

THE PRAGUE STOCK EXCHANGE 1993

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April 6, 1993 represents a significant milestone of modern history of the Czech capital markets, i. e. the day when trading on the Prague Stock Exchange commenced. If we are to evaluate the past, the most positive aspect in that context is undoubtedly the very fact that the Exchange was created and that it has proved its functionality and viability. Being in its insubstitutable position of a securities market organizer, the Exchange is constituting a fundamental structure of an emerging Czech capital market. Therefore, it is in the interest of all of us to see it flexibly adaptable to the daily realities, sensitively responding to and facilitating the process of the development of favorable environment for further expansion of the capital markets.

At the opening of the exchange trading in April 1993 the trade volumes represented the amounts of a series of a couple millions of CZK. Then the growth of trade volumes accelerated in order to run at the full speed after 22 June when the issues of shares of the companies privatized during the First Wave of Voucher Privatization were introduced on the Exchange in two rounds. Hardly anyone anticipated that as early as in October the turnover could exceed the amount of CZK one billion (i. e. one thousand million) for the first time. However, this level was surpassed as early as at the beginning of November 1993. The maximum turnover was reached at the latest trading session held in 1993, i. e. on 16 December when this amount exceeded the level of CZK two billion almost by a quarter of a billion. For the entire period of trading on the Exchange of 1993 the total turnover surpassed the amount of CZK 18 billion.

Gradually, the number of the security issues traded at the individual trading sessions was also increasing and what made us particularly happy was the fact that the number of security issues assigned for trading on the market of listed securities was increasing as well. In fact the placement of these issues on the Exchange listed market is a real proof of quality of these securities and a good signal for investors.

Now, almost one year later, i. e. almost after the first year of the Exchange existence, we have a great deal of experience acquired from the functioning of our Exchange. We can and must capitalize on it in view of a further stabilization and over-all strengthening of the Czech capital markets.

JUDr. Richard SALZMANN
Chairman of the Exchange Chamber

PRAGUE STOCK EXCHANGE, A. S.

THE EXCHANGE BODIES

**General Meeting of Shareholders
Exchange Chamber
Supervisory Board**

ADDITIONAL BODIES OF THE EXCHANGE

**General Secretary
Exchange Committees**

BODIES OF THE EXCHANGE MARKET

**Exchange Court of Arbitration
Association Exchange Guarantee Fund
Exchange Registry of Securities, spol. s r. o.**

EXCHANGE CHAMBER



Chairman

JUDr. Richard SALZMANN
Komerční banka, a.s.

Vice-Chairman

Ing. Pavel KAVÁNEK
ČSOB, a.s.

Ing. Miroslav ADÁMEK	Ekoagrobanka, a.s.
Zdenek BAKALA	Credit Suisse-First Boston, a.s.
Ing. Aleš BARABAS	Živnostenská banka, a.s.
Ing. Pavel JANDA	Agrobanka, a.s.
Ing. Jaroslav KLAPAL	Česká spořitelna, a.s.
Ing. Arnošt KLESLA	Banka Bohemia, a.s.
Ing. Miroslav KUČERA	Česká národní banka
Ing. František PALIČ	VÚB, a.s.
Doc. Ing. Vladislav PAVLÁT, CSc.	Dominick & Dominick Praha, a.s.
Ing. Libor PROCHÁZKA	Investiční banka, a.s.
Ing. Jaroslav SNÁŠEL	Zemská banka, a.s.
Ing. Alfréd ŠEBEK	Poštovní banka, a.s.
Ing. Karol TÖLGYESI	Interbanka, a.s.
Ing. Michal VĚTROVSKÝ	Creditanstalt Securities, a.s.

SUPERVISORY BOARD



Chairman

Ing. Martin KRYL
Živnostenská banka, a.s.

Ing. Ctibor LUSK	Investiční banka, a.s.
Ing. Ladislav PATLICH	Československá obchodní banka, a.s.
Ing. František VEJMOLA	Komerční banka, a.s.
Ing. Jaroslav ŽÁK	Agrobanka, a.s.

GENERAL SECRETARY



Ing. Jiří FRANC

EXCHANGE COMMITTEES

Committee on Exchange Trading

Chairman

Doc. Ing. Vladislav PAVLÁT, CSc.

Securities Listing Committee

Chairman

Ing. Aleš BARABAS

Membership Committee

Chairman

Ing. Jaroslav KLAPAL



The year 1993 may be considered a year "one" in view of the development of the Czech capital market. Within a short space of time, trading in shares of the companies privatized in the First Wave of the Voucher Privatization started and the Prague Stock Exchange started to operate as the key organizer of the capital market.

The first mentions of a stock exchange in Prague can be traced as back as to the year 1855. In that year the Provisional exchange incepted as a predecessor to the Prague commodity and stock exchange founded in 1871.

At the beginning of the World War I, the Prague exchange was closed together with other exchanges in the Monarchy and its operation forbidden.

It was re-opened after the end of the World War I, on 3 February 1921. That time, in the line with the economic strategy of Dr. Rašín, the then Minister of Finance, the exchange made a great and rapid development. At the beginning of the World War II, the exchange in Prague was closed again and due to the political development that followed it was not re-opened even after the War, although it has never been abolished officially.

Discussions on a possible re-establishment of an exchange in Prague started within the financial circles here as early as at the beginning of 1990.



A Preparatory Committee for the Foundation of a Prague Exchange was created, its members being the then most important financial institutions in the then Czechoslovakia.

The Preparatory Committee changed its name in 1991 to the Prague Stock Exchange, Interest Association. The present joint stock company was established by the Articles of Incorporation dated 24 July 1992 with participation of twelve Czechoslovak banks and five broker's companies as its founding members.

To the date of its establishment the Prague Stock Exchange, a. s. (hereinafter referred to as the "PSE") had 17 shareholders in total, of which 12 were banks. The large financial institutions among its founding members were for instance: Komerční banka, Česká spořitelna, ČSOB, Investiční banka and others. The five private broker's firms have been among the Exchange members ever since its very beginning. At the end of 1992 the Exchange Chamber approved membership of 23 new members and 21 more new members were admitted during 1993. At the end of 1993 the PSE had 38 shareholders and 62 members of which 33 were banks and 29 non-banker's members.

On 2 April 1993 the PSE set up the Exchange Registry of Securities, spol. s r. o.

(hereinafter referred to as the „ERS“) as its one-hundred per cent owned subsidiary. The objective of the ERS is to arrange for settlement of the exchange trades, maintenance of records on the securities traded on the Exchange as well as performance of other activities associated therewith.

The settlement of the exchange trades is guided by the principle of delivery of securities against their payment to be conducted on the third working day following the relevant exchange trading day.

The very trading on the PSE started on 6 April 1993. The exchange trading initiated with only seven issues of securities (1 government bond issue, 3 other category bond issues, 2 trust units and also 1 issue of shares) whilst until the start of trading in shares from the voucher privatization, i. e. on 22 July 1993, the number of issues of securities traded on the Exchange grew only by two.

A real upturn in the PSE trading occurred in June 1993 when on 22 June new 622 issues coming from the First Wave of the Voucher Privatization were introduced on the market followed then, on 13 July, by 333 more issues. Thus the prerequisites for opening the operation and further expansion of the Czech securities market were created.

Photo:

International inauguration on 15 Oct. 1993



PRAGUE STOCK EXCHANGE



EXCHANGE REGISTRY OF SECURITIES

Subsidiary of the Stock Exchange



The Prague Stock Exchange had 62 members, as at December 31, 1993,
38 shareholders and 24 others members.

SHAREHOLDERS

AB BANKA, a.s.	Pivovarská 113, 293 80 Ml. Boleslav
AGROBANKA, a.s.	Legerova 39, 120 00 Praha 2
BANKA BOHEMIA, a.s.	Senovážné nám. 7, 110 00 Praha 1
BANKA HANÁ, a.s.	Újezd 12, 796 01 Prostějov
BRNĚNSKÉ VELETRHY A VÝSTAVY, a.s.	Hlinky 104, 660 91 Brno
CITIBANK, a.s.	Evropská 178, 166 40 Praha 6
COOP BANKA, a.s.	Benešova 14-16, 601 78 Brno
CREDIT SUISSE FIRST BOSTON, a.s.	Staroměstské nám. 15, 110 00 Praha 1
CREDITANSTALT SECURITIES, a.s.	Voršílská 5, 110 00 Praha 1
ČESKÁ NÁRODNÍ BANKA	Na Příkopě 28, 110 03 Praha 1
ČESKÁ SPOŘITELNA, a.s.	Na Perštýně 1, 113 98 Praha 1
ČSOB, a.s.	Na Příkopě 14, 115 20 Praha 1
DOMINICK & DOMINICK PRAHA, a.s.	U Okrouhlíku 3, 150 00 Praha 5
	Jindřišská 17, 111 92 Praha 1
EASTBROKERS, a.s.	ul. 28. října 13, 111 21 Praha 1
EFEKTA, a.s.	Americká 28, 460 10 Liberec
EKOAGROBANKA, a.s.	Jindřišská 17, 110 00 Praha 1
EVROBANKA, a.s.	Strossmayerovo nám. 1, 170 01 Praha 7
FOND NÁRODNÍHO MAJETKU ČR	Rašínovo nám. 42, 128 00 Praha 2
HARVARDSKÁ BURZOVNÍ SPOLEČNOST, a.s.	nám. Hrdinů 4, 140 00 Praha 4
IC BANKA, a.s.	Pobřežní 3, 186 00 Praha 8 - Karlín
imAGe 1, a.s.	Jandova 3, 190 00 Praha 9
INTERBANKA, a.s.	Václavské nám. 40, 110 00 Praha 1
INVESTIČNÍ BANKA, a.s.	Václavské nám. 19, 110 00 Praha 1
INVESTIČNÍ A ROZVOJOVÁ BANKA, a.s.	Štúrova 5, 818 55 Bratislava
INVESTIČNÍ SPOLEČNOST BOHEMIA, a.s.	Osadní 26, 170 00 Praha 7
KAPITÁLOVÁ INVESTIČNÍ SPOLEČNOST	
ČESKÉ POJIŠŤOVNY, a.s.	Týnská 3, 110 00 Praha 1
KOMERČNÍ BANKA, a.s.	Bolzanova 3, 114 07 Praha 1
KOMERO, s.r.o.	Fügnerovo nám. 3, 120 00 Praha 2
	Zengrova 26, 160 00 Praha 6
KREDITNÍ BANKA, a.s.	Škrétova 8, 306 08 Plzeň
MERX, s.r.o.	Českomoravská 23, 180 56 Praha 9
OESTERREICHER a spol., s.r.o.	V jámě 12, 110 00 Praha 1
POŠTOVNÍ BANKA, a.s.	Vocetářova 3, 180 44 Praha 8

PRAGOBANKA, a.s.	Štefánikova 50, 150 00 Praha 5
SLOVENSKÁ ŠTÁTNA ŠPORITEĽŇA, š.p.ú.	nám. SNP 18, 816 07 Bratislava
VIA, a.s.	Olšanská 1a, 130 80 Praha 3
VŠEOBECNÁ ÚVEROVÁ BANKA, a.s.	nám. SNP 19, 818 56 Bratislava
ZEMSKÁ BANKA, a.s.	Blanická 1, 772 26 Olomouc
ŽIVNOSTENSKÁ BANKA, a.s.	Na příkopě 20, 110 03 Praha 1

OTHER MEMBERS

ABN AMRO Bank N.V., pobočka Praha	Revoluční 1, 110 15 Praha 1
BODY INTERNATIONAL BROKERS, a.s.	Senovážné nám. 3, 110 00 Praha 1
BURZOVNÍ SPOLEČNOST PRO KAPITÁLOVÝ TRH, a.s.	Vocelova 3, 120 00 Praha 2
CAPITAL MARKET CONSULTING, s.r.o.	Kodaňská 46, 100 00 Praha 10
CONSUS - družstvo Praha	Václavské nám. 43, 110 00 Praha 1
C. S. BROKERS, a.s.	Hybernská 32, 111 21 Praha 1
ČESKÁ BANKA, a.s.	Spálená 51, 110 00 Praha 1
ČESKOMORAVSKÁ ZÁRUČNÍ A ROZVOJOVÁ BANKA, a.s.	Jeruzalemská 4, 111 21 Praha 1
EURO PROGRES, a.s.	V jámě 1, 110 00 Praha 1
GIROCREDIT BANKA PRAHA, a.s.	Václavské nám. 56, 110 00 Praha 1
HYPO-BANK CZ, a.s.	Štěpánská 27, 110 00 Praha
KATNEK SECURITIES, a.s.	U Demartinky 2561/1, 150 00 Praha 5
MORAVIA BANKA, a.s.	Palackého 133, 738 02 Frýdek-Místek
MOTOINVEST, a.s.	Svobody 25, 350 02 Cheb
PODNIKATELSKÁ BANKA, a.s.	Mezibranská 23, 110 00 Praha 1
PRAŽSKÁ BROKERSKÁ, a.s.	nám. Míru 341/15, 120 00 Praha 2
PRO ANO, s.r.o.	Na Pankráci 11, 140 00 Praha 4
RAXER, s.r.o.	V jámě 1, 111 91 Praha 1
REALITBANKA, a.s.	Antala Staška 32, 146 20 Praha 4
RENTIA, a.s.	Kotlářská 53, 658 90 Brno
SLOVENSKÁ POĽNOHOSP. BANKA, ú.s.	Vajnorská 21, 832 65 Bratislava
UNION BANKA, a.s.	ul. 30. dubna 35, 702 00 Ostrava
UNIVERSAL BANKA, a.s.	Velká Hradební 484/2, 400 01 Ústí nad Labem
WOOD & COMPANY, s.r.o.	Martinská 4, 110 00 Praha 1

A fully automated system of conclusion and settlement of the Exchange trades has been chosen for the operation of the PSE. The trading system is based on centralization of the offer of and demand for securities up to a certain moment of time and after this deadline, and on the basis of pre-set algorithms, the rates of individual securities are calculated (this method is called "fixing"). The rates of securities are determined once a day. This trading system was selected upon having taken into account the fact that the Czech capital market is a newly emerging one, just being formed and it would fully meet the market requirements during the trading on the PSE. Initially only one trading session was held in a week. On 2 Nov. 1993 two sessions per week were introduced. At the end of 1993 measures were taken enabling a gradual increasing of the frequency of the trading sessions up to five times a week by the end of 1994. Currently, only prompt deals are concluded on the PSE.

In order to achieve balance between the offer and demand at a certain trading day, additional orders for securities on the listed market are called upon and received on a preferential basis. The additional orders are received according to their nature either as orders to buy or sell securities.

The additional orders are only received to the quantitative level of the maximum difference occurred between the counterparts on the market (i. e. between the buyers and sellers) and they only are accepted at the rate quoted at the given trading day.

Settlement of the exchange deals is carried out by the Exchange Registry of Securities, spol. s r. o., a subsidiary of the PSE, a. s. The exchange trades are settled on the third day following the day of their conclusion on the basis of delivery of securities against their payment. In accordance with this rule the transfers between the partners's holding accounts maintained with the Exchange Registry of Securities are carried out parallelly with the delivery of the relevant irrevocable instructions (orders) for the cash transfers carried out at the Clearing Center of the Czech National Bank. The deals are settled at the level of Exchange members, while making distinction between the trades concluded on a trader's own or on a certain client's securities. To cover the risk and liabilities arising from the exchange trades concluded through the automated trading system, the Exchange Guarantee Fund was established. Participation in the Fund is obligatory for all trading members of the Exchange.



**TRADE VOLUME OF INDIVIDUAL SECURITIES
IN CZK AND IN PIECES**

	BONDS		SHARES		TRUST UNITS		TOTAL		
	Volume [thous.CZK]	Number [pcs]	Volume [thous.CZK]	Number [pcs]	Volume [thous.CZK]	Number [pcs]	Volume [thous.CZK]	Number [pcs]	
LISTED SECURITIES MARKET	central market	379,986.294	189,769	193,091.255	32,019	0	0	573,077.549	221,788
	block trading	885,343.209	109,675	2,074,454.175	382,402	0	0	2,959,797.384	492,077
	total	1,265,329.503	299,444	2,267,545.430	414,421	0	0	3,532,874.933	713,865
UNLISTED SECURITIES MARKET	central market	402,438.981	28,696	1,020,603.949	1,212,096	13,273.104	12,325	1,436,316.034	1,253,117
	block trading	222,756.161	13,665	3,828,119.517	3,369,349	0	0	4,050,875.678	3,383,014
	total	625,195.142	42,361	4,848,723.466	4,581,445	13,273.104	12,325	5,487,191.712	4,636,131
TOTAL	central market	782,425.275	218,465	1,213,695.204	1,244,115	13,273.104	12,325	2,009,393.583	1,474,905
	block trading	1,108,099.370	123,340	5,902,573.692	3,751,751	0	0	7,010,673.062	3,875,091
	total	1,890,524.645	341,805	7,116,268.896	4,995,866	13,273.104	12,325	9,020,066.645	5,349,996

Period start date: 6 April 1993
 Period end date: 31 December 1993

During 41 trading sessions held in 1993, the PSE achieved a relatively positive development. While at its first session only 7 issues of securities were at the disposal for trading, the number of marketable issues at the last session, held on 16 December 1993, reached the figure 982. The whole market comprised 969 share issues, 2 trust unit and 11 bond issues. The major part of the issues was accepted for trading during two sessions: 622 bearer share issues coming from the voucher privatization were introduced on the market on 22 June and additional 333 registered share issues were introduced on 13 July. Of the 982 issues mentioned above, 8 issues were traded on the listed market (5 bond issues and 3 share issues).

Alike the growth of the number of marketable issues, also the trade volume has increased radically. From the initial amount of CZK 2,019 million the total trade volume at the latest December sessions climbed to a record amount of CZK 1.172 bil. (1 thous. mil.) Altogether the trade volume per session crossed the point of CZK 1 bil. at three sessions. The total trade volume for 1993 exceeded the value of CZK 9 bil. of which the trades on the central market accounted for value of CZK 2 bil., whilst the block transactions 7 bil.

The share of the trades executed on the central market in the total volume accounted for 23.3 %, while the block trades accounted for 76.7 %. The dynamic development of the trend towards the growth of the trade volume in 1993 was also confirmed by the fact that in the course of the last two months during which two trading sessions were held per week the total trade

volume at 14 sessions reached the amount of CZK 6.222 bil. This amount accounts for a share of 69 % in the total yearly trade volume.

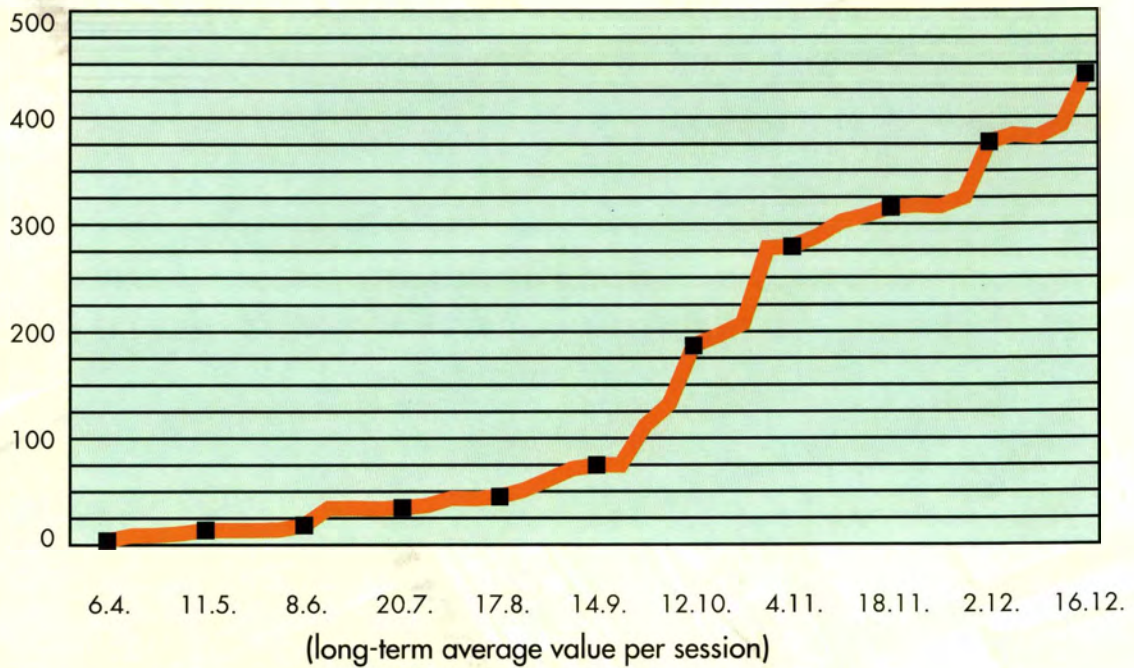
A positive fact is that the share of the trades which have an impact on quotation of securities rates, and thus also on the securities market prices on our capital markets, has stabilized and after a good number of the last weeks at the end of the year 1993 it appeared to be steady amounting for a couple of hundred millions of CZK. At the same time the value of an average volume of the trades executed on the central market in the course of 41 trading sessions was CZK 49 mil.

The listed securities market took a 39.2 % and the unlisted securities market did 60.8 % share in the total trade volume. The bonds took 21 % and units 79 % share in the total volume (without making distinction between the markets). These figures document that, for the time being, a smaller part of the trades is executed on the listed market, the main reason being a low number of listed issues of securities.

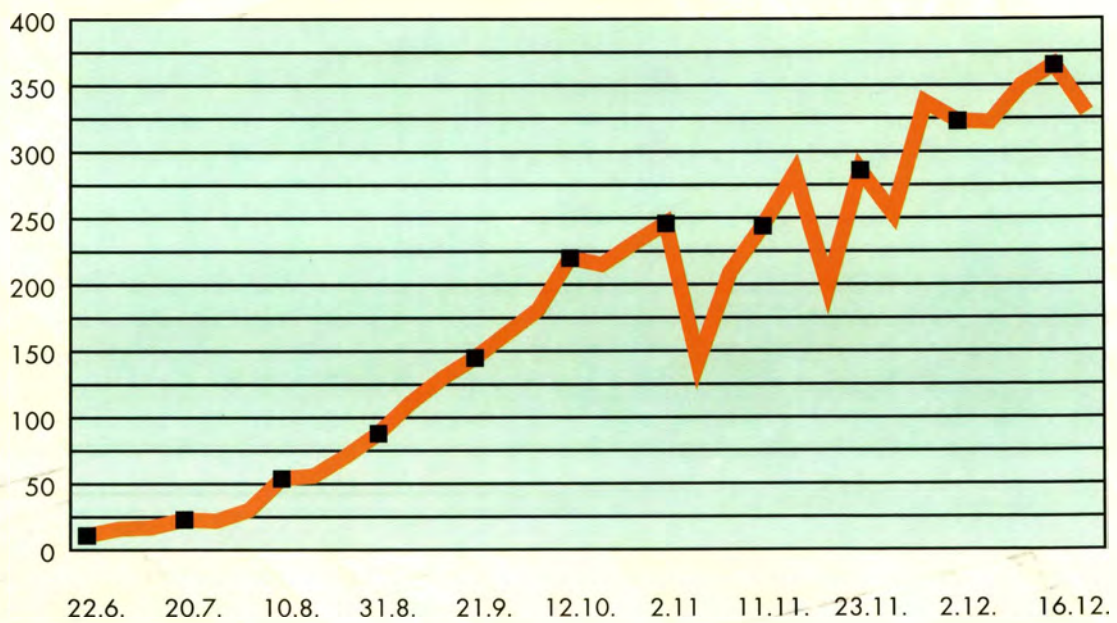
The decisive share in the annual trade volume is held by the share issues coming from the voucher privatization especially thanks to the radical growth of trades which occurred in the last months. At the end of August shares and units took almost 29 % share in the total trade volume.

Development of securities rates, and of shares in particular, was also an interesting one in the last year. After an initial tendency to a radical decline in rates of shares this trend stopped soon and since 21

**TURNOVERS OF STOCK EXCHANGE TRADES IN 1993
IN MIL. CZK**



**TRADED ISSUES IN PIECES
(22.6. - 16.12. 1993)**



September on a trend of a continuous increase of the rates started to grow stronger. These changes in the similar trend in development repeated twice at the end of the year and then the situation became relatively steady.

Of all PSE members at the end of 1993 only 43 traded actively, i. e. those who have met all the contractual obligations and duties, including providing the services of a stock broker/dealer through which a trader in securities may buy and/or sell securities on the stock exchange as of January 1, 1994.

The PSE achieved relatively satisfactory results in 1993 which is, *inter alia*, also to a great extent an impact and reflection of a well-functioning market-oriented economy of the Czech Republic.

The results achieved in 1993 imply the contours of the objectives of further improvement of the system of execution of the exchange trades as well as for a successful management of the anticipated further growth of the trade volumes with

the involvement of both domestic and foreign investors ready to invest in the economy of the Czech Republic and for further strengthening of the dynamic development of our capital markets. A further advancement of quality of the exchange services provided is planned (e. g. providing more opportunities of trading in the very course of trading sessions), gradual increase in the number of trading sessions up to five sessions per week, introduction of a firm periodicity in production of analytical and information services for both traders and investors (e. g. videotex, teletex, BBS), expansion of exchange markets, including its finer differentiation based on distinction of quality of securities, introduction of the method already mentioned above and known as the continuous trading that is designed for a selected number of issues of securities as well as preparation for progressive types of exchange trades such as futures and options.

Graphic charts illustrating the course of the development in 1993 of the major indicators form an appendix to this report.

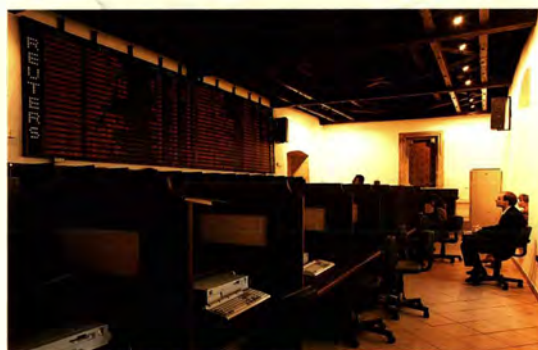


From the beginning of formation of the Exchange, primary attention was paid to the question of further development and improvement of quality of its trading structures. As early as at the beginning of 1993, the Exchange, together with its Listing Committee, resolved, in legal terms, the rules of formation of the listed market and in January 1993 set out the admission conditions, i.e. the Listing Requirements. Subsequently in March 1993 it addressed the first joint-stock companies with the intention to bring them to its prestigious market.

At the very start of trading on this market, it was government bonds which appeared automatically thereon. The market for listed shares kept developing step by step reflecting particularly the lack of experience of the joint-stock companies in the new economic environment as well as the absence of compliance with the essential prerequisites, historical in particular, for entering this market. In the summer of 1993 the Exchange registered the first applications coming from the banking sector. Among the applicants were: Komerční banka, Česká spořitelna and, little bit later, Živnostenská banka. From among the companies operating in real manufacturing sectors it was the joint-stock construction company IPS Praha which became a pioneer in that

respect. Thus the process of the formation of the first market of the Prague Stock Exchange was successfully started off. This market relied mostly upon understanding of the fact that capital markets in general are offering issuers a free, available, ready and liquid financial capital which may be accessed more easily upon entering the listed market. After the successful start, a period of an extensive educational and instructional process on stock exchange activities started, initiated namely by the Exchange and targeted as potential candidates to obtain the listing licence. The response was a growing number of applications received at the end of the last year, i.e. a phenomenon which has predetermined the process of further expansion of the market for listed shares in 1994.

The ever-deepening co-operation between the Exchange and the issuers participating in this market has had a very positive impact on continuing expansion of information activities providing more and more data on the listed shares. Thus, in this area, a solid base was created for even more activities performed at even a higher level of quality than before. This base appears to have become an effective platform for listed shares and is deemed to be a dominant and positive act of the Exchange in the first year of its operation.



Statutes of the joint-stock company Prague Stock Exchange, a. s.
approved by the 1st Extraordinary General Meeting of Shareholders held on 30. Nov. 1992

Rules of the Prague Stock Exchange, a.s.
approved by the 1st GM of Shareholders held on 21 April 1993

Exchange Regulations of the Prague Stock Exchange, a.s.
approved by the 1st General Meeting of Shareholders held on 21 April 1993

Rules of Procedures of the Exchange Court of Arbitration
approved by the 1st General Meeting of Shareholders held on 21 April 1993

Rules and Regulations of the Exchange Membership
approved by the Exchange Chamber on 10 February 1993

**Conditions and Requirements for Admission of a Security
to Trading on the Exchange**
approved by the Exchange Chamber on 10 February 1993

**Conditions and Requirements for Registration of Securities
for their Trading on the Unlisted Securities Market**
approved by the Exchange Committee on Trading on 17 March 1993

Securities Rates and their Calculation
approved by the Exchange Committee on Trading on 8 December 1993

Rules Governing the Fees Set out by the Prague Stock Exchange
approved by the Exchange Chamber on 10 February 1993

Securities Special Events
approved by the Exchange Committee on Trading on 8 December 1993

Rules of Procedures of the Stock Exchange Chamber
approved by the Exchange Chamber on 3 February 1993

Rules and Regulations of the Stock Exchange Registry of Securities
approved by the Exchange Chamber on 22 December 1993

Stock Exchange Guarantee Fund Association Agreement
approved by members of the Prague Stock Exchange, a. s., on 2 April 1993

Rules and Regulations of the Exchange Guarantee Fund
approved by the Assembly of Participants in the Stock Exchange Guarantee Fund
Association on 1 July 1993

Statute of the Board of the Stock Exchange Guarantee Fund
approved by the Assembly of Participants in the Stock Exchange
Guarantee Fund Association on 7 October 1993

Direct Trades
Approved by the Exchange Committee on Trading on 15 April 1993

**PROFIT AND LOSS STATEMENT IN THOUSAND CZK
AS AT 31 DECEMBER 1993**

Revenues from sales of services	11,554
Production consumption	17,583
Personnel expenses	12,717
Taxes and levies	2,155
Other operating revenues	35,550
Other operating expenses	320
Depreciation of intangible and tangible fixed assets	5,042
Additions to reserves and accruals to operating expenses	6,500
Operating profit	2,787
Financial revenues	2,139
Additions to reserves (financial)	66
Financial expenses	238
Profit from financial operations	1,835
Ordinary income	4,622
Extraordinary revenues	4
Extraordinary expenses	181
Extraordinary loss	(177)
Profit of Current Accounting Period	4,445

BALANCE SHEET - ASSETS IN THOUSAND CZK

	1.1.93	31.12.93
Receivables for subscriptions (for own equity)		1,500
Fixed assets	52,064	143,581
Intangible fixed assets	252	15,653
Tangible fixed assets	51,812	127,828
Financial investments		100
Current assets	17,426	44,640
Short-term receivables	50	9,026
Financial assets	17,376	35,614
Other assets		851
Total assets	69,490	190,572

BALANCE SHEET - LIABILITIES IN THOUSAND CZK

	1.1.93	31.12.93
Equity	58,121	113,732
Registered capital	70,360	97,860
Capital funds		14,867
Legal reserve fund	536	536
Loss of previous years	(12,775)	(3,976)
Profit of current period		4,445
External liabilities	11,369	74,455
Other reserves		6,566
Short-term payables	11,369	67,889
Other liabilities - Temporary account of liabilities		2,385
Total liabilities	69,490	190,572

STATEMENT OF THE AUDITOR

We have duly examined the attached closing statement of accounts of the Prague Stock Exchange, a. s., for the year ending at 31 December 1993. The audit included the examination of the Balance Sheet, Profit/Loss Statement as well as appendices required under the Act on Auditors and Chamber of Auditors of the Czech Republic, adopted by the Czech National Council under ref. No. 524/1992, Coll., and by the Auditor's Directives issued by the Chamber of Auditors.

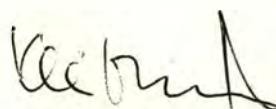
The Company is responsible for completeness, conclusive evidence and correctness of the accounting as well as for preparation of the closing statement of accounts.

Our responsibility is to give our opinion, on the basis of the audit conducted in accordance with the Law and Directives, about the statement of the accounts as a whole. The audit comprises verification of the information that is to prove the details recorded in the statement of accounts. The verification is carried out on the basis of selection of data, while significance of the data recorded is also properly weighted.

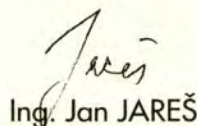
In our opinion the accounts of the Company give, in all substantial aspects, a true and fair view of the assets, liabilities, equity and financial position of the Prague Stock Exchange, a. s., for the accounting period ending at 31 December 1993, including the financial results achieved for the same period. The statement of accounts has been prepared in full compliance with the Accounting Act, No. 563/1991, Coll.

In the course of the audit, no serious facts were disclosed which could indicate that in significant context the accounting records, on the basis of which the statements were compiled, may not be complying with the relevant statutory regulations.

In Prague, on 17 March 1994



Ing. Jana KUTILOVÁ



Ing. Jan JAREŠ

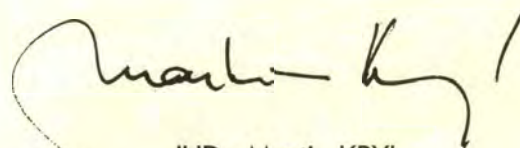
HZ Praha, spol. s r.o.
Member of PKF Worldwide

In 1993, the Supervisory Board exercised its powers in compliance with the relevant provisions of the Commercial Code and Statutes of the Exchange doing so particularly in the context of the general supervision over the Exchange operation. The Supervisory Board continuously discussed the financial position of the Exchange and balance of its assets, got familiarized with both the drafted as well as adopted regulations and kept supervision over the activities of the Exchange Chamber, Exchange Committees and other organizational units of the Exchange.

The Supervisory Board has discussed the "Report on the Company Operation and Income Statement for the Year 1993" submitted to the 2nd Ordinary General Meeting of the Shareholders by the Exchange Chamber, and it has approved its contents. The Supervisory Board stated that the operation of the Exchange in 1993 met the objectives set out at its very inception, as subsequently amended and supplemented by the 1st Ordinary General Meeting of the Shareholders.

The Supervisory Board has reviewed the Annual Statement of Accounts of the Exchange, as duly verified by the Auditors, it took notice of the audit carried out by HZ Praha, spol. s r.o., and adopted the Auditor's Statement. On the basis of its own authority, the Supervisory Board stated that the Closing Statement of Accounts of the Exchange was in all the substantial aspects prepared in compliance with the relevant statutory regulations. The Supervisory Board recommends that the General Meeting of the Shareholders approves the Annual Closing Statement of Accounts of the Exchange inclusive the Proposal for Appropriation of the Profit, as submitted by the Chamber of Exchange.

In Prague, on 7 April 1994



JUDr. Martin KRYL
Chairman of the Supervisory Board



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