	(906)
<b>Total income tax on ordinary and extraordinary activities</b>	<b>31,586</b>	<b>11,791</b>

#### 4.14. Details of Income by Principal Activity

CZK '000	2005			2004		
	In-country	Cross-border	Total	In-country	Cross-border	Total
Stock exchange fees	201,110	300	201,410	106,749	0	106,749
– Annual trading fees	16,170	0	16,170	17,560	0	17,560
– Listing fees	11,755	300	12,055	12,546	0	12,546
– Trading fees	173,185	0	173,185	76,643	0	76,643
Services relating to settlement	56,529	0	56,529	40,011	0	40,011
Other services	9,246	10,465	19,711	7,961	8,469	16,430
<b>Total income from the sale of services</b>	<b>266,885</b>	<b>10,765</b>	<b>277,650</b>	<b>154,721</b>	<b>8,469</b>	<b>163,190</b>

#### 4.15. Related Party Transactions

##### 4.15.1. Income Generated with Related Parties

2005					
CZK '000	Relation to the Company	Services	Other income	Financial income	Total
UNIVYC	Subsidiary	57,133	1,504	34	58,671
Centrální depozitář	Subsidiary	0	107	0	107
<b>Total</b>		<b>57,133</b>	<b>1,611</b>	<b>34</b>	<b>58,778</b>

2004					
CZK '000	Relation to the Company	Services	Other income	Financial income	Total
UNIVYC	Subsidiary	40,544	2,082	0	42,626
Centrální depozitář	Subsidiary	0	231	0	231
<b>Total</b>		<b>40,544</b>	<b>2,313</b>	<b>0</b>	<b>42,857</b>

The Company provides its subsidiary company, UNIVYC, a.s., with services relating to settlement of over-the-counter and stock exchange security transactions. Other income includes the lease of non-residential premises including services related to the lease and services related to communications.

##### 4.15.2. Related Party Purchases

2005			
CZK '000	Relation to the Company	Services	Total
UNIVYC	Subsidiary	50,220	50,220
Centrální depozitář	Subsidiary	0	0
<b>Total</b>		<b>50,220</b>	<b>50,220</b>

2004			
CZK '000	Relation to the Company	Services	Total
UNIVYC	Subsidiary	31,072	31,072
Centrální depozitář	Subsidiary	0	0
<b>Total</b>		<b>31,072</b>	<b>31,072</b>

The Company purchases services relating to the settlement of stock exchange security transactions from its subsidiary UNIVYC, a.s.

**4.16. Services**

<b>CZK '000</b>	<b>2005</b>	<b>2004</b>
Repairs and maintenance	7,585	6,352
Travel expenses	670	418
Representation costs	347	263
Telephone, fax	1,017	936
Low value intangible assets brought into use	83	27
Rental	13,471	13,632
Operating leases	1 217	40
Costs relating to settlement	50,220	31,072
Advisory services, audit	2,882	2,676
Promotion	4,938	1,679
Other services	7,892	7,697
<b>Total</b>	<b>90,322</b>	<b>64,792</b>

**4.17. Other Operating Income**

<b>CZK '000</b>	<b>2005</b>	<b>2004</b>
Contractual penalties and default interest	16	2,058
Sundry operating income	45	2,568
<b>Total other operating income</b>	<b>61</b>	<b>4,626</b>

**4.18. Other Operating Expenses**

<b>CZK '000</b>	<b>2005</b>	<b>2004</b>
Gifts	56	2
Contractual penalties and default interest	0	4
Other penalties and fines	5	21
Write-off of receivables and transferred receivables	968	91
Insurance premiums	1,717	1,977
Sundry operating expenses	12	16
<b>Total other operating expenses</b>	<b>2,758</b>	<b>2,111</b>

**4.19. Proceeds from the Sale of Securities and Investments**

<b>CZK '000</b>	<b>2005</b>	<b>2004</b>
	<b>Selling price</b>	<b>Selling price</b>
<b>Non-current financial assets</b>		
Czech bonds	138,405	88,600
Foreign bonds	93,908	0
<b>Total proceeds from the sale of securities and investments</b>	<b>232,313</b>	<b>88,600</b>

**4.20. Income from Non-Current Financial Assets**

<b>CZK '000</b>	<b>2005</b>	<b>2004</b>
Interest received from subsidiaries (dividends)	29,000	0
<b>Total interest received</b>	<b>29,000</b>	<b>0</b>

**4.21. Income from Current Financial Assets**

<b>CZK '000</b>	<b>2005</b>	<b>2004</b>
Received interest from depository bills of exchange	102	424
Income from financial assets (revaluation of portfolio)	4,068	1,520
<b>Total income from current financial assets</b>	<b>4,170</b>	<b>1,944</b>

#### 4.22. Securities and Investments Sold (Expenses)

CZK '000	2005		2004	
	Selling price	Nominal value	Selling price	Nominal value
<b>Current financial assets</b>				
Czech bonds	138,248	135,000	88,059	84,700
Foreign bonds	96,464	98,000	0	0
<b>Total expenses from financial assets</b>	<b>234,712</b>	<b>233,000</b>	<b>88,059</b>	<b>84,700</b>

#### 4.23. Interest Income

CZK '000	2005	2004
Interest on current bank accounts	2	9
Interest on deposit bank accounts	1,086	2,930
Portfolio – interest, accrued interest income, coupon	7,833	2,277
Other interest received from other debtors (sale of the building)	0	3,281
<b>Total interest income</b>	<b>8,921</b>	<b>8,497</b>

#### 4.24. Other Financial Income

CZK '000	2005	2004
Foreign exchange gains	6	2
Other	6	0
<b>Total</b>	<b>12</b>	<b>2</b>

#### 4.25. Other Financial Expenses

CZK '000	2005	2004
Foreign exchange losses	139	88
Banking charges	97	128
Banking charges – bank guarantee	15	18
Banking charges – portfolio	16	470
<b>Total</b>	<b>267</b>	<b>704</b>

#### 4.26. Extraordinary Expenses and Income

The Company recorded no extraordinary expenses or income for the year ended 31 December 2005.

### 5. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

#### 5.1. Staff Costs and Number of Employees

The following tables summarise the average number of the Company's employees and management for the years ended 31 December 2005 and 2004:

CZK '000	2005	2004
Employees	42	44
Management	5	6
<b>Total</b>	<b>47</b>	<b>50</b>

The number of employees is based on the average recalculated headcount.

CZK '000	Total staff costs	
	2005	2004
Staff costs of employees	58,497	56,130
Of which: management	16,462	15,307
Staff costs of the Board of Directors and Supervisory Board	4,167	2,265
<b>Total staff costs</b>	<b>62,664</b>	<b>58,395</b>

The category of "management" includes the CEO and departmental directors.

## 5.2. Loans, Borrowings, and Other Benefits Provided

During the years ended 31 December 2005 and 2004, the members of the Company's Board of Directors, Supervisory Board and management received the following loans and bonuses in addition to their basic salaries:

### 2005

CZK '000	Board of Directors	Supervisory Board	Management
Life and pension insurance contributions	–	–	833
Bonuses	3,695	472	4,717
Cars/other movable and immovable assets to be used for private purposes (the figure increases the tax base of employees)	0	0	242
Other benefits	0	0	114
<b>Total</b>	<b>3,695</b>	<b>472</b>	<b>5,906</b>

### 2004

CZK '000	Board of Directors	Supervisory Board	Management
Life and pension insurance contributions	–	–	836
Bonuses	1,547	718	5,501
Cars/other movable and immovable assets to be used for private purposes (the figure increases the tax base of employees)	0	0	192
Other benefits	0	0	133
<b>Total</b>	<b>1,547</b>	<b>718</b>	<b>6,662</b>

## 6. CONTINGENT LIABILITIES AND OFF-BALANCE SHEET COMMITMENTS

### Legal Disputes

As of 31 December 2005, the Company was involved in no legal dispute, the outcome of which would significantly impact the Company's financial statements, except for the legal dispute with the former employee of the Company for which a reserve was created (refer to Note 4.9.1.).

## 7. POST BALANCE SHEET EVENTS

No significant events occurred after the balance sheet date which would have a financial impact on the Company.

On 2 March 2006, the Register of Companies of the Municipal Court in Prague recorded the reduction of the share capital (refer to Note 1.2.).

## CONSOLIDATED BALANCE SHEET

as of 31 December (in CZK '000)

CZK '000	Note	2005	2004
<b>CURRENT ASSETS</b>			
Cash	5	27,313	139,367
Trade receivables (net)	6	27,372	22,264
Securities at fair value through profit or loss	7	326,918	200,852
Securities held to maturity	8	364,152	128,025
Other current assets	9	10,360	10,526
<b>Total current assets</b>		<b>756,115</b>	<b>501,034</b>
<b>NON-CURRENT ASSETS</b>			
Tangible fixed assets (net)	10	24,323	14,768
Intangible fixed assets (net)	11	4,305	2,949
Long-term receivables	12	264	198
Total non-current assets		28,892	17,915
<b>Total assets</b>		<b>785,007</b>	<b>518,949</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	13	11,896	12,405
Payables to partners and associations	14	201,364	97,239
Taxes payable	23	27,461	8,442
Other payables	15	60,472	21,665
<b>Total current liabilities</b>		<b>301,193</b>	<b>139,751</b>
<b>NON-CURRENT LIABILITIES</b>			
Other long-term payables	16	6,077	3,601
<b>Total non-current liabilities</b>		<b>6,077</b>	<b>3,601</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	17	313,792	365,741
Treasury shares	17	(43,614)	(73,473)
Capital funds	17	58,270	59,856
Retained earnings/(accumulated losses)		149,289	23,473
<b>Total shareholders' capital</b>		<b>477,737</b>	<b>375,597</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>785,007</b>	<b>518,949</b>

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



## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December (in CZK '000)

CZK '000	Note	2005	2004
<b>Revenues</b>	<b>18</b>	<b>304,816</b>	<b>183,282</b>
Services	19	(59,971)	(49,420)
Material	19	(3,456)	(1,953)
Staff costs	20	(86,373)	(76,737)
Depreciation and amortisation	21	(11,949)	(10,490)
Operating income/(expenses)	22	(1,406)	4,927
<b>Profit from operating activities</b>		<b>141,661</b>	<b>49,609</b>
Financial income (net)	23	5,001	10,093
<b>Profit before tax</b>		<b>146,662</b>	<b>59,702</b>
Income tax	24	(41,820)	(17,977)
<b>Profit/(loss) after tax</b>		<b>104,842</b>	<b>41,725</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2005 (in CZK '000)

CZK '000	Share capital	Treasury shares	Capital funds	Retained earnings/ (accumulated losses)	Total
<b>31 December 2003</b>	<b>384,948</b>	<b>(51,768)</b>	<b>57,902</b>	<b>(16,296)</b>	<b>374,786</b>
Allocation of retained earnings	–	–	1,956	(1,956)	–
Treasury shares	(19,207)	(21,707)	–	–	(40,914)
Net profit	–	–	–	41,725	41,725
Other	–	2	(2)	–	–
<b>31 December 2004</b>	<b>365,741</b>	<b>(73,473)</b>	<b>59,856</b>	<b>23,473</b>	<b>375,597</b>
Allocation of retained earnings	–	–	2,252	(2,252)	0
Purchase of treasury shares	–	(2,702)	–	–	(2,702)
Decrease of equity	(51,949)	32,561	–	19,388	0
Net profit	–	–	–	104,842	104,842
Other	–	–	(3,838)	3,838	0
<b>31 December 2005</b>	<b>313,792</b>	<b>(43,614)</b>	<b>58,270</b>	<b>149,289</b>	<b>477,737</b>

No dividends were declared in the years ended 31 December 2005 and 2004. The decrease in the share capital is due to the withdrawal of treasury shares from circulation. Treasury shares were reduced by the withdrawn shares and increased by the purchases of treasury shares during 2005.

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December (in CZK '000)

CZK '000	2005	2004
<b>Cash flows from operating activities:</b>		
<b>Profit before taxes</b>	<b>146,662</b>	<b>59,702</b>
<b>Adjustment for non-cash transactions</b>		
Depreciation and amortisation, change in provisioning	11,949	10,490
Profit or loss on the sale of tangible and intangible fixed assets	2,532	(14,783)
Interest income	(10,522)	(9,152)
<b>Operating profit before taxes and changes in working capital</b>	<b>150,621</b>	<b>46,257</b>
Change in accounts receivable	(6,807)	205,439
Change in securities held for trading and held to maturity	(362,193)	(200,852)
Change in accounts payable	130,592	(1,412)
<b>Net cash flow from operating activities</b>	<b>(87,787)</b>	<b>3,175</b>
Interest received	11,711	6,374
Income taxes paid	(13,411)	(4,111)
<b>Cash flows from investing activities:</b>		
Acquisition of tangible and intangible fixed assets	(22,126)	(2,782)
Proceeds from the sale of tangible and intangible fixed assets	1,294	260
Net proceeds from investments held to maturity	0	99,985
<b>Net cash flow from investing activities</b>	<b>(20,832)</b>	<b>97,463</b>
<b>Cash flows from financial activities:</b>		
Change in long-term payables	967	594
Acquisition of treasury shares	(2,702)	(40,914)
<b>Net cash flow from financial activities</b>	<b>(1,735)</b>	<b>(40,320)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(112,054)</b>	<b>108,838</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>139,367</b>	<b>30,529</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>27,313</b>	<b>139,367</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. DEFINITION OF THE GROUP

The principal subject of operations of Burza cenných papírů Praha, a.s. and its subsidiaries UNIVYC, a.s. and Centrální depozitář, a.s. (henceforth the "Group") is to organise securities trading; trading with the rights associated with securities and associated derivative instruments in accordance with generally applicable legal regulations and stock exchange regulations on pre-determined premises and at a set daily time through authorised persons; securities trading, settlement of stock exchange trades; settlement of securities trades and maintenance of securities accounts performed on behalf of the members of UNIVYC, a.s.

Burza cenných papírů Praha, a.s. (the Prague Stock Exchange; henceforth the "Company"), having its registered office address at Rybná 14, Prague 1, was incorporated through a Memorandum of Association dated 24 July 1992 by twelve Czechoslovak banks and five brokerage firms.

The Company was entered in the Register of Companies maintained by the District Court for Prague 1 on 24 November 1992. The Finance Ministry of the Czech Republic granted a permit to incorporate the Company on 16 October 1992 (Ref. No. 102/58/294/92). The corporate details of the Company are maintained in the Register of Companies held at the Municipal Court in Prague, File B, Insert 1773.

### 2. SPECIFIC DEVELOPMENTS IMPACTING THE COMPANY'S OPERATIONS DURING 2005

The General Meeting of Burza cenných papírů Praha, a.s., held on 9 June 2005, decided to decrease the share capital by the amount of CZK 47,476,000 to a new level of CZK 266,316,000. Following this decision, "Application for a change in the Company's details held by the Register of Companies" was filed on 20 July 2005. The decrease of the share capital was registered by the Register of Companies held by the Municipal Court in Prague on 2 March 2006.

In view of the EU requirement for standardising the process of settlement of securities transactions and the system of securities registration, work on establishing Centrální depozitář, a.s. continued in 2005. Preparatory work was conducted pursuant to the resolution of the Stock Exchange Chamber of 21 April 2004, whereby the Stock Exchange Chamber agreed that further preparation would continue according to the scenario where UNIVYC will file an application for a licence to operate a central depository.

UNIVYC filed an application for the central depository licence on 31 January 2005.

During the year, the Securities Commission interrupted twice the administrative procedure and appealed to UNIVYC to provide the missing information in the application, specifically to provide documentation related to security of systems, business continuity and full-scope testing of the operation of the system of securities registration and settlement of securities transactions.

All requirements of the Securities Commission were fulfilled by UNIVYC by the end of 2005. The last appeal for the provision of information was delivered to UNIVYC on 24 February 2006. In this case, the subject of the appeal – submission of a new business plan of Centrální depozitář – fully related to the preparation of a new valuation of the records of the Securities Centre which falls within the remit of the Czech Finance Ministry.

According to UNIVYC, the activities of Centrální depozitář could start within 4 – 6 months after the licence is received. This period will be spent by preparing the systems that will assume the activities of Centrální depozitář.

### 3. BASIS OF ACCOUNTING

These consolidated financial statements comprise the accounts of the Company and its subsidiaries (together the "Group") and have been prepared in accordance with the standards and interpretations approved by the International Accounting Standards Board (IASB), which are referred to as International Financial Reporting Standards (IFRS). These standards and interpretations were previously called International Accounting Standards (IAS). All figures are in thousands of Czech crowns (CZK '000), unless stated otherwise.

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

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

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

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 4.1. Principles of Consolidation

The consolidated financial statements present the accounts and results of the Company and, to the extent that they are material to the Group as a whole, of its controlled companies.

#### Subsidiaries

An investment in a subsidiary is one in which the Company holds, directly or indirectly, more than 50 percent of its share capital or in which the Company can exercise more than 50 percent of the voting rights or where the Bank can appoint or dismiss a majority of the Board of Directors or Supervisory Board members. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

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

#### 4.2. Cash and Cash Equivalents

The Group considers short-term investments with an original maturity of three months or less to be cash equivalents which are reflected at their fair value.

#### 4.3. Accounts Receivable

Accounts receivable are shown net of provisions for doubtful accounts. The provisions are based on individual assessment of recoverability of individual receivables.

#### 4.4. Securities

Securities held by the Group are categorised into portfolios in accordance with the Group's intent on the acquisition of the securities and pursuant to the Group's security investment strategy. On the adoption of IAS 39, the Group developed a security investment strategy and, reflecting the intent of the acquisition, allocated securities to "Securities at fair value through profit or loss" and investment securities to the "Securities available for sale" and the "Securities and other assets held to maturity". The principal difference among the portfolios relates to the approach to the measurement of securities and the recognition of their fair values in the financial statements.

All securities held by the Group are recognised using trade date accounting and initially recorded at their cost including transaction costs (acquisition cost), with the exception of securities at fair value through profit or loss that are recorded at their cost net of transaction costs.

### Securities at Fair Value through Profit or Loss

The portfolio includes debt and equity securities held for trading, that is, securities held by the Group with the intention of reselling them, thereby generating profits on price fluctuations in the short-term, and debt and equity securities that were designated, upon initial recognition, as at fair value through profit or loss. Securities at fair value through profit or loss are recognised at cost at the acquisition date and subsequently remeasured at fair value. Changes in the fair values of assets held for trading are recognised in the profit and loss account as "Net financial income". For debt and equity securities traded on the Prague Stock Exchange ("PSE"), fair values are derived from quoted prices.

For debt and equity securities traded on the Prague Stock Exchange ("PSE"), fair values are derived from quoted prices. The fair values of those securities not traded on the PSE are estimated by the management of the Group as the best estimation of the cash flow projection reflecting the set of economic conditions that will exist over the remaining maturity of the securities.

### Securities Available for Sale

Securities available for sale are securities held by the Group for an indefinite period of time that are available for sale as liquidity requirements arise or market conditions change.

Securities available for sale are carried at acquisition cost and subsequently remeasured at fair value. Changes in the fair values of available-for-sale securities are recognised in equity as "Revaluation gains or losses", with the exception of their impairment and interest income and foreign exchange differences on debt securities. When realised, the relevant revaluation gains or losses are taken to the profit and loss account as "Net financial income". Interest income on coupons, amortisation of discounts or premiums, and dividends are included in "Net financial income". Foreign exchange differences from on debt securities are reported within "Net financial income".

### Securities Held to Maturity

Securities held to maturity are financial assets with fixed maturity and determinable payments that the Group has the positive intent and ability to hold to maturity.

Securities held to maturity are initially measured at acquisition cost. Securities held to maturity are subsequently reported at acquisition cost, less any provision for impairment.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of the expected future cash flows discounted at the financial instrument's original effective interest rate. When an impairment of assets is identified, the Group recognises provisions through the profit and loss account line "Operating income/(expenses)".

Financial assets acquired with funds from the Stock Exchange Guarantee Fund ("SEGF") or from funds from lent securities is stated at cost in the balance sheet and are not remeasured.

## 4.5. Tangible and Intangible Fixed Assets

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

	<b>Depreciation period in years</b>
Machinery and equipment	3 – 5
Vehicles	4
Furniture and fixtures	5 – 12
Software	3
Other intangible assets	4 – 10

#### **4.6. Impairment of Assets**

Where the carrying amount of an asset stated at net book value or amortised cost is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the greater of the following amounts: the market value which can be recovered from the sale of an asset under normal conditions, net of selling costs, or the estimated future economic benefits arising from the use of the asset.

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

Repairs are charged to the profit and loss account line "General administrative expenses – other administrative expenses" in the year in which the expenditure is incurred.

#### **4.7. Revenue Recognition**

Revenues are recognised in the period when the services connected with the Group's activities are rendered.

#### **4.8. Income Tax**

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

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. The principal temporary differences arise from tax and accounting depreciation on tangible and intangible fixed assets.

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

Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available to allow the asset to be recovered.

#### **4.9. Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

#### **4.10. Fair Value of Financial Instruments**

IAS 39 "Financial Instruments: Recognition and Measurement" requires management to disclose the estimated fair value of certain assets and liabilities in the financial statements. Financial instruments are generally defined as cash, an equity instrument in another enterprise, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, a financial liability to deliver cash or another financial asset to another enterprise, or a financial liability to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

As of 31 December 2005 and 2004, management of the Group believes that the carrying amount of cash and cash equivalents, investments held to maturity, accounts receivable, accounts payable, accrued expenses and short-term payables approximates fair value because of the short maturity of these financial instruments.

#### 4.11. Foreign Currency Translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the balance sheet date are recognised in the profit and loss account.

#### 4.12. Pension Insurance

The Government of the Czech Republic is responsible for providing basic pension insurance to corporate employees. The Group makes periodic monthly payments of contributions to the Government. Such allowances are derived from the volume of paid wages and salaries and serve as funding of the state pension insurance. Payables arising from the contributions are reported as other current payables.

#### 4.13. Changes in Accounting Policies arising from the Adoption of New IFRSs and Amendments to IASs effective 1 January 2006

At the date of authorisation of these financial statements, the following standards were in issue but not yet effective:

- IFRS 7 "Financial Instruments: Disclosures" (effective 1 January 2007);
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" (effective 1 January 2006);
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" in respect of cash flow hedge accounting (effective 1 January 2006);
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 4 "Insurance Contracts" for financial guarantee contracts (effective 1 January 2006); and
- Amendments to IAS 1 "Presentation of Financial Statements" on capital disclosures (effective 1 January 2007).

The adoption of these standards in the future periods is not expected to have a material impact on the consolidated profit or equity.

### 5. CASH

Cash as of 31 December 2005 and 2004 consists of the following balances:

CZK '000	2005	2004
Cash on hand	357	201
Cash in bank	26,956	139,166
<b>Total cash</b>	<b>27,313</b>	<b>139,367</b>

The balance of cash as of 31 December 2004 was attributable to the collection of the receivable in respect of the sale of the Stock Exchange Palace building (Burzovní palác). These funds were invested in securities in 2005 (refer to Note 7).

### 6. TRADE RECEIVABLES

Receivables as of 31 December 2005 and 2004 consist of the following balances:

CZK '000	2005	2004
Trade receivables	36,893	31,126
Other receivables	4,873	6,393
Total receivables (gross)	41,766	37,519
Provision	(14,394)	(15,255)
<b>Total receivables (net)</b>	<b>27,372</b>	<b>22,264</b>

The increase in receivables in 2005 is principally due to the increase in fees for trading in December (in December 2004, a discount was provided in respect of the fees for trading).



## 7. SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

CZK '000	2005	2004
Traded debt securities and other fixed income securities	143,576	99,055
Traded shares and other variable yield securities	183,342	101,797
<b>Total securities held for trading</b>	<b>326,918</b>	<b>200,852</b>

The receivable arising from the sale of the Stock Exchange Palace building was collected in 2004 which triggered the Group's decision to invest in debt securities. These investments of available funds continued in 2005.

## 8. SECURITIES HELD TO MATURITY

Securities held to maturity comprise:

CZK '000	2005	2004
Government T-bills acquired from the SEGF's funds	178,600	52,299
Depository bills of exchange acquired from the SEGF's funds	21,100	44,898
Government T-bills acquired from funds for lent securities	52,492	0
Depository bills of exchange from own funds	111,960	30,828
<b>Total</b>	<b>364,152</b>	<b>128,025</b>

The securities referred to above were issued by Czech entities and are readily tradable.

UNIVYC, a.s. administers the funds included in the Stock Exchange Guarantee Fund ("SEGF") which is an association with non-legal entity status. UNIVYC is not a member of this fund. The funds of the association are deposited in standalone bank and asset accounts maintained in the name of UNIVYC. Pursuant to the Agreement of the SEGF Association and instruction from the SEGF Board, UNIVYC invests the associated funds in the monetary market in the form of term deposits or by purchasing Government treasury bills, thereby generating interest income.

These assets are included in UNIVYC's records due to the administration of the funding in standalone bank account maintained in the name of UNIVYC. All of the income generated from the debt securities referred to above are fully distributed among the individual members of the SEGF and the balance of current assets is stated at cost.

Set out below is the balance sheet of the Stock Exchange Guarantee Fund as of 31 December 2005:

CZK '000	2005
<b>Assets</b>	
Bank – current accounts	1,667
Debt securities: – Government treasury bills	178,600
– Depository bills of exchange	21,100
<b>Total assets</b>	<b>201,367</b>
<b>Liabilities</b>	
Suppliers	3
Payables to members of the SEGF	201,364
Payables to UNIVYC	0
<b>Total liabilities</b>	<b>201,367</b>

## 9. OTHER CURRENT ASSETS

CZK '000	2005	2004
Deferred expenses	8,672	10,351
Accrued income	1,590	86
Other assets	98	89
<b>Total</b>	<b>10,360</b>	<b>10,526</b>

## 10. TANGIBLE FIXED ASSETS

### Acquisition cost

CZK '000	Machinery and equipment	Vehicles	Fixtures and fittings	Other	Total
1 January 2005	59,853	3,974	10,943	13,742	88,512
Additions	19,473	0	203	277	19,953
Disposals	(11,735)	(2,629)	(1,785)	(665)	(16,814)
31 December 2005	67,591	1,345	9,361	13,354	91,651

### Accumulated depreciation

CZK '000	Machinery and equipment	Vehicles	Fixtures and fittings	Other	Total
1 January 2005	46,260	3,745	10,641	13,098	73,744
Additions	9,666	229	70	432	10,397
Disposals	(11,735)	(2,629)	(1,785)	(664)	(16,813)
31 December 2005	44,191	1,345	8,926	12,866	67,328

### Net book value

CZK '000	Machinery and equipment	Vehicles	Fixtures and fittings	Other	Total
1 January 2005	13,593	229	302	644	14,768
31 December 2005	23,400	0	435	488	24,323

Tangible fixed assets of the Group predominantly include computers necessary to secure trading and store data.

## 11. INTANGIBLE FIXED ASSETS

### Acquisition cost

CZK '000	Software	Other	Total
1 January 2005	82,512	209	82,721
Additions	2,874	41	2,915
Disposals	(11,374)	(7)	(11,381)
31 December 2005	74,012	243	74,255

**Accumulated amortisation**

<b>CZK '000</b>	<b>Software</b>	<b>Other</b>	<b>Total</b>
1 January 2005	79,563	209	79,772
Additions	1,552	0	1,552
Disposals	(11,374)	(0)	(11,374)
31 December 2005	69,741	209	69,950

**Net book value**

<b>CZK '000</b>	<b>Software</b>	<b>Other</b>	<b>Total</b>
1 January 2005	2,949	0	2,949
31 December 2005	4,271	34	4,305

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

**12. LONG-TERM RECEIVABLES**

<b>CZK '000</b>	<b>2005</b>	<b>2004</b>
Long-term receivables	264	198
<b>Total</b>	<b>264</b>	<b>198</b>

As of 31 December 2005, long-term receivables included issued long-term advances according to contracts. They will be accounted for after the contract expires. As of 31 December 2004, long-term receivables included, in addition to long-term advances, a deferred tax asset of CZK 74,000.

**13. TRADE PAYABLES**

<b>CZK '000</b>	<b>Balance at 31 Dec 2005</b>	<b>Balance at 31 Dec 2004</b>
Trade payables	11,896	12,405
<b>Total</b>	<b>11,896</b>	<b>12,405</b>

All trade payables are before maturity.

**14. PAYABLES TO PARTNERS AND ASSOCIATIONS**

<b>CZK '000</b>	<b>Balance at 31 Dec 2005</b>	<b>Balance at 31 Dec 2004</b>
Payables to partners and associations	201,364	97,239
<b>Total</b>	<b>201,364</b>	<b>97,239</b>

Payables to partners and associations totalling CZK 201,364 thousand consist of unallocated payables to the members of the Stock Exchange Guarantee Fund. For details refer to Note 8.

## 15. OTHER PAYABLES

CZK '000	2005	2004
Temporary liabilities	4,508	8,684
Payables to staff	1,878	5,189
Social security payables	1,439	4,045
Payables from received guarantees for lent securities	52,493	2,649
Other payables	154	1,098
<b>Total</b>	<b>60,472</b>	<b>21,665</b>

Temporary liabilities principally comprise unbilled services related to the lease of the Stock Exchange Palace building, in 2004 they also comprised estimated payables in respect of bonuses.

The decrease in payables to staff and social security and health insurance payables as of 31 December 2005 is due to the payment of the major part of salaries for December and related expenses before this date.

The increase in payables from received guarantees for lent securities was due to the higher demand for this service.

## 16. LONG-TERM PAYABLES

CZK '000	2005	2004
Other long-term payables	4,571	3,601
Deferred tax liability	1,506	–
<b>Total</b>	<b>6,077</b>	<b>3,601</b>

Long-term payables in 2005 largely consisted of long-term advance payments received and a deferred tax liability. In 2004, the Group recorded a deferred tax asset (refer to Note 16.1.).

### 16.1. Deferred Tax

Deferred income taxes are calculated on all temporary differences arising from the recognition of transactions for financial reporting and tax purposes using the tax rate determined by the Income Taxes Act for the period in which the deferred tax is likely to be realised.

Deferred income tax assets/(liabilities) are attributable to the following items:

CZK '000	31 Dec 2005	31 Dec 2004
Fixed assets	(1,741)	(529)
Reserves	235	255
Other	0	348
<b>Deferred tax asset/(liability)</b>	<b>(1,506)</b>	<b>74</b>
Adjustment to reflect the anticipated unrealisable part of the deferred tax asset	–	–
<b>Impact on profit/(loss)</b>	<b>(1,580)</b>	<b>(3,649)</b>

The net deferred tax asset/(liability) is composed of the following items:

CZK '000	2005	2004
Opening balance	74	3,723
Change during the period	(1,580)	(3,649)
<b>Net closing balance</b>	<b>1,506</b>	<b>74</b>

## 17. SHARE CAPITAL, SHAREHOLDERS' FUNDS AND UNDISTRIBUTABLE RESERVES

The balance of the Group's share capital recorded in the Register of Companies comprises 313,792 registered shares with a nominal value of CZK 1,000.

Shareholders' funds represent amounts for the parent company and its subsidiary which cannot be distributed to its owners. These amounts are determined based on legal requirements.

Under a special regulation, the Company is required to repurchase treasury shares at their nominal value at maximum unless the Stock Exchange Chamber approves the transfer of shares to a third party.

### Treasury Shares

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

The Company is obligated to repurchase treasury shares if the Stock Exchange Chamber does not approve the transfer to another party. The Company is required to dispose of the treasury shares repurchased by the 2005 year-end within a three-year period. If the treasury shares are not resold within that time-limit, the Company is required to withdraw the shares from circulation and reduce its share capital balance by their nominal value.

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

Set out below is the development and structure of the Company's treasury shares purchased from and sold to the shareholders during 2005:

CZK '000	Nominal value of shares	Purchase cost of shares
<b>Balance at 31 December 2004</b>	<b>97,155</b>	<b>73,473</b>
Purchases	3,270	2,702
Withdrawals	51,949	32,569
<b>Balance at 31 December 2005</b>	<b>43,614</b>	<b>48,476</b>

## 18. REVENUES

The following table sets out the structure of revenues:

	2005		2004	
	Volume CZK '000	Structure %	Volume CZK '000	Structure %
Exchange charges	201,410	66.1	106,749	58.2
of which: membership fees	16,170	5.3	17,560	9.6
listing charges	12,055	4.0	12,546	6.8
dealing charges	173,185	56.8	76,643	41.8
Sales from the settlement of trades	75,688	24.8	40,908	22.3
Charges for interrupted transactions	0	0.0	1,831	1.0
Income from primary issues	743	0.2	0	0.0
Sales from securities custody and administration	8,508	2.8	528	0.3
Sales from mediation of payments of revenues from securities	24	0.0	145	0.1
Sales from other services	18,443	6.1	33,121	18.1
<b>Total revenues</b>	<b>304,816</b>	<b>100.0</b>	<b>183,282</b>	<b>100.0</b>

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

## 19. COSTS OF SERVICES AND MATERIAL

The following table sets out the structure of services:

<b>CZK '000</b>	<b>2005</b>	<b>2004</b>
Consumed material	(3,456)	(1,953)
<b>Total material</b>	<b>(3,456)</b>	<b>(1,953)</b>
Rent	(20,882)	(18,112)
Other services	(16,034)	(8,963)
Advisory services	(7,614)	(9,354)
Repair and maintenance	(7,585)	(6,414)
Services connected with the maintenance of a building	(1,476)	(3,189)
Training, seminars and workshops	(1,389)	(1,669)
Advertising and promotion	(4,991)	(1,719)
<b>Total services</b>	<b>(59,971)</b>	<b>(49,420)</b>
<b>Total</b>	<b>(63,427)</b>	<b>(51,373)</b>

## 20. STAFF COSTS

<b>CZK '000</b>	<b>2005</b>	<b>2004</b>
Wages and salaries	(57,336)	(51,998)
Social security costs	(19,862)	(18,050)
Social costs	(4,440)	(3,863)
Remuneration to the members of the bodies of the Company and the association	(4,735)	(2,826)
<b>Total</b>	<b>(86,373)</b>	<b>(76,737)</b>
<b>Average headcount</b>	<b>70</b>	<b>69</b>

## 21. DEPRECIATION AND AMORTISATION

<b>CZK '000</b>	<b>2005</b>	<b>2004</b>
Depreciation of tangible fixed assets	(7,432)	(8,213)
Amortisation of intangible fixed assets	(1,552)	(2,269)
<b>Total</b>	<b>(11,949)</b>	<b>(10,490)</b>

## 22. OPERATING INCOME/(EXPENSES)

Other operating income/expenses are as follows:

<b>CZK '000</b>	<b>2005</b>	<b>2004</b>
Other operating income	8,357	11,897
Change in reserves and provisions in the operating area	861	14,513
Gains of the sale of fixed assets and material	1,295	260
Other taxes and fees	(204)	(14,166)
Other operating expenses	(11,715)	(7,577)
<b>Total</b>	<b>(1,406)</b>	<b>4,927</b>

Operating income/(expenses) in 2004 were impacted by the release of the reserve for the real estate transfer tax created in connection with the sale of the Stock Exchange Palace building which was completed in 2003.

## 23. NET FINANCIAL INCOME

Other financial income/(expenses) are as follows:

CZK '000	2005	2004
Foreign exchange gains	119	62
Net realised an unrealised profit or loss from securities held for trading	(2,146)	540
Interest income	10,534	11,098
Foreign exchange losses	(224)	(137)
Other financial expenses	(3,282)	(1,470)
<b>Total</b>	<b>5,001</b>	<b>10,093</b>

The proceeds of the sale of securities and costs of sold securities relate to the securities held for trading which the Group maintains within current investments with the intention of generating a profit from short-term fluctuations in prices.

The year-on-year increase in other financial income in 2005 is due to the losses from the remeasurement of securities held for trading at fair value which is always performed at the end of the month and at the balance sheet date.

## 24. INCOME TAX

The following table sets out income tax balances:

CZK '000	2005	2004
Income tax payable – current period	40,239	14,328
Deferred tax (refer to Note 16.1.)	1,581	3,649
<b>Total</b>	<b>41,820</b>	<b>17,977</b>

### 24. 1. Income Tax Calculation

CZK '000	2005	2004
<b>Profit/(loss) before tax</b>	<b>146,662</b>	<b>59,702</b>
Theoretical tax calculated at a tax rate of 26% (2004: 28%)	41,065	16,717
Income not taxable	0	(18,892)
Expenses not deductible for tax purposes	10,429	10,520
Other	(2,049)	3,080
<b>Adjusted tax base</b>	<b>155,042</b>	<b>54,410</b>
Income tax expense	40,311	15,234
Additional income tax payments	(72)	(906)
Total income tax expense	40,239	14,328
Movements in deferred taxes (refer to Note 16.1.)	1,581	3,649
<b>Total income taxation</b>	<b>41,820</b>	<b>17,977</b>

## 25. RECONCILIATION OF RETAINED EARNINGS UNDER CZECH ACCOUNTING STANDARDS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

### 25.1. Retained Earnings and Capital Funds

CZK '000	2005	2004
<b>Retained losses and capital funds under Czech Accounting Standards</b>	<b>102,717</b>	<b>41,606</b>
Other adjustments	–	(2)
<b>Retained earnings and capital funds under IFRS</b>	<b>102,717</b>	<b>41,604</b>
Profit for the period	104,842	41,725
<b>Total</b>	<b>207,559</b>	<b>83,329</b>

### 25.2. Development of Retained Earnings in 2005

CZK '000	2005
Retained earnings	23,473
Profit for the period	104,842
Decrease of the share capital	19,388
Allocations from the capital funds	1,586
<b>Retained earnings as of 31 December 2005</b>	<b>149,289</b>

## 26. ESTIMATED FAIR VALUE OF ASSETS AND LIABILITIES

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

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

### (a) Cash and short-term receivables from financial institutions

The carrying values of cash and short-term receivables are generally deemed to approximate their fair value.

### (b) Securities held to maturity

The carrying values of short-term securities carried in the "Held to maturity" portfolio (depository bills and treasury bills) are generally deemed to approximate their fair values.

### (c) Securities held for trading

Securities held for trading are measured at fair value as of 31 December 2005.



## 27. FOREIGN CURRENCY POSITION

The table below provides an analysis of the group's main currency exposures:

<b>CZK '000</b>	<b>Czech crowns</b>	<b>EUR</b>	<b>USD</b>	<b>Total</b>
<b>Assets</b>				
Cash	25,968	1,329	17	27,313
Trade accounts receivable	26,021	1,351	–	27,372
Advances provided and other current assets	9,362	998	–	10,360
Securities held for trading	326,918	–	–	326,918
Securities held to maturity	364,152	–	–	364,152
Tangible fixed assets and intangible fixed assets (net)	28,628	–	–	28,628
Long-term receivables	264	–	–	264
<b>Total assets</b>	<b>781,313</b>	<b>3,677</b>	<b>17</b>	<b>785,007</b>
<b>Liabilities</b>				
Trade accounts payable	10,246	1,650	–	11,896
Payables to partners and associations	201,364	–	–	201,364
Taxes payables and other liabilities	87,933	–	–	87,933
Long-term payables	6,077	–	–	6,077
Shareholders' equity	477,737	–	–	477,737
<b>Total liabilities</b>	<b>783,357</b>	<b>1,650</b>	<b>0</b>	<b>785,007</b>
<b>Net foreign currency position as of 31 December 2005</b>	<b>(2,044)</b>	<b>2,027</b>	<b>17</b>	<b>0</b>
Total assets as of 31 December 2004	518,440	494	15	518,949
Total liabilities as of 31 December 2004	517,835	1,114	0	518,949
Net foreign currency position as of 31 December 2004	605	(620)	15	0

## 28. INTEREST RATE RISK

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

CZK '000	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	Total
<b>Assets</b>						
Cash	1,582	–	–	–	25,731	27,313
Accounts receivable (net)	–	–	–	–	27,372	27,372
Advances provided and other current assets	–	–	–	–	10,360	10,360
Securities held for trading	326,918	–	–	–	–	326,918
Securities held to maturity	185,552	178,600	–	–	–	364,152
Tangible fixed and intangible fixed assets (net)	–	–	–	–	28,628	28,628
Long-term receivables	–	–	–	–	264	264
<b>Total assets</b>	<b>514,052</b>	<b>178,600</b>	<b>0</b>	<b>0</b>	<b>92,355</b>	<b>785,007</b>
<b>Liabilities</b>						
Trade accounts payable	–	–	–	–	11,896	11,896
Payables to partners and associations	201,364	–	–	–	–	201,364
Taxes payables and other liabilities	52,493	–	–	–	35,440	87,933
Long-term payables	–	–	–	–	6,077	6,077
Shareholder's equity	–	–	–	–	477,737	477,737
<b>Total liabilities</b>	<b>253,857</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>531,150</b>	<b>785,007</b>
<b>Net interest rate risk exposure as of 31 December 2005</b>	<b>260,195</b>	<b>178,600</b>	<b>0</b>	<b>0</b>	<b>(438,795)</b>	<b>0</b>
Total assets as of 31 December 2004	112,882	154,976	98,664	0	152,427	518,949
Total liabilities as of 31 December 2004	0	0	0	0	518,549	518,549
Net interest rate risk exposure as of 31 December 2004	112,882	154,976	98,664	0	(366,522)	0

## 29. LIQUIDITY RISK

Liquidity risk is a measure of the extent to which the group may be required to raise funds to meet its commitments associated with financial instruments. The table below provides an analysis of assets, liabilities and shareholders' equity into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. Those assets and liabilities that do not have a contractual maturity date are grouped together in the "maturity undefined" category.

CZK '000	On demand	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined	Total
<b>Assets</b>							
Cash	25,593	1,582	–	–	–	138	27,313
Accounts receivable (net)	–	27,372	–	–	–	–	27,372
Advances provided and other current assets	–	10,360	–	–	–	–	10,360
Securities held for trading	–	7,356	32,449	287,112	–	–	326,918
Securities held to maturity	–	185,552	178,600	–	–	–	364,152
Tangible fixed assets and intangible fixed assets (net)	–	–	–	–	–	28,628	28,628
Long-term receivables	–	–	–	–	–	264	264
<b>Total assets</b>	<b>25,593</b>	<b>232,222</b>	<b>211,049</b>	<b>287,112</b>	<b>0</b>	<b>29,030</b>	<b>785,007</b>
<b>Liabilities</b>							
Trade accounts payable	–	11,896	–	–	–	–	11,896
Payables to partners and associations	–	201,364	–	–	–	–	201,364
Taxes payables and other liabilities	–	55,964	31,969	–	–	–	87,933
Long-term payables	–	–	–	6,077	–	–	6,077
Shareholders' equity	–	–	–	–	–	477,737	477,737
<b>Total liabilities</b>	<b>0</b>	<b>269,224</b>	<b>31,969</b>	<b>6,077</b>	<b>0</b>	<b>477,737</b>	<b>785,007</b>
<b>Net on balance sheet liquidity risk as of 31 December 2005</b>	<b>25,593</b>	<b>(37,002)</b>	<b>179,080</b>	<b>281,035</b>	<b>0</b>	<b>(448,707)</b>	<b>0</b>
Total assets as of 31 December 2004	101,520	143,754	53,970	199,670	0	20,035	518,949
Total liabilities as of 31 December 2004	0	139,934	3,418	0	0	375,597	518,949
<b>Net on balance sheet liquidity risk as of 31 December 2004</b>	<b>101,520</b>	<b>3,820</b>	<b>50,552</b>	<b>199,670</b>	<b>0</b>	<b>(355,562)</b>	<b>0</b>

## 30. POST BALANCE SHEET EVENTS

No significant events occurred after the balance sheet date which would have a financial impact on the Group.

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