

1999

1999 Annual Report



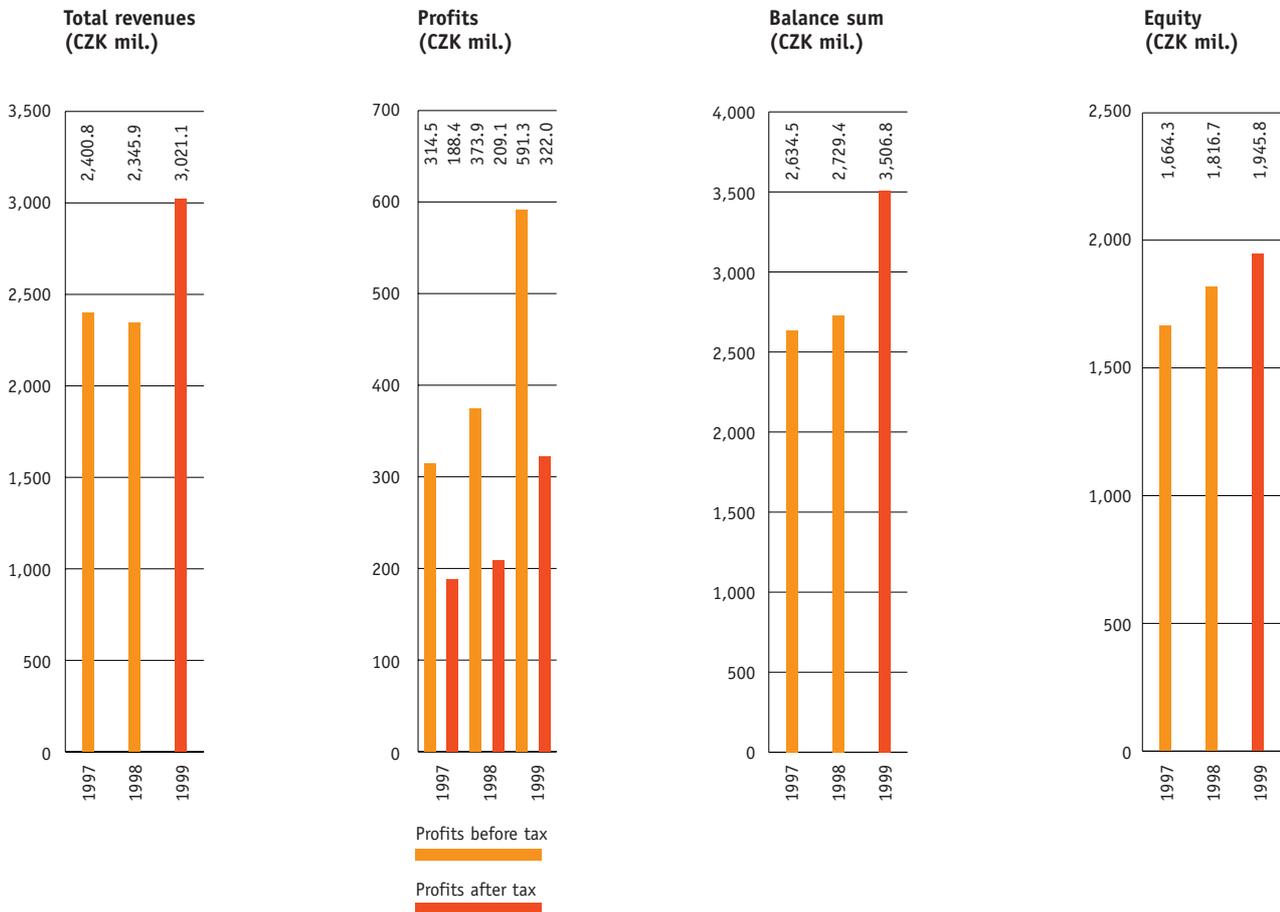
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Basic Economic Indicators

	Units	1997	1998	1999
Gross turnover	[CZK mil.]	1,992.9	1,951.5	1,755.4
Total revenues	[CZK mil.]	2,400.8	2,345.9	3,021.1
Total costs	[CZK mil.]	2,086.3	1,972.0	2,429.8
Profits before tax	[CZK mil.]	314.5	373.9	591.3
Profits after tax	[CZK mil.]	188.4	209.1	322.0
Dividend per share	[CZK]	90.0	316.8	–
Balance sum	[CZK mil.]	2,634.5	2,729.4	3,506.8
Registered capital	[CZK mil.]	575.0	575.0	550.0
Equity	[CZK mil.]	1,664.3	1,816.7	1,945.8
Average share quotations	[CZK]	3,000	2,637	1,891.5
Average number of registered employees	[persons]	763	740	716



The Company Messe Düsseldorf

Founded in 1947, the company Messe Düsseldorf is one of the five most important German fair administrators. Its majority owner is the City of Düsseldorf, which controls more than 50% of the company's shares. Other important shareholders are Industrieterreinen Düsseldorf-Reisholz AG and the German Federal State of North Rhine-Westphalia.

Cooperation between Messe Düsseldorf and the company Brněnské veletrhy a výstavy began back in the 1970s, when an agency agreement was signed. Within the framework of the agreement, BVV recruits Czech and Slovak exhibitors and fair visitors for fairs held in Düsseldorf. In 1999, 96 exhibitors from the Czech Republic and Slovakia were recruited for participation in professional events in Düsseldorf, where they presented their products on an area of 1,729 m². BVV agency sold a total of 1,773 admission tickets.

With a turnover of DEM 551 million for 1998, Messe Düsseldorf reaffirmed its important position among fair organizers in Germany. Its program of fairs concentrates on a few areas: engineering, investment equipment, healthcare and medical technology, business and business services, fashion, leisure, and art. The company presents about 40 fairs that recur with varying frequency. Some of them, so-called *Leitmessen*, are considered to be world leaders, attracting the top companies in the field. 50% of the visitors are from abroad.

Messe Düsseldorf has set itself the following goals:

- Securing the top position as a fair organizer and service provider;
- More intensive customer orientation;
- Greater internationalization of customer services;
- Promoting technological innovation;
- Strengthening of communication.

In 1999, BVV project teams worked together successfully with similarly oriented teams in Düsseldorf. During the preparation phase for selected fairs, categories were approved, and target groups of exhibitors and visitors were chosen from shared databases for contacting by foreign BVV representatives. In this way an increase of the number of exhibitors and of occupied space was achieved in the fields that both fair administrators were jointly focusing on. For example, at the International Engineering Fair there was a stronger representation of the field of plastics and plastic-making technologies, thanks to synergic effects with the Düsseldorf fair K with the title *MSV '99 Special – Plastics and Plastic Technology*.

For the mid-range future, Brněnské veletrhy a výstavy is planning to improve marketing communications on the German market. A newly opened agency in Germany will positively contribute to attainment of this objective.



Partner for Business

Company Profile

Company name: Brněnské veletrhy a výstavy, akciová společnost

Company

headquarters: Brno, Výstaviště 1, 647 00

Company ID

number (IČO): 00001015

Tax identification

number (DIČ): 288-00001015

The company Brněnské veletrhy a výstavy was founded on 28 December, 1990. The German exhibition administrator Messe Düsseldorf has been its majority shareholder since June 1998.

Primary Field of Activity

Provision of commercial exhibition services, mainly for companies

Leasing of the company's real estate

Brief Description

With its 45% share on the Czech exhibition market, Brněnské veletrhy a výstavy, a. s. is the largest administrator of fairs in the Czech Republic. With a tradition spanning over seventy years, a modern exhibition facility, and world-class know-how, BVV is one of the largest fair administrators in Central Europe, including the Czech Republic, Slovakia, Hungary, Austria, and Poland.

Membership in Organizations and Associations

■ UFI (Union des foires internationales)

The International Union of Fairs (UFI), with headquarters in Paris, is a non-governmental organization that brings together the organizers of fairs and exhibitions from around the world. BVV became a member in 1960. Since that time, the company's leading executives have been participating actively in the work of UFI governing bodies. Membership in this prestigious organization is a guarantee of international recognition and of the quality of the exhibitions presented by BVV.

■ SOVA

BVV initiated the founding of this association of organizers of exhibition events in the Czech Republic and Slovakia. It coordinates exhibition activities in the Czech Republic.

■ CHAMBER OF COMMERCE OF THE CZECH REPUBLIC

■ INTEREXPO

(Comité des organisateurs de participations collectives nationales aux manifestations économiques internationales)

An association of organizers of collective national participation at international fairs and exhibitions

■ OSPI

(Octanorm Service Partner International)

International association of representatives of the company Octanorm. BVV is its exclusive representative in the Czech Republic.

■ IFES

(International Federation of Exhibition Services)

An international federation of exhibition service providers

■ AVF

The association of exhibition companies in the Czech Republic



Wismer

Karlheinz Wismer

Introduction by the Chairman of the Board

The joining of the fairs of Düsseldorf and Brno created a decisive force in the world of exhibitions, focusing on a single goal: At the time of the entry of the Czech Republic into the European Union, Brno is to become a center of fair activity in Central and Eastern Europe.

After having bought BVV, our company's turnover for the previous year surpassed all of its German competitors. That, however, is not the only positive effect of that partnership. The sharing of personnel and capital-based cooperation with the City of Brno is contributing to the economic stability of the entire region with respect to employment and the influx of foreign investment.

The primary strategic business goal is internationalization. Brněnské veletrhy a výstavy already holds an exceptional position in the segment of international fairs on the Czech market. Since midyear 1999, nearly the entire network of Messe Düsseldorf representatives has also been working for Veletrhy Brno. In Hungary we have gone so far as to create a one-hundred-percent subsidiary, BD-Expo. This dense network of agencies is a particularly important marketing tool leading to further internationalization.

The second pillar of our business strategy is the use of synergic effects in the fair programs of our companies. One example is the cooperation between the fairs GDS (fair of footwear arranged by Messe Düsseldorf) and KABO, STYL (fashion fair arranged by BVV) or MSV (engineering fair arranged by BVV) and Fair K (fair of plastics arranged by Messe Düsseldorf). Through this cooperation, both fair organizing companies are clarifying the complex market structure of Central and Eastern Europe and are, at the same time, offering fairs "Made in Europe". Their activities are thereby subjected to the criteria of quality accepted worldwide.

The optimizing of services and infrastructure is a prerequisite for the further success of the company and is also one of the key conditions that are the basis of our corporate strategy.

Progress so far after the joining of our two fair organizing companies indicates that by cooperating we are going in the right direction. We are joining forces and making use of synergic effects. We are seeing the first successes in the attempt to make BVV events more international. For the customers of Messe Düsseldorf we are, at the same time, creating new access to markets in one of the most attractive economic regions in Europe and we are offering ideal financial conditions for fairs. All of this motivates us to continue in partnership as dynamically and successfully as we started on 1 July, 1998. While cooperating on a very close and constructive basis, we will be able to reach our common goals.



Jiří Škrla

Introduction by the Chief Executive Officer

The year of 1999 saw the first joint season of fairs for Brněnské veletrhy a výstavy together with Messe Düsseldorf, the majority owner of Brněnské veletrhy a výstavy since 1998. At that time, largest German fair administrator owned 95 percent of the shares in BVV. In November 1999, as the chief shareholder (66% of the shares of registered capital) together with the City of Brno (34% of the shares), it founded the joint stock company Veletrhy Brno. As of 31 December, 2000 there will be a merger of the joint stock companies Brněnské veletrhy a výstavy and Veletrhy Brno, and beginning on 1 January, 2001 there will be one subject with the name Veletrhy Brno, joint stock company.

In 1999 we presented 35 fairs in Brno. On over 400,000 m² of net leased exhibition and special presentation space, 13,931 firms from 63 countries participated in the projects. Nearly 800,000 visitors saw our fairs at the Brno facility, and 5.3% of those visitors came from abroad. Nearly 30,000 more visitors came to BVV projects in Prague. Our company's gross turnover in 1999 was CZK 1,755 million.

BVV is the biggest presenter of fairs in the Czech Republic. According to a survey of the Czech fair market for 1999 conducted for the organization SOVA, last year BVV fairs had a 45.1% share of the total space sold at all Czech fairs. BVV has an even greater share of Czech international fairs: in 1999 it had a share of more than 90% of the total area of Czech fairs classified in accordance with current UFI rules as international fairs.

The Brno facility is the site of a high concentration of visiting experts. The average share of experts at fairs is 75%. Auxiliary programs are an opportunity for professional congresses, economic forums, and meetings. We work together with commercial representations and Czech centers in individual countries and with professional associations and unions for the promotion of Czech firms and of the Czech market abroad. In 1999 BVV secured the official participation of the Czech Republic abroad a total of 28 times (16 projects for the Czech Ministry of Industry and Trade, 3 projects for the Czech Ministry of Agriculture, and 9 projects for the Czech Tourism Center). Again in 1999 we realized the coordinated participation of Czech firms at fairs abroad.

The strategic goal of BVV and Messe Düsseldorf, at the time of the entry of the Czech Republic into the European Union, is to make Brno a center of fair activity for Central and Eastern Europe. Therefore the priority for 1999 became an effort to attract more exhibitors and visiting experts, especially from those regions. We achieved our goal - we have seen an increased share of visitors from the countries being monitored by tens of per cents.

Cooperation with Messe Düsseldorf is bringing our market closer to foreign clients. For example, in cooperation with the Düsseldorf fair K, at the International Engineering Fair in 1999 we organized the project *MSV '99 Speciál* - plastics and plastic-making technologies. This year we will realize the project *MSV 2000 Speciál* AUTOMATION - in cooperation with the Düsseldorf fair INTERKAMA, which is the world leader in its field. Within the context of construction fairs, we are organizing the 1st international fair for technical building equipment, SHK Brno 2000. A close relationship with the world-wide network of Messe Düsseldorf business agencies is helping us to attract more foreign visitors.

The Czech Republic is preparing to enter the open European market. According to research undertaken by the German company AUMA, in the future fairs will continue to be an important part of the marketing strategy of our clients because of the irreplaceable human dimension of doing business. BVV has a chance to become a crossroads for fairs in an integrated Europe.

Members of the Company's Governing Bodies

■ Board of Directors

Karlheinz Wismer (*1936)

Chairman of the Board

(since 9 April, 1999, Board Member since 7 September, 1998)

A graduate of the Cologne University School of Economics and Social Sciences with a degree in economics and also specializing in foreign trade and trade policy, he has worked for Messe Düsseldorf since 1962. From 1979 until 1999 he held the post of deputy CEO. Since 2000 he has been the CEO of Messe Düsseldorf.

Jiří Škrta (*1949)

Vice-Chairman of the Board

(since 9 April, 1999)

A graduate of the School of Business at the Prague Economic University, he has been working at BVV since 1975. He was the business manager from 1987 until 1999. In 1999 he was named as CEO of Brněnské veletrhy a výstavy.

Miroslav Bělina (*1950)

Board Member

(since 9 July, 1998)

A graduate of the Charles University School of Law in Prague, since 1990 he has been a member of the legislative council of the Czech government. He has been a partner in the law firm Kříž and Bělina since 1991. He is also the chairman of the academic senate of the Charles University School of Law in Prague.

Petr Duchoň (*1956)

Board Member

(since 11 February, 1999)

A graduate of the Masaryk University School of Natural Sciences in Brno, from 1997 until 1998 he was the vice mayor, and in 1998 he was elected mayor of Brno.

Wilhelm Giese (*1942)

Board Member

(since 13 August, 1999)

A graduate from a business-oriented university program in Bielefeld, he has been working for Messe Düsseldorf since 1971 and has been a member of company management since the beginning of 2000.

Milan Šimonovský (*1949)

Board Member

(since 26 November, 1999)

A graduate of VUT (University of Technology) in Brno, he has worked at the office of the chief architect of the Brno city council, and since 1990 he has been the deputy mayor of the City of Brno.

Frank Thorwirth (*1962)

Board Member

(since 20 January, 2000)

A graduate of Cologne University School of Economics and Social Sciences with a degree in business economics, he has been working for Messe Düsseldorf since 1990, and has held the function of co-ordinator for BVV, a. s. and project manager since 1998.



Antonín Surka (*1939)

Chairman of the Board

(from 28 December, 1990 until 9 April, 1999)

A graduate of the School of Business at the Prague Economic University, he has been with BVV since 1961 and was the CEO from 1991 until 1999.

Werner Dornscheidt (*1954)

Board Member

(from 7 September, 1998 until 17 May, 1999)

A graduate from a business-oriented university program in Aachen. He has been with Messe Düsseldorf since 1979 and from 1990 until 1999 he was the assistant director.

Dagmar Lastovecká (*1951)

Board Member

(from 9 July, 1998 until 26 November, 1999)

A graduate of the Brno Law School, from 1994 until 1998 she was the mayor of Brno, and since November 1998 she is a senator and a member of the Brno city council.

Jürgen Schroer (*1941)

Board Member

(from 9 April, 1999 until 31 December, 1999)

A business school graduate, he has worked in various companies including Schering AG, and IBM. From 1991 until 1999 he worked at Messe Düsseldorf.

Hartmut Krebs (*1946)

Vice-Chairman of the Board

(from 7 September, 1998 until 9 April, 1999)

■ Supervisory Board

Joachim Erwin (*1949)

Chairman of the Supervisory Board

(since 20 January, 2000)

Having studied law, sports, and Spanish at the University of the Ruhr in Bochum, since 1976 he has worked in Düsseldorf as an attorney. In 1999 he was elected mayor of Düsseldorf.

Hartmut Krebs (*1946)

Chairman of the Supervisory Board

(from 9 April, 1999 until 31 December, 1999)

A graduate of the University of Law and Administration Science in Saarbrücken, from 1997 until 1999 he was the CEO of Messe Düsseldorf.

Milan Šimonovský (*1949)

Vice-Chairman of the Supervisory Board

(from 7 September, 1998 until 26 November, 1999)

Petr Mayer (*1947)

Member of the Supervisory Board

(since 15 May, 1997)

A graduate of VUT (University of Technology) in Brno with a degree in electronics, he has been with BVV since 1977, and is now the manager of the marketing analysis division.

František Kania (*1941)

Member of the Supervisory Board

(since 26 November, 1999)

A graduate of VUT (University of Technology) in Brno with a degree in electronics, he works as a patent agent.

Jürgen Schroer (*1941)

Chairman of the Supervisory Board

(from 7 September, 1998 until 9 April, 1999)

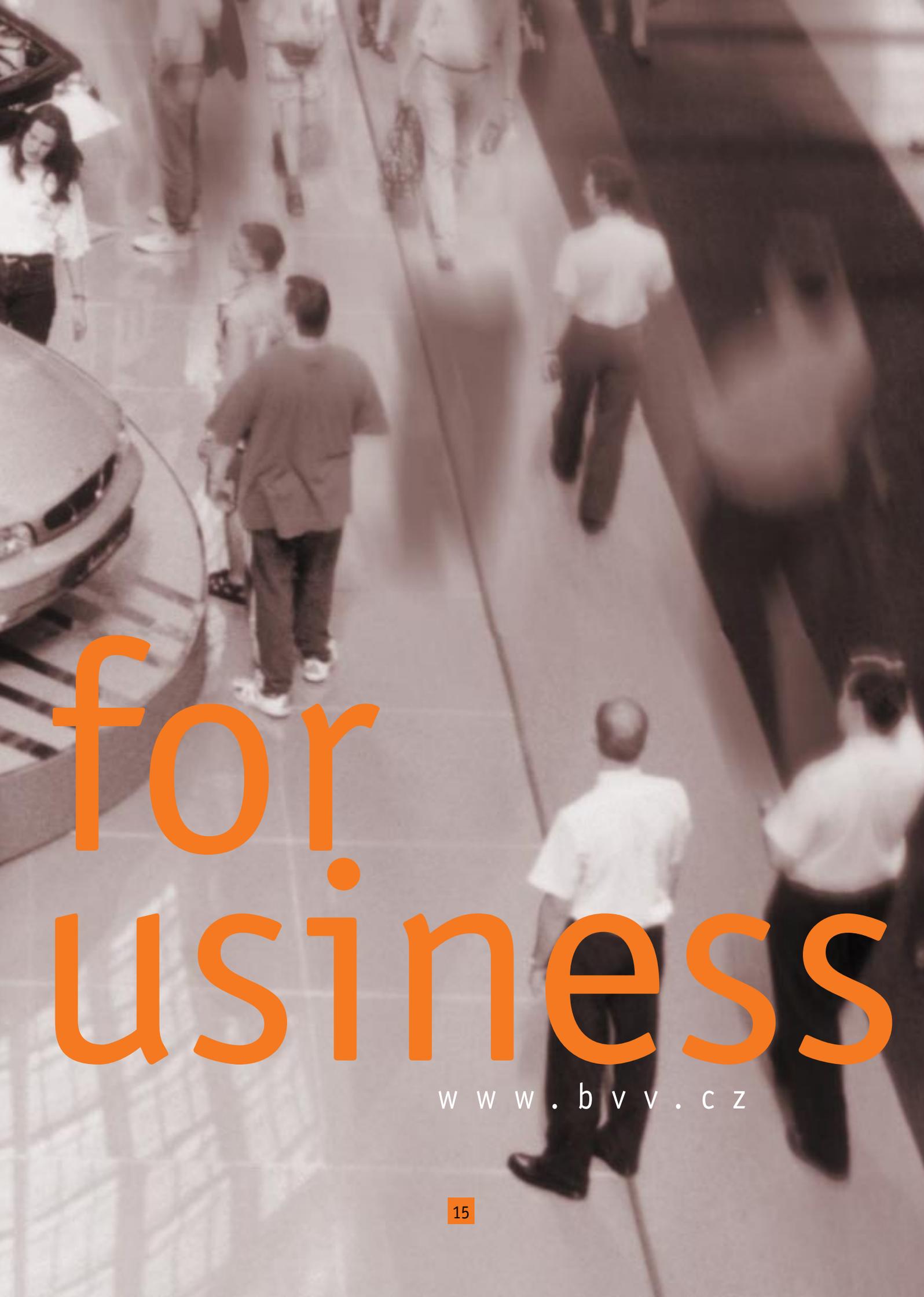


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Report from Company Management

Significant Events in 1999

For Brněnské veletrhy a výstavy, 1999 was the first season of fairs with the company's new majority owner, the company Messe Düsseldorf maintained its share in BVV throughout the past year by holding control over 95% of the shares.

The organizational structure of BVV has undergone a fundamental change. A new division for realization and service and a marketing department were created. The project structure of management was strengthened. This should make the company's activities more efficient and should increase the quality of services provided to clients. Since the International Engineering Fair last year, our customers can also make use of the services of the Business Center.

Extensive construction continued in order to secure greater comfort for our clients. A corridor between pavilions A1 and C was opened. In pavilion A1, escalators were installed and the air-conditioning was expanded. The first guests have been received at the congress hall at the Holiday Inn hotel. Pavilion V (with nearly 13,000 m² of gross exhibition space), a new parking garage near gate 4, and a press center in pavilion E are now being built.

In 1999 the company BVV, which is a part of the group Messe Düsseldorf, has significantly changed its corporate design and has made a public presentation of the new graphic design of its logo and of all company publications.





The Company's Position on the Market

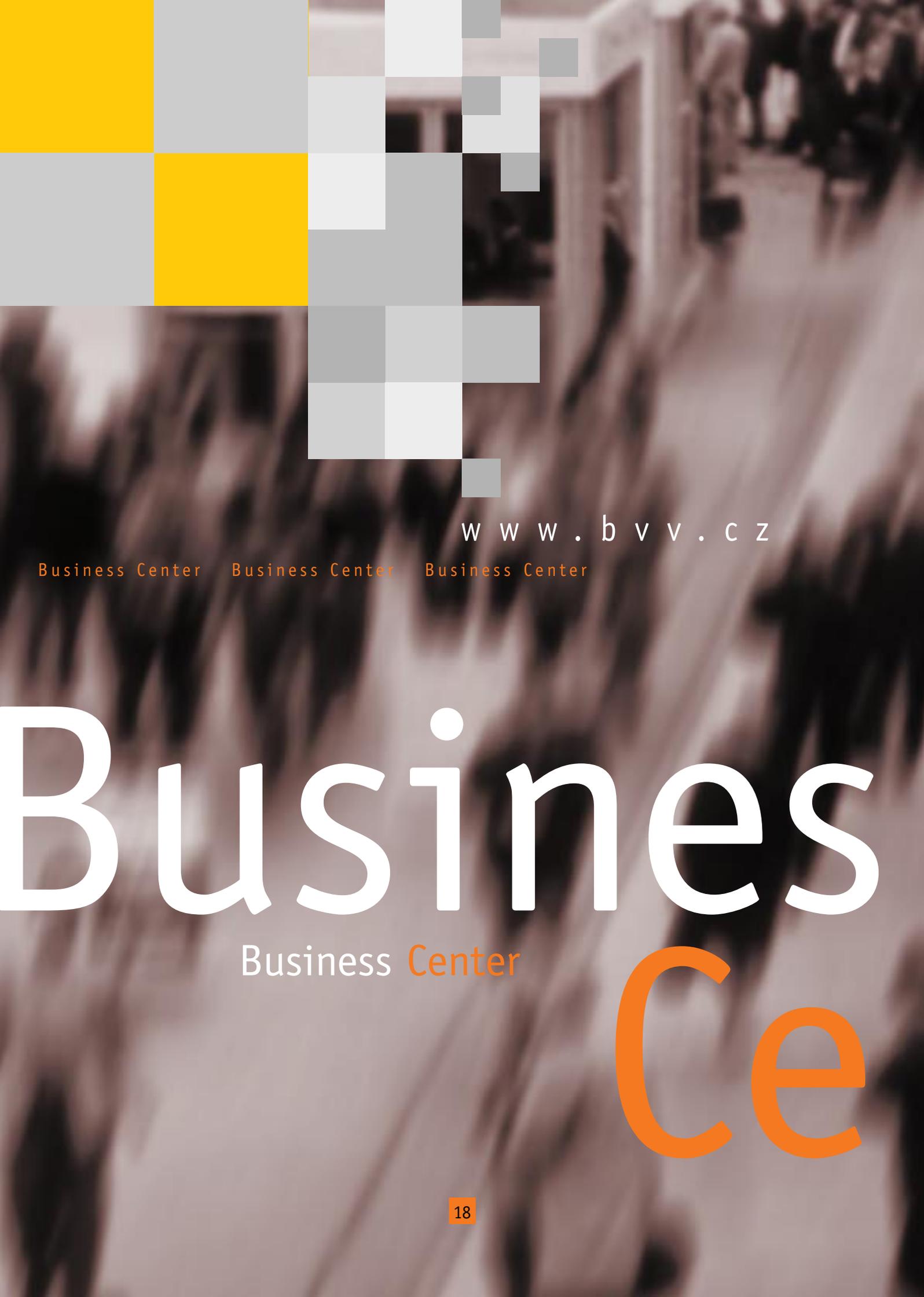
Brněnské veletrhy a výstavy is the biggest organizer of fairs in the Czech Republic. In 1999 the company had a 45% share of the exhibition market. BVV presents the predominant share of international fairs, where it takes up more than two thirds of the market. At 35 fairs presented by BVV in 1999, a total of 13,931 firms presented exhibits. More than 400,000 m² of exhibition space was used for the fairs. BVV came in tenth in the survey the "Czech 100 Best", conducted by the Comenius Foundation, proving the company's standing, economic importance, and successfulness.

The shared goal of BVV and Messe Düsseldorf is to make Brno a center of fair activity in Central and Eastern Europe. At the time of the entry of the Czech Republic into the European Union, the priority for 1999 was the greater internationalization of fairs. BVV is trying to increase the number of exhibitors and visiting experts, especially from Central and Eastern Europe. We have achieved those goals. According to preliminary results, the share of foreign visitors rose from 4% in 1998 to 10% in 1999. The greatest increases came from Russia and Ukraine (by more than 200%), from Hungary (by 60%), from Poland (by 50%), from Austria (by 40%), and from Germany (by 30%).

The close relationship between BVV and the network of Messe Düsseldorf business agencies around the world is having a positive effect on making fairs in Brno more international.

Growth of the numbers of foreign visitors from individual countries

Country	Growth of the number of visitors
Russia and Ukraine	200%
Hungary	60%
Poland	50%
Austria	40%
Germany	30%



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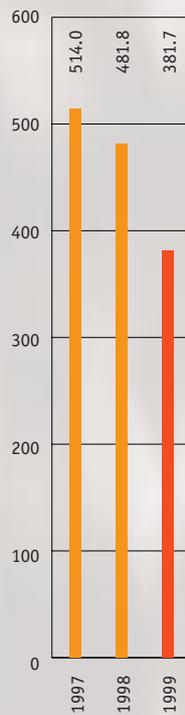
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1999 Fairs

	Units	1997	1998	1999
Leased area	[‘000 m ²]	514.0	481.8	381.7
Additional presentation area	[‘000 m ²]	15.6	23.0	18.9
Number of events at the facility		43	42	35
Gross turnover	[CZK mil.]	1,993.0	1,951.5	1,755.4
Average adjusted number of employees	[persons]	763	740	716
Total number of exhibitors		12,664	12,505	11,101
subtotal: foreign visitors		1,969	2,127	2,065
Other represented companies		4,708	3,795	2,830
Total number of paying visitors	[‘000]	971.5	848.9	785.2
subtotal: foreign paying visitors	[%]	4.4	4.3	5.3
Number of visitors with free admission	[‘000]	22.0	19.2	13.0

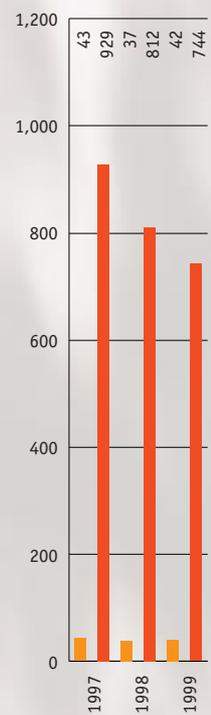
Leased area
(‘000 m²)



Number of Exhibitors



Number of Paying Visitors
(‘000)



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Fairs and Exhibitions Held in 1999

Name of event	Leased Area (m ²)	Domestic exhibitors	Foreign exhibitors	Exhibitors Total	No. of partic. countries	Paying Visitors (persons)	Subtotal: foreign (%)
GO - International Travel Trade Fair	5,680	221	47	268	27	21,482	6.0%
1998*)	-2.47%	6.25%	-24.19%	-0.74%	-15.6%	-7.30%	
REGIONTOUR - International Exhibition of Regional Tourism	3,810	156	35	191	11		
1998*)	12.99%	-15.22%	59.09%	-7.28%	57.1%		
STYL I. - International Fashion Fair	12,171	498	117	615	21	14,242	15.0%
1998*)	-2.52%	6.41%	-20.41%	0.00%	31.3%	-29.12%	
KABO I. - Central European Fair of Footwear and Leatherware	4,895	180	58	238	20		
1998*)	-26.16%	-18.92%	-23.68%	-20.13%	17.6%		
OPTA - International Fair of Eye Optics and Ophthalmology	2,651	88	18	106	21	2,563	17.0%
1998*)	2.87%	2.33%	-30.77%	-5.36%	0.0%	-10.54%	
SALIMA - International Food Fair	17,167	429	128	557	32	57,794	13.0%
1998*)	-10.20%	-4.45%	-3.03%	-4.13%	14.3%	-1.81%	
IBUCOB - International Millery, Bakery, Confectionery and Butchery Fair	8,519	181	62	243	14		
1998*)	-5.63%	-7.65%	51.22%	2.53%	7.7%		
FRUVEX - International Fruit and Vegetable Production Fair	1,331	31	37	68	11		
1998*)	-13.74%	-11.43%	164.29%	38.78%	-26.7%		
INTECO - Inter. Fair of Equipment for Retail Trade, Hotels and Catering Facilities	4,309	99	18	117	7		
1998*)	-29.60%	-22.66%	12.50%	-18.75%	-30.0%		
VINEX - International Wine Fair	2,441	70	22	92	12		
1998*)	-0.53%	2.94%	15.79%	5.75%	50.0%		
PIVEX - International Brewing and Malting Fair	4,959	124	46	170	12		
1998*)	-18.18%	-6.06%	35.29%	2.41%	-33.3%		

Name of event	Leased Area (m ²)	Domestic exhibitors	Foreign exhibitors	Exhibitors Total	No. of partic. countries	Paying Visitors (persons)	Subtotal: foreign (%)
MOBIS - International Furniture Fair 1998*)	12,110 0.97%	246 6.03%	25 31.58%	271 7.97%	9 -18.2%	68,092 -0.93%	4.0%
DOMO - International Fair of Household Electrical Appliances and Household Utensils 1998*)	3,868 -27.43%	83 -17.00%	18 -61.70%	101 -31.29%	8 -46.7%		
LUMICA - Internat. Fair of Light. Fittings, Glass, Ceram., Porcel. and Jewellery 1998*)	548 -38.08%	22 -12.00%	1 -90.00%	23 -34.29%	4 -33.3%		
RELAXA - International Fair of Garden, Hobby, Toys, Children Goods and Sport 1998*)	2,698 290.45%	150 183.02%	3 -72.73%	153 139.06%	3 -40.0%		
TEXPO - International Fair of Household, Measured and Technical Textiles 1998*)	2,300 -12.38%	80 -3.61%	18 12.50%	98 -1.01%	12 -14.3%		
X-ART - International Fair of Office and School Articles, Gifts and Promotional Gifts 1998*)	1,563 -43.29%	62 -43.12%	8 -11.11%	70 -40.68%	7 -12.5%		
IBF - International Building Fair 1998*)	54,197 -3.46%	1,116 -0.27%	132 2.33%	1,248 0.00%	23 9.5%	87,926 7.37%	3.4%
URBIS - International Fair of Technology, Equipment and Services for Development of Communities and Towns 1998*)	3,037 25.29%	115 23.66%	4 300.00%	119 26.60%	5 150.0%		
EDEN 3000 - Permanent Exhibition of One-family Houses 1998*)	2,710 284.40%	29 383.33%	1 0.00%	30 328.57%	2 100.0%		
EMBAX-PRINT - International Fair of Packaging, Printing and Reprography 1998*)	12,333 -21.83%	297 -13.41%	113 -13.08%	410 -13.32%	19 -13.6%	17,884 -39.17%	11.6%
INTRAMA-CENETRA - International Materials Handling, Warehousing and Logistics Fair and International Exhib. of Transport and Forwarding 1998*)	5,309 -8.02%	116 -14.71%	16 -5.88%	132 -13.73%	9 -35.7%		
IDET **) - International Fair of Defence and Security Technology and Special Information Systems 1997*)	12,476 27.11%	151 0.00%	118 38.82%	269 13.98%	24 -4.0%	10,076 -17.80%	20.5%

Name of event	Leased Area (m ²)	Domestic exhibitors	Foreign exhibitors	Exhibitors Total	No. of partic. countries	Paying Visitors (persons)	Subtotal: foreign (%)
AUTOSALON **) - International Motor Show	41,591	382	49	431	15	95,797	3,0%
1997*)	120.95%	582.14%	4,800.00%	656.14%	650.0%	-36.74%	
PROPET - International Pet Supply Exhibition	2,314	111	2	113	5	16,328	1.0%
1998*)	12.49%	2.78%	0.00%	2.73%	0.0%	-0.21%	
STYL II. - International Fashion Fair	12,236	499	121	620	21	14,336	12.4%
1998*)	0.91%	14.45%	14.15%	14.39%	0.0%	0.90%	
KABO II. - Central European Fair of Footwear and Leatherware	3,532	140	34	174	15		
1998*)	-36.67%	-25.13%	-26.09%	-25.32%	-6.3%		
MSV - International Engineering Fair	74,115	1,531	607	2,138	34	104,893	6.8%
1998*)	-10.73%	0.07%	-3.50%	-0.97%	-1.8%	-7.22%	
INVEX-COMPUTER - International Fair of Information and Communication Technology	38,783	645	71	716	20	138,059	5.0%
1998*)	-15.38%	-14.34%	31.48%	-11.28%	11.1%	0.39%	
ENVIBRNO - International Environmental Fair	4,119	168	53	221	9	28,783	4.0%
1998*)	-25.31%	-22.22%	76.67%	-10.16%	-18.2%	-14.29%	
WOOD-TEC - International Fair of Machinery, Equipment and Materials for the Wood Industry	9,331	219	53	272	15		
1998*)	-4.70%	-6.01%	-17.19%	-8.42%	-21.1%		
SIMET - International Workshop Fair	642	41	3	44	3		
1998*)	-54.37%	-37.88%	-70.00%	-42.11%	-25.0%		
MEFA - International Fair of Medical Technology and Pharmacy	5,370	256	19	275	25	16,640	3.6%
1998*)	-6.56%	-4.48%	-9.52%	-4.84%	-10.7%	2.68%	
REHAPROTEX - International Exhibition for Rehabilitation, Compensation, Prosthetic and Orthopaedic Aids	1,913	86	3	89	12		
1998*)	14.21%	-4.44%	50.00%	-3.26%	-20.0%		
CHRISTMAS MARKET	6,708	414	5	419	5	90,260	0.0%
1998*)	-7.42%	-28.74%	-28.57%	-28.74%	0.0%	0.75%	
GUEST SHOWS	16,367	not followed			not followed		
1998*)	-18.26%						
TOTAL FOR 1999	398,103	9,036	2,065	11,101	63	785,155	5.3%

*) Percentage difference compared to last year's event

**) Event held every two years



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Investment Policy

In 1999, Brněnské veletrhy a výstavy put a total of CZK 280 million into investments. Most of those resources were used for construction. The volume of funds invested in construction was CZK 221 million. More than CZK 38 million was spent for the acquisition of machines not included under construction and for the purchase of equipment for offices, workshops, etc. CZK 11 million was spent on hardware equipment for the company's Automated Information System (AIS) and for expansion of the cable network. Software products pro the AIS cost CZK 9 million.

Investments in 1999

Type of investment	CZK mil.
Construction	221.5
Machines and instruments	38.1
Hardware and cable networks	11.4
Software	9.3
Total	280.3

In the category of construction, financially the most significant items were the costs of starting construction of pavilion V and for air conditioning in pavilions A1 and B.

Among construction projects already begun, a connector bridge from pavilion A1 to pavilion C was put into operation, and two escalators were installed in hall A1. A further stage of paths and networks in the area of the permanent exhibition of family homes EDEN 3000 was completed. During the first quarter, a truck loading dock was built near gate no. IX. A significant item in the 1999 plan was for costs for the purchase of a project and the and absolute title and the subsequent beginning of construction of a parking garage near gate no. IV. The remaining investment funds were used for other construction of a smaller scope and not started until the end of the year, e.g. the relocation of storage hangars, the press center in pavilion E, the modernization of the lighting in the exhibition areas of pavilion E, and the installation of equipment for the utilization of waste heat from the condensate from the steam lines. Among the costs for the acquisition of machines and equipment, the largest amounts were spent on replacing and repairing vehicles and for the modernizing and supplementing office technology.

CZK 120 million was spent on the above-mentioned major repairs and on routine maintenance of the facility, the exhibition pavilions, administrative and financial buildings, and power equipment. CZK 6.9 million was also spent on other tangible and intangible property. Of the greatest importance were the repair work on the road near pavilions R and Z, roof repairs of pavilion D, and painting of the roof structure of pavilion Z.

A part of the CZK 77.5 million spent for the repairs described above came from already created legal reserves.

On all investments and on the further maintenance of the good technical condition of its exhibition facilities, in 1999 BVV spent a total of CZK 407 million.

The basic orientation of the company toward achieving the satisfaction of exhibitors is illustrated by the amount of investments made over the past three years. The total amount is CZK 611 million, CZK 482 million of which went for construction. Besides the work done last year, this figure includes completion of the repair and modernization of pavilion C and the building of an off-ramp from the a highway connector and of parking spaces. Many small improvements were made to the existing furnishing of the exhibition areas at the facility.

BVV's primary business activity is the presentation of large-scale international fairs and exhibitions. A high-quality exhibition facility consisting of a set of pavilions and of other operations buildings, areas, and equipment forms thus a necessary technical background. The main goal of the investment policy of BVV is therefore based on the need for constant, appropriate investment in modernization and further improvement of quality.

The company's plan for 2000 calls for investing CZK 431 million in construction. More than half is intended for the completion of pavilion V, for expansion of the railroad siding for the rail exhibits, for the next phase of networks and paths construction at the EDEN 3000 facility, and for the further improvement of the technical condition of the existing buildings.

Nearly CZK 13.1 million has been set aside for needed innovation and further expansion of the information system, and CZK 16.1 million has been earmarked for supplementing and partial renewal of machines and instruments.

Partner Partner for Business for Business



Human Resources

As of 31 December, 1999, the company had 680 employees (649 were full-time), 423 (406) of whom work in technical or economic areas and 257 (243) of whom are laborers. There is a slight majority of men (57%). Compared to the previous year, the absolute number of employees was down by 37.

The average number of registered employees in 1999 was 718, and the average adjusted number of registered employees in 1999 was 716 (24 fewer employees compared to 1998).

The company's personnel policy has many good points, foremost of which are the very low turnover rate and the favorable structure of the employees' age and qualifications.

Although the largest age group is 41-50 (a total of 210), the average age is not above 42.

Age Group	Women	Men	Total
up to 20	1	0	1
21-30	44	64	108
31-40	46	96	142
41-50	105	105	210
51-60	79	95	174
61 +	0	14	14
Total	275	374	649

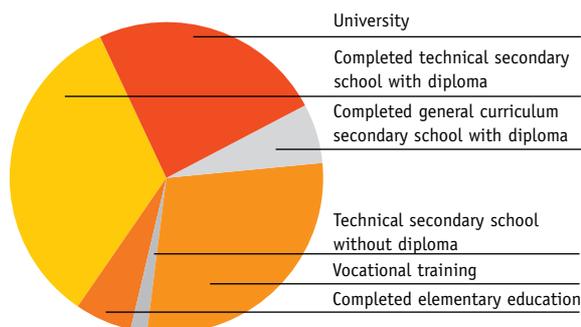
In 1999 the company took on 19 new full-time employees and a total of 44 full-time employees left the company.

The average length of employment with BVV is over 12 years, and more than 60 employees have been with the company for over 30 years.

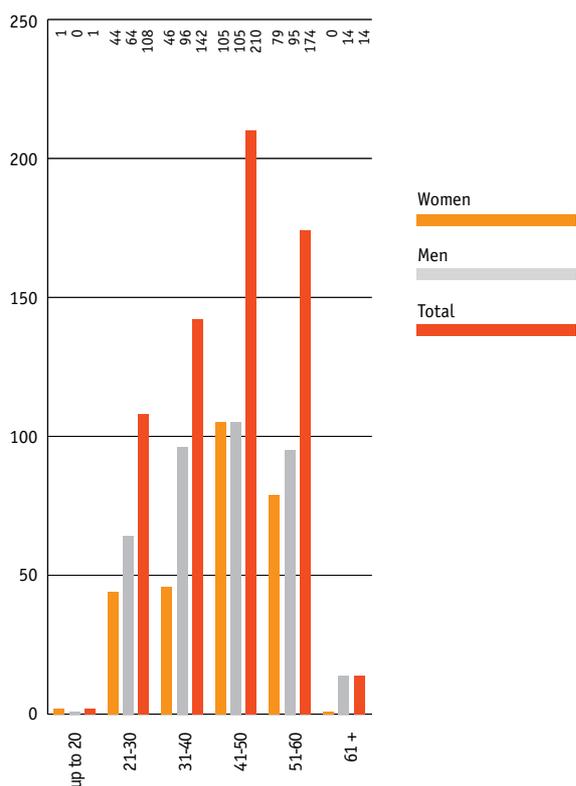
Regarding the qualifications of the employees, 24% of the workers have a university education, 41% have a secondary education and 29% have vocational training.

More than 200 workers are hired on the basis of work agreements.

Education structure of employees as of 31 December 1999



Age structure of employees as of 31 December, 1999

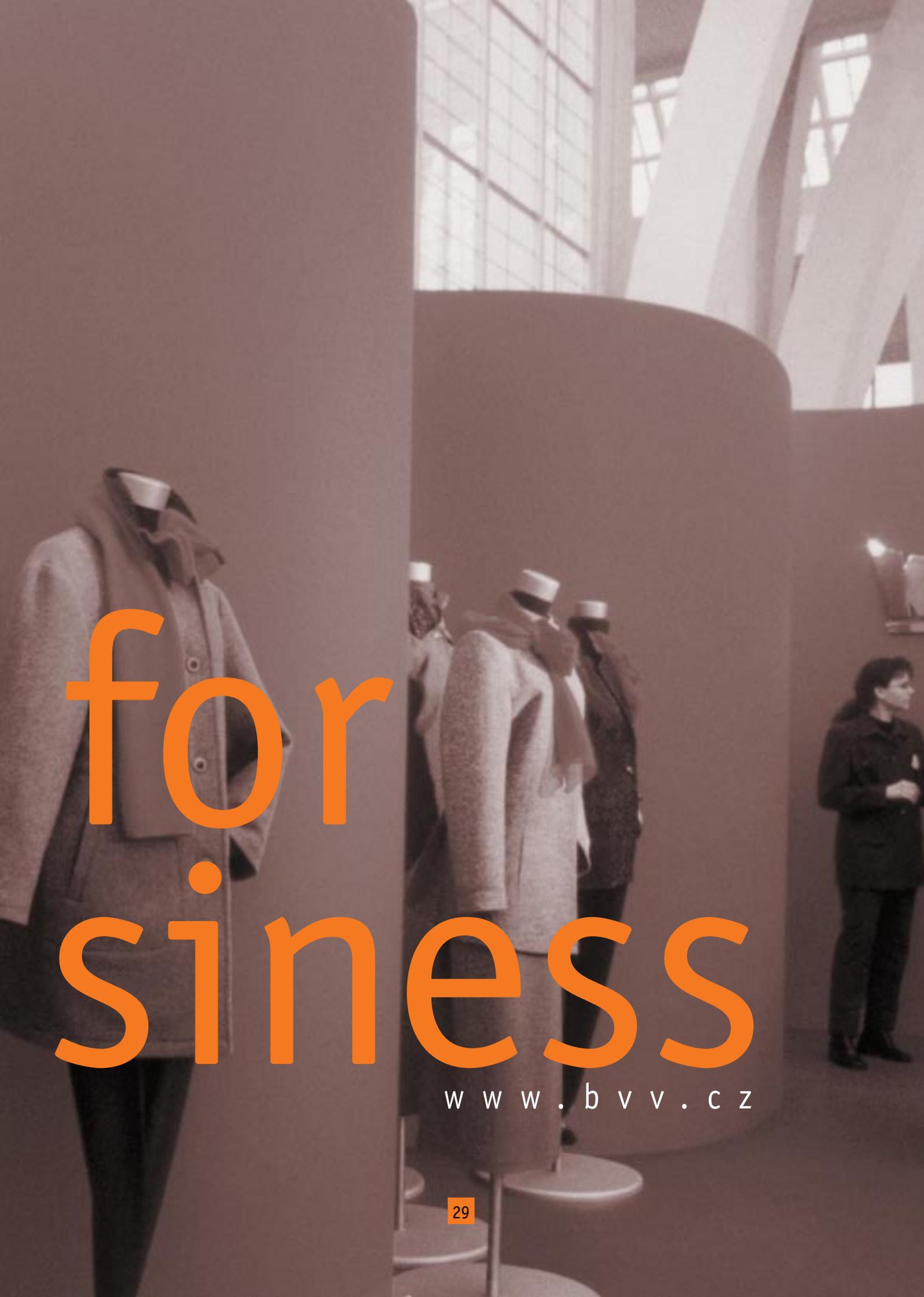


Level of education	Number of employees	%
University	158	24.3
Completed technical secondary school with diploma	218	33.6
Completed general curriculum secondary school with diploma	40	6.2
Technical secondary school without diploma	9	1.4
Vocational training	186	28.6
Completed elementary education	38	5.9



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A photograph of a modern fashion store interior. The scene is dominated by large, curved, light-colored walls. In the foreground, a mannequin is dressed in a light-colored, textured coat with a large collar and buttons. In the background, several other mannequins are visible, some wearing hats. A woman in a dark coat is standing on the right side of the frame. The lighting is soft and even, highlighting the textures of the clothing.

for business

www.bvv.cz

Sponsorship Activities

The joint stock company BVV is known in Moravia and beyond for its involvement in humanitarian causes and sponsorship activities. The company's interest in good causes has made a permanent impression on the public. This is shown by the many requests sent to the company each year.

BVV feels itself to be a part of Brno and the surrounding region, and therefore provides support for those areas where there are the greatest problems. In 1999 the company continued working in that direction. Targeted contributions and material aid were directed toward a selected group of subjects and toward various areas.

The complicated situation with healthcare has led the company to provide financial gifts to hospitals (e.g. University Hospital - Bohunice, University Hospital of St. Ann, Accident Clinic) and to other specialized healthcare facilities.

Education is another area where aid in the form of sponsorships has been provided. In addition to financial resources, this also involves the close cooperation that has continued over several years with selected institutions. Among the institutions traditionally supported are the Mendel University of Agriculture and Forestry and the Business Academy at Pionýrská ulice.

Our fellow citizens with physical disabilities also need our support. Disabled persons are admitted to the fairgrounds free of charge for all of the events that we present.

BVV and the Brno city council have a common interest in the development of culture and sports in the region, so some of the sponsorship grants are directed to these areas.

BVV and Messe Düsseldorf have also made contributions for timely, individually directed aid to war victims in Kosovo. In cooperation with the worldwide humanitarian organization ADRA food and other needed resources and equipment were purchased and delivered.

Strategic Plans of the Company, Outlook for 2000

BVV and Messe Düsseldorf together want to be an indispensable partner for the implementation of the business plans of firms that will participate at fairs to be presented in Brno in 2000. All of our activities will therefore continue to help fulfill the new company slogan: "Partner for Business".

BVV's basic priority in 2000 will be the further internationalization of fairs, which will be significantly supported in the future by the joint network of Messe Düsseldorf and BVV agencies. In cooperation with the Brno city council, our company will strive to make Brno in the mid-range future an important center for fairs and for cultural and social events in the European micro-region consisting of the Czech Republic, Austria, Slovakia, Hungary and Poland.

In 2000 the company will focus on improving the quality of services for our customers in the area of offerings of fair projects and exhibition services.

- We will continue to innovate the portfolio of fairs with respect to their frequency of recurrence and their field categorization.

- We will respect the requirements of our exhibitors for addressing those professional target groups of visitors that are the most appropriate for the exhibitor's field.

- Within the framework of expanding the offer for our customers, we are introducing new projects to be presented in cooperation with Messe Düsseldorf. One of them will be MSV Speciál - Automation, focusing on the promising field of measurement, control, and automation technologies.

During the course of this year, the company Brněnské veletrhy a výstavy will be going through intense preparations for the merger as of 1 January, 2001 with the company Veletrhy Brno, a. s., the shareholders of which are Messe Düsseldorf and the City of Brno. Brněnské veletrhy a výstavy, a. s. will thus be dissolved on 31 December, 2000 without liquidation.

The economic outlook for 2000 assumes a decline of planned economic indicators compared to the results achieved in 1999. In absolute numbers, revenues of CZK 1,856 billion are expected, with a profit before taxes of CZK 396 million.

BVV will take care of the good name it has made for itself in past years, and will guard its reputation for doing solid business.

We want fairs in Brno to continue to be a venue our clients to do business successfully, exchange information, and get to know each other.



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Business



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Business Center

Report of the Supervisory Board

Report on the control activities of the Supervisory Board in 1999

Last year, until the general assembly meeting held on 9 April, 1999, the company's supervisory board had the following members:

Jürgen Schroer	Chairman
Milan Šimonovský	Vice Chairman
Petr Mayer	Member

At the general assembly meeting on 9 April, 1999 the supervisory board was restructured. Its new members were:

Hartmut Krebs	Chairman
Milan Šimonovský	Vice Chairman
Petr Mayer	Member

The most recent change of members of the supervisory board occurred last year on 26 November 1999. Thereafter its members were:

Hartmut Krebs	Chairman
František Kania	Vice Chairman
Petr Mayer	Member

In 1999 the supervisory board met a total of six times. The primary focus of its meetings was on carrying out the resolutions of the board of directors, the company's finances, receivables, and the implementation of business plans.

The supervisory board declares that the resolution of the general assembly from 9 April, 1999 on the reduction of the company's registered capital by 25,000 employees' shares in the form of certificates was carried out. The amount by which the registered capital was reduced was CZK 25 million. The Regional Commercial Court in Brno took official action on 22 December, 1999 to register the registered capital as CZK 550 million.

The supervisory board further maintains that the company did business in accordance with legal regulations, the company's by-laws, and the instructions of the general assembly.

The supervisory board of the joint stock company has examined the annual financial statement submitted for 31 December, 1999 and has come to the conclusion that the accounting records have been kept with appropriate evidence in accordance with accounting regulations. Those records faithfully depict the financial situation of the company.

The supervisory board therefore recommends that the shareholders approve the financial statement for 1999.

The supervisory board also recommends that the general assembly approve the following proposal for the distribution of profits:

	CZK
Revenues (class 6)	3,021,092,630.22
Costs (class 5)	2,429,801,771.97
Income tax due	255,628,772.00
Costs including taxes	2,685,430,543.97
Deferred tax	13,650,897.27
Profits for distribution	322,011,188.98
Contribution on the reserve fund	16,100,560.00
Undivided profit	305,910,628.98

Dividends and directors' fees will not be paid.

Brno, 31 March, 2000



Joachim Erwin

Chairman of the Supervisory Board

Auditor's Report

Auditor's report addressed to the shareholders of Brněnské veletrhy a výstavy, a. s.

In accordance with Act No. 524/1992 Coll., on Audits and the Chamber of Auditors of the Czech Republic, and in accordance with directives on auditors issued by the Chamber of Auditors of the Czech Republic, the auditing company BDO CS s.r.o. has verified the financial statement of the company Brněnské veletrhy a výstavy, a. s. compiled as of 31 December, 1999.

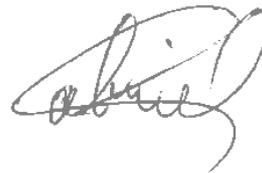
The governing bodies of the company are responsible for keeping accounts and for compiling a financial statement. Our task is to make an assessment of this financial statement on the basis of an audit. Auditing directives require that audits are planned and carried out so that the auditor can make an adequate determination of whether the financial statement contains any significant inaccuracies. The audit consists of the selective verification of the completeness and the appropriateness of the evidence of the amounts and information contained in the financial statement and an evaluation of the accounting methods and of the significant estimates made by the company, as well as an evaluation of the overall presentation of the financial statement. We are convinced that the audit performed provides with an adequate basis for expressing our assessment without reservations.

In our opinion, the financial statement accurately reflects all significant respects the property, obligations, and equity of the company Brněnské veletrhy a výstavy, a. s. as of 31 December, 1999 and its profits earned during the 1999 accounting period, in accordance with Act No. 563/1991 Coll., on Accounting, and in accordance with applicable accounting regulations valid in the Czech Republic.

We have reviewed the information shown in this annual report on the audited company for the past period, along with a verified annual statement. In our opinion, the information given herein corresponds to the annual statement from which it was taken in every respect.

Prague, 4 May, 2000

BDO CS s.r.o.
Kvestorská 2
140 00 Praha 4
Licence KA ČR No. 18



Michal Gabriel
Auditor, Partner BDO CS s.r.o.



Financial Section

■ BALANCE SHEET

(as of 31 December in CZK '000)

	1997	1998	1999	99/98	99/97
A. STOCK SUBSCRIPTIONS RECEIVABLES	-	-	-	0.0	0.0
B.I. Intangible fixed assets	9,442	7,036	12,799	181.9	135.6
B.II. Tangible fixed assets	1,348,583	1,414,613	1,578,756	111.6	117.1
B.III. Financial investments	349,264	351,531	152,347	43.3	43.6
B. FIXED ASSETS	1,707,289	1,773,180	1,743,902	98.3	102.1
C.I. Inventories	40,828	28,665	25,595	89.3	62.7
C.II. Long-term receivables	8,965	8,449	85,980	1,017.6	959.1
C.III. Short-term receivables	252,105	133,936	735,910	549.4	291.9
C.IV. Current liquid assets	565,026	747,126	859,676	115.1	152.1
C. CURRENT ASSETS	866,924	918,176	1,707,161	185.9	196.9
D.I. Deferrals of costs	58,654	36,033	55,532	154.1	94.7
D.II. Estimated receivables	1,648	2,023	218	10.8	13.2
D. OTHER ASSETS	60,302	38,056	55,750	146.5	92.5
TOTAL ASSETS	2,634,515	2,729,412	3,506,813	128.5	133.1
A.I.1. Registered capital according to the trade register	575,000	575,000	550,000	95.7	95.7
A.I.2. Treasury stock	-	-25,000	-12,804	-51.2	0.0
A.II. Capital reserves	90,000	90,000	90,000	100.0	100.0
A.III. Profit funds	810,894	967,573	987,745	102.1	121.8
A.IV. Undivided profits from previous years	-	-	8,817	0.0	0.0
A.V. Profit for current period	188,367	209,145	322,011	154.0	170.9
A. EQUITY	1,664,261	1,816,718	1,945,769	107.1	116.9
B.I. Reserves	216,355	232,690	268,427	115.4	124.1
B.II. Long-term liabilities	600	450	-	0.0	0.0
B.III. Short-term liabilities	363,393	379,855	1,081,482	284.7	297.6
B.IV.1. Long-term bank loans	205,179	136,786	68,393	50.0	33.3
B.IV.2. Short-term bank loans	-	-	-	-0.0	0.0
B. EXTERNAL SOURCES	785,527	749,781	1,418,302	189.2	180.6
C.I. Accrued revenues	181,406	126,440	98,294	77.7	54.2
C.II. Estimated payables	3,321	36,473	44,448	121.9	1,338.4
C. OTHER LIABILITIES	184,727	162,913	142,742	87.6	77.3
TOTAL LIABILITIES	2,634,515	2,729,412	3,506,813	128.5	133.1

■ PROFIT AND LOSS STATEMENT

(as of 31 December in CZK '000)

	1997	1998	1999	99/98	99/97
I. Merchandise sale	75,177	69,611	45,967	66.0	61.1
A. Costs for goods sold	73,493	64,233	40,309	62.8	54.8
+ Gross profit	1,684	5,378	5,658	105.2	336.0
II.1. Sales of goods and services produced in house	1,981,636	1,941,064	1,748,294	90.1	88.2
II.2. Change to supply status	-86	-99	-	0.0	0.0
II.3. Self-manufactured assets	9,760	5,110	1,496	29.3	15.3
II. Output	1,991,310	1,946,075	1,749,790	89.9	87.9
GROSS TURNOVER	1,992,994	1,951,453	1,755,448	90.0	88.1
B.1. Use of material and energy	189,794	174,180	139,585	80.1	73.5
B.2. Services	959,845	910,689	918,249	100.8	95.7
B. Consumption for production	1,149,639	1,084,869	1,057,834	97.5	92.0
+ ADDED VALUE	843,355	866,584	697,614	80.5	82.7
C. Personnel costs	241,972	256,802	276,593	107.7	114.3
D. Taxes and fees	15,819	16,783	23,646	140.9	149.5
E. Depreciation of fixed assets	117,857	121,588	99,485	81.8	84.4
III. Revenues from sale of fixed assets and material	7,588	36,852	5,422	14.7	71.5
F. Net book value of sold fixed assets or materials	600	54,608	3,015	5.5	502.5
IV. Clearance of reserves and operating revenues	45,308	100,682	228,302	226.8	503.9
G. Creation of reserves and operating costs	120,000	119,378	9,333	7.8	7.8
V. Clearance of adjustments to operating revenues	54,337	30,860	20,752	67.2	38.2
H. Clearance of adjustments to operating costs	86,018	53,673	41,424	77.2	48.2
VI. Other operating revenues	22,450	16,949	17,083	100.8	76.1
I. Other operating costs	30,622	35,113	39,950	113.8	130.5
* OPERATING RESULT	360,150	393,982	475,727	120.7	132.1
VIII. Revenues from the sale of securities and deposits	85,000	-	785,559	0.0	924.2
K. Sold securities and deposits	57,650	-	454,130	0.0	787.7
IX. Revenues from investments	261	1,037	1,215	117.2	465.5
X. Revenues from short-term current liquid assets	19,106	75,894	66,723	87.9	349.2
XI. Clearance of reserves and financial revenues	6,974	2,473	113	4.6	1.6
L. Creation of reserves and financial costs	2,473	113	7,819	6,919.5	316.2
XII. Clearance of adjustments for financial revenues	-	10,929	63,567	581.6	0.0
M. Creation of adjustment items for financial costs	59,854	68,579	41,134	60.0	68.7
XIII. Interests received	53,308	16,650	14,031	84.3	26.3
N. Interest expenses	58,907	49,811	34,958	70.2	59.3
XIV. Other financial revenues	36,433	20,458	13,934	68.1	38.2
O. Other financial costs	69,965	43,587	51,429	118.0	73.5
* PROFIT/LOSS FROM FINANCIAL OPERATIONS	-47,767	-34,649	355,672	0.0	0.0
** ORDINARY INCOME/LOSS	312,383	359,333	831,399	231.4	266.1
XVI. Extraordinary revenues	3,515	17,495	8,635	49.4	245.7
S. Extraordinary expenses	1,387	2,905	248,743	8,562.6	17 933.9
** EXTRAORDINARY INCOME/LOSS	2,128	14,590	-240,108	0.0	0.0
PROFIT/LOSS BEFORE TAXATION	314,511	373,923	591,291	158.1	188.0
Income tax due	-129,460	-170,678	-260,553	-152.7	-201.3
Deferred income tax	3,790	5,968	-13,651	-228.7	-360.2
Additional payment of income tax	-474	-68	4,924	0.0	0.0
PROFIT/LOSS FOR THE ACCOUNTING PERIOD	188,367	209,145	322,011	154.0	170.9

■ CASH FLOW OVERVIEW

(for the year ending on 31 December in CZK '000)

	1997	1998	1999	
P.	OPENING BALANCE OF CASH	330,581	565,026	747,126
Z.	BOOK PROFIT REGULAR ACTIVITIES BEFORE TAXATION	312,383	359,333	831,400
A.1.	Adjustment for non-monetary transactions (A.1.1-5)	301,011	355,488	-43,782
A.1.1.	Depreciation of fixed assets	124,060	131,260	110,572
A.1.2.	Adjustments, reserves, temporary accounts	224,047	249,501	225,865
A.1.3.	Profits from the sale of fixed assets	-33,328	18,497	-333,207
A.1.4.	Revenues from dividends	-19,367	-76,931	-67,939
A.1.5.	Accounted paid and received interests	5,599	33,161	20,927
A.*	NET CASH FLOW FROM OPERATING ACTIVITIES (Z.+A.1.)	613,394	714,821	787,618
A.2.	Need for working capital (A.2.1-3)	-87,186	59,518	-115,467
A.2.1.	Receivables of operation activity	-50,913	30,893	-820,164
A.2.2.	Short-term liabilities of operation activity	46,327	16,462	701,627
A.2.3.	Change to the supply status	-82,600	12,163	3,070
A.**	NET CASH FLOW FROM OPERATING ACTIVITIES (A.*+A.2.)	526,208	774,339	672,151
A.3.	Expenses from the payment of interest except capital interest	-58,907	-49,811	-34,958
A.4.	Received interest	53,308	16,650	14,031
A.5.	Paid income tax for regular activity and additional tax	-126,144	-164,778	-269,280
A.6.	Extraordinary accounting items incl. taxes from extraordinary activities	2,128	14,590	-240,109
A.***	NET CASH FLOW OF OPERATING ACTIVITIES (A.**+A.3. až 6.)	396,593	590,990	141,835
B.1.	Expenses for fixed assets	-151,546	-398,634	-628,699
B.2.	Income from the sale of fixed assets	91,478	36,044	790,278
B.3.	Loans and credits to related persons	1,000	2,000	3,000
B.***	NET CASH FLOW FROM INVESTING ACTIVITIES (B.1. – B.3.)	-59,068	-360,590	164,579
C.1.	Change to the status of liabilities	-67,793	-68,543	-68,843
C.2.	Impacts of the change of equity on cash (C.2.1 – 6)	-54,654	-56,688	-192,960
C.2.1.	Increase of registered capital or reserves	-170,267	-213,367	-221,949
C.2.2.	Payment of the share on the equity to the partners	-	-	-
C.2.3.	Gifts and subventions in the equity	-	-	-
C.2.4.	Payment of the partner's loss	-	-	-
C.2.5.	Direct payments to the debit of the funds	167,363	208,429	203,229
C.2.6.	Paid dividends and shares incl. tax	-51,750	-51,750	-174,240
C.3.	Received dividends and shares	19,367	76,931	67,939
C.***	NET CASH FLOW FROM FINANCING ACTIVITY (C.1. – C.3.)	-103,080	-48,300	-193,864
A.***	Cash Flow from operating activities	396,593	590,990	141,835
B.***	Cash Flow from investing activities	-59,068	-360,590	164,579
C.***	Cash Flow from financing activities	-103,080	-48,300	-193,864
F.	NET CASH FLOW (A.***+B.***+C.***)	234,445	182,100	112,550
R.	FINAL BALANCE CASH (P.+F.)	565,026	747,126	859,676

■ APPENDIX TO THE ANNUAL FINANCIAL STATEMENT

for the year ending on 31 December 1999

I. General information

Name of company:	Brněnské veletrhy a výstavy, akciová společnost
Company headquarters:	Brno, Výstaviště 1, 647 00
Date of creation:	28 December, 1990
Primary sphere of business:	Organizing and presenting fairs and exhibitions

Main stockholders

Name of stockholders	Shares (Pcs.)	Shareholding
Messe Düsseldorf GmbH	419,997	76.36%
CA IB SECURITIES, a. s.	95,350	17.34%
Total others	34,653	6.30%
Total BVV a. s.	550,000	100.00%

In 1999 the following changes were made in the trade register:

- Change of the members of the board of directors and the board of supervisors;
- Change of the by-laws (the new version of the by-laws approved by the general assembly was entered).

During 1999 the following changes were made to the by-laws:

- The lowering of the registered capital by the cancellation of employee's stocks;
- Creation of a fund for housing loans.

Members of the statutory bodies as of 31 December, 1999:

Board of Directors

Chairman	Karlheinz Wismer
Vice-Chairman	Jiří Škrála
Members	Petr Duchoň Jürgen Schroer Wilhelm Giese Milan Šimonovský Miroslav Bělina

Procuration

Jiří Škrála
Jaromír Hažmuka
Jaroslav Rubeš
Jiří Carda
Petr Finger

Supervisory Board

Chairman	Hartmut Krebs
Members	Petr Mayer František Kania

Shareholdings of BVV of greater than 20% in businesses

Name of company	HQ	Share in reg. cap.	Amount of reg. cap.
Alberga a.s., in liquidation	Brno	49.00%	CZK 41,010,000
Brno Inn a.s.	Brno	59.16%	CZK 240,000,000
BVV s.r.o.	Brno	100.00%	CZK 100,000
BVV Fair Travel s.r.o.	Brno	100.00%	CZK 2,400,000
BVV Hotel Service a.s. in bankruptcy	Brno	49.05%	CZK 31,600,000
CENTREX international association	Budapest	25.00%	HUF 100,000
EXPO restaurace a.s.	Brno	80.00%	CZK 1,500,000
Fair Agency s.r.o.	Brno	79.71%	CZK 3,500,000
Kongresové centrum Brno a.s.	Brno "sub-subsidiary"	66.00%	CZK 1,000,000
Park Praha s.r.o.	Pec pod Sněžkou	34.00%	CZK 100,000
Pražské veletrhy s.r.o., in liquidation	Praha	50.00%	CZK 200,000
Vlečka BVV s.r.o.	Brno	100.00%	CZK 100,000
VVB-Veltrhy a výstavy Bratislava s.r.o., in liquidation	Bratislava	100.00%	CZK 1,130,000
World Trade Center Brno a.s.	Brno	100.00%	CZK 3,000,000
BD – Expo GmbH	Budapest	51.00%	HUF 4,000,000
Vila TUGENDHAT foundation	Brno	49.90%	CZK 501,000

Data on employees

Average number of employees during the accounting period	718
<i>During the previous period</i>	740
Subtotal – management workers	44
– CEO, deputies and directors	9

Amount of personnel costs spent on employees

Personnel costs for employees total	CZK 276,593,000
<i>During the previous period</i>	CZK 256,802,000
Subtotal – wages costs	CZK 201,594,000
– bonuses paid to the members of company bodies	CZK 1,710,000
– costs of social security	CZK 70,232,000
– social costs	CZK 3,057,000

Influence of accruals and deferrals	Creation	Distribution	Balace
wages	27,619	22,684	CZK 4,935,000
social security	7,180	5,898	CZK 1,282,000
health insurance	2,485	2,042	CZK 443,000
Total	37,284	30,624	CZK 6,660,000

– subtotal for management workers (management, directors, deputies)

Personnel costs of management workers – total	CZK 51,269,000
<i>During the previous period</i>	CZK 50,098,000
Subtotal – wage expenses	CZK 36,713,000
– bonuses paid to the members of company bodies	CZK 1,710,000
– costs of social security	CZK 12,846,000
– social costs	CZK 33,000

Other bonuses for other members of statutory and supervisory bodies

Board of directors	CZK 1,667,000	type of bonus: royalties
<i>During the previous period</i>	<i>CZK 1,553,000</i>	
Supervisory board	CZK 833,000	type of bonus: royalties
<i>During the previous period</i>	<i>CZK 776,000</i>	

Amount of loans, credits, provided guarantees, etc.

Total amount provided to members of the statutory, supervisory and management bodies including former members in cash or in kind:

Loans provided in 1999 – total	CZK 2,377,000
<i>During the previous period</i>	<i>CZK 3,784,000</i>
Subtotal – Board of directors	CZK 0
– Supervisory board	CZK 0
– Management	CZK 2,377,000
Balance of loans as of 31 December, 1999 – total	CZK 6,410,000
Subtotal – Board of directors	CZK 320,000
– Supervisory board	CZK 0
– Management	CZK 6,090,000
Income in kind – total	CZK 0
Subtotal – Board of directors	CZK 0
– Supervisory board	CZK 0
– Management	CZK 0

II. Information on Accounting Methods and General Principles

- Purchased supplies are evaluated with the acquisition prices minus created adjustments.
- Tangible and intangible fixed assets are evaluated according to article III of accounting class 0 – accounting methods.
- Securities and investments are evaluated with the acquisition prices minus created adjustments.
- Any reproduction acquisition price is established by a special regulation or by an expert.

1. Types of secondary acquisition costs included under acquisition prices of purchased supplies

- Freight costs and customs

2. Changes in accounting methods

Change	Reason for change	Influence on assets, Profit/Loss
Method of evaluation	no change	–
Process of amortization/depreciation	no change	–
Order of items in the financial statement	no change	–

3. Method of determining adjustments for assets

Adjustment	Method of determination
Securities	According to an overview of share prices at the Prague Exchange
Receivables	According to the Act on Reserves and the Act on Accounting <ul style="list-style-type: none"> ■ over 180 days after maturity up to 100% ■ from 120 days to 180 days after maturity up to 50% ■ from 60 days to 120 days after maturity up to 30% ■ a flat fee in the amount of 3% for the value of receivables on which no other adjustment was created
Supplies	According to Act on Accounting <ul style="list-style-type: none"> ■ supplies with low turnover in the amount of 50% ■ supplies without turnover in the amount of 90%
Land lots	According to the expert estimate of a real-estate office

4. Method of assembling depreciation plans and depreciation methods used

Type of fixed asset	Used depreciation method	Periodicity of depreciation
Intangible fixed assets	Straight-line	Monthly
Tangible fixed assets	Accelerated	Set individually when put into service

5. Method used for conversion of figures in foreign currency into Czech currency

- For the conversion of foreign currency into Czech currency as of the day of the execution of the accounting operation, the accounting unit uses the fixed monthly exchange rate established according to the Czech National Bank exchange rate as of the last workday of the previous month.
- For the conversion of foreign currency into Czech currency for operations on the crown and foreign currency markets performed by the financial department, the **current exchange** rate of the operation made is used.

III. Additional Information on the Balance Sheet and Profit/Loss Statement

1. Tangible and Intangible Fixed Assets Other than Receivables

Assets with a market evaluation different from the evaluation in accounting are, in particular, the intangible assets of the company. The assets not stated in the balance sheet are listed in operations records at acquisition prices.

a) Main groups of individual tangible and intangible assets

Account	Type of Assets	Depreciation Group	Acquisition Price	Adjustments
02110	Buildings and halls	4, 5	CZK 1,688,594,000	CZK 608,244,000
02120	Other structures	4, 5	CZK 260,314,000	CZK 106,741,000
02230	Power machines	1, 2, 3	CZK 8,813,000	CZK 2,455,000
02240	Work machines	1, 2, 3	CZK 24,958,000	CZK 17,639,000
02250	Instruments	1, 2, 3	CZK 270,209,000	CZK 233,261,000
02260	Transportation vehicles	1, 2, 3	CZK 103,853,000	CZK 55,527,000
02270	Inventory	1, 2, 3	CZK 29,824,000	CZK 26,314,000
02280	Exhibition equipment		CZK 6,125,000	CZK 5,524,000
02510	Orchards and vineyards		CZK 4,349,000	CZK 4,349,000
02812	Other non-exhibit.		CZK 60,786,000	CZK 60,786,000
03110	Land lots		CZK 90,630,000	CZK 0
03210	Art works and collections		CZK 1,127,000	CZK 0

b) Intangible assets

Account	Type of Assets	Depreciation Group	Acquisition Price	Adjustments
01310	Software	1, 2	CZK 52,406,000	CZK 41,589,000
01410	Rights with value	-	CZK 508,000	CZK 171,000
01810	Petty intangible fixed assets	-	CZK 9,579,000	CZK 9,579,000
01910	Other intan. fixed assets	-	CZK 37,000	CZK 37,000

c) Assets acquired in the form of financial leasing

Total of lease payments remitted for the entire period of the expected lease	CZK 0
Actually remitted lease payments from financial leasing	CZK 0
Amounts of future lease payments due within one year	CZK 0
Amounts of future lease payments due after one year	CZK 0

d) List of tangible property under lien:

- Pavilion E	Creditor:	IPB, a.s.	CZK 240 million
- Land deed no. 344	Creditor:	Česká spořitelna, a.s.	CZK 32 million

Description of the lien

- Pavilion E	Creditor:	IPB, a.s.	CZK 240 million
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The company Investiční a Poštovní banka, a.s., concluded a contract on creation of a lien with the company Brněnské veletrhy a výstavy, a. s. on 30 November, 1993. This contract secures the debt of the company Park Praha, s. r. o. in the amount of CZK 240 million from the loan contract described below.

The object of the lien is pavilion E with the construction lot no. 99/2 with an area of 8443 m², recorded as deed no. 344 at the Pisárky cadastral office in Brno. The entry of the lien was approved by the decision of the Brno cadastral office under file no. 911 V2-4118/93. The entry takes legal effect on 10 December, 1993.

On 30 November, 1993 Investiční a Poštovní banka, a. s., with headquarters in Prague concluded with the company Park Praha, s.r.o. with headquarters at Pec pod Sněžkou, Company ID no. (IČO) 15039650 loan contract no. 200993031 with appendix no. 1. The subject matter of the loan contract is the obligation of the Investiční a Poštovní banka, a.s. to provide the company Park Praha with a loan in the amount of CZK 240 million for the financing of the building of a hotel now called "Hotel Expo", located at Za elektrárnou 3, Praha 7. The loan is payable by 31 December, 2001.

In the appendix to contract no. 1 is the obligation of the company Brněnské veletrhy a výstavy, a. s., to place a lien on the property pavilion E for the loan provided. Also in the appendix is the obligation of the contractual parties to make an entry of the lien of the hotel immediately after building inspection of the hotel (within 14 days) at the cadastral office, to the favor of Investiční a Poštovní banka. The approbation decision took effect on 1 September, 1994. As of 31 January, 1999 the obligation for the contractual parties to transfer the lien on the hotel has not yet been fulfilled. The fulfillment of the obligation is the subject of a legal dispute. At the same time, in 1999 IPB filed a lawsuit against Park Praha and a court order for payment was issued at the same time with approval for the sale of pavilion E. BVV filed an appeal against this decision. Because of the increased risk, a reserve in the amount of CZK 197 million was created.

Description of the lien

- Property deed no. 344	Creditor:	Česká spořitelna, a.s.	CZK 32 million
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On 14 July, 1992, the company Česká spořitelna, a.s. concluded a contract on the creation of lien with the company Brněnské veletrhy a výstavy, a. s. This contract secures the debt of the company TOSCA, s.r.o. in the amount of CZK 32 million from the loan contract described below.

The objects of the lien are the properties: lot no. 756 with an area of 326 m² (housing – developed property), deed no. 405, Staré Brno cadastral office, Brno, lots nos. 27, 358, 1, 3, 4, 13, 19, 20, 22, all developed, deed no. 344, Pisárky cadastral office, Brno. The lien contract was registered by the Brno State Notary on 17 July, 1992, reg. no. R III 758/92.

On 14 July, 1992, Česká spořitelna, a.s. concluded loan contract no. 184/1992 with the company TOSCA, s.r.o. with headquarters in Brno, Company ID no. (IČO) 44012217. The subject matter of the loan contract is the obligation of the Česká spořitelna to provide the company TOSCA with a middle-term operating loan in the amount of CZK 32 million for supplies to cover under-progress manufacturing. The loan was due by 30 June, 1996, and has not been paid.

The condition for providing the loan was a lien on the property and a guaranty of the Českomoravská záruční a rozvojová banka, a.s., for the receivable from the loan provided. A lien contract was concluded on the property. The company Českomoravská záruční a rozvojová banka, a.s. did not provide a guaranty.

Česká spořitelna and TOSCA concluded amendment no. 1 to the loan contract on 29 October, 1992. According to that amendment, Česká spořitelna took over the lien on the property of the company TOS Znojmo, a.s.

List of tangible property under lien

Inv. No.	Object	Acquisition Value	Balance Book Value	Lien for
0005	Pavilion A	246,765,844.40	66,908,508.40	Česká spořitelna
9853	Pavilion E	375,461,177.64	280,528,107.64	IPB Praha
0033	Pavilion G	367,189,125.91	338,646,987.91	Česká spořitelna
3072	Toilets by pavilion G	21,407.00	0.00	Česká spořitelna
133810	Area near G	4,885,344.30	4,522,327.30	Česká spořitelna
7788	Pavilion O	9,129,160.30	6,308,236.30	Česká spořitelna
4890	Pavilion P	3,735,876.00	0.00	Česká spořitelna
8438	Pavilion R	4,309,539.00	0.00	Česká spořitelna
0070	Pavilion Z	37,069,563.69	8,037,914.69	Česká spořitelna
135345	Hlinka building + lot	7,851,510.00	7,677,182.00	Česká spořitelna
	Total	1,056,418,548.24	712,629,264.24	

The lots are under lien together with the buildings. An individual evaluation can not be determined from the accounting because the lots at the BVV facility are stated as one unit.

2. Overview of Receivables

a) Total amount of receivables past due:		CZK 151,006,000
<i>During the previous period</i>		<i>CZK 121,397,000</i>
- Subtotal: past due	60 days	CZK 15,776,000
	90 days	CZK 37,105,000
	120 days	CZK 4,258,000
	180 days	CZK 3,410,000
	360 days	CZK 90,457,000
b) Total amount of receivables past due in foreign currencies:		CZK 13,391,000
- Listed by individual currencies	ATS	CZK 994,000
	CHF	CZK 5,286,000
	DEM	CZK 290,000
	USD	CZK 1,471,000
	EUR	CZK 4,580,000
	NGL	CZK 15,000
	SKK	CZK 755,000

c) Total amount of receivables accounted in 1999 to the companies in the group

Name of company	Volume
Alberga a.s., in liquidation	CZK 0
Brno Inn a.s.	+ 70,758 + CZK 2,659,000
BVV s.r.o.	CZK 0
BVV Fair Travel s.r.o.	CZK 3,804,000
BVV Hotel Service a.s. in bankruptcy	CZK 0
CENTREX international association	CZK 0
EXPO restaurace a.s.	CZK 6,861,000
Fair Agency s.r.o.	CZK 11,741,000
Kongresové centrum Brno a.s.	CZK 3,163,000
Park Praha s.r.o.	CZK 0
Pražské veletrhy s.r.o. in liquidation	CZK 0
Vlečka Brno s.r.o.	CZK 64,000
VVB-Veltrhy a výstavy Bratislava s.r.o. in liquidation	CZK 0
World Trade Center Brno a.s.	CZK 3,649,000
T O T A L	CZK 31,941,000

d) Balance of short-term receivables to the companies in the group as of 31 December, 1999

Name of company	Volume
Alberga a.s., in liquidation	CZK 0
Brno Inn a.s.	CZK 629,000
BVV s.r.o.	CZK 0
BVV Fair Travel s.r.o.	CZK 167,000
BVV Hotel Service a.s. in bankruptcy	CZK 4,000
CENTREX international association	CZK 0
EXPO restaurace a.s.	CZK 582,000
Fair Agency s.r.o.	CZK 6,025,000
Kongresové centrum Brno a.s.	CZK 379,000
Park Praha s.r.o.	2,440+ CZK 0
Pražské veletrhy s.r.o. in liquidation	CZK 799,000
Vlečka Brno s.r.o.	CZK 0
VVB-Veltrhy a výstavy Bratislava s.r.o. in liquidation	CZK 277,000
World Trade Center Brno a.s.	CZK 223,000
T O T A L	CZK 11,525,000

e) Balance of long-term receivables to the companies in the group as of 31 December, 1999

Name of company	Volume
Brno Inn, a.s.	CZK 70,758,000
T O T A L	CZK 70,758,000

Short-term receivables	CZK 735,910,000
<i>During the previous period</i>	<i>CZK 133,936,000</i>

Long-term receivables	CZK 85,980,000
<i>During the previous period</i>	<i>CZK 8,449,000</i>

Receivables covered by lien or otherwise secured

- Holiday Inn	creditor: Brno Inn, a.s.	CZK 173,658,000
Guaranty for the unpaid obligation of Brno Inn to BVV in the amount of CZK 70,758,000 (contract on creation of a lien and its entry into the cadastral register)		
- Promissory note Královopolská a.s.		CZK 7,224,000
as a guaranty of the payment of the loan, stated in their full value including interest		

3. Distribution of Profits (Distribution of Profits for the Last Accounting Period)

Total accounting profit for 1998	CZK 209,145,000
Distribution – general reserves (5%)	CZK 10,457,000
– director's fee (4.5% of dividends)	CZK 2,500,000
– dividends	CZK 173,371,000
– contributions to funds	CZK 14,000,000
– undivided profit	CZK 8,817,000

4. The Company's Registered Capital CZK 550 million

During 1999 the registered capital was reduced by CZK 25 million for the cancelled employees' shares.

Number and type of shares

550,000 common bearer shares with a face value of CZK 1,000

Company Equity	1999	1998
Registered capital	CZK 550,000,000	CZK 575,000,000
Treasury stock	CZK -12,804,000	CZK -25,000,000
Stock premium	CZK 90,000,000	CZK 90,000,000
Statutory reserve account	CZK 115,393,000	CZK 104,936,000
Statutory and other funds	CZK 872,352,000	CZK 862,637,000
Undivided profit	CZK 8,817,000	CZK 0
Profit/loss of current year	CZK 322,011,000	CZK 209,145,000
Equity total	CZK 1,945,769,000	CZK 1,816,718,000

5. Overview of liabilities

a) Total amount of liabilities past due **CZK 35,217,000**
During the previous period *CZK 27,479,000*

b) Total amount of liabilities in foreign currencies **CZK 253,000**
During the previous period *CZK 81,000*

c) Total amount of liabilities accounted in 1999 to the companies in the group

Name of company	Volume
Alberga a.s., in liquidation	CZK 0
Brno Inn a.s.	CZK 279,000
BVV s.r.o.	CZK 0
BVV Fair Travel s.r.o.	CZK 16,109,000
BVV Hotel Service a.s. in bankruptcy	CZK 0
CENTREX international association	CZK 0
EXPO restaurace a.s.	CZK 6,088,000
Fair Agency s.r.o.	CZK 17,317,000
Kongresové centrum Brno a.s.	CZK 3,138,000
Park Praha s.r.o.	CZK 5,000
Pražské veletrhy s.r.o. in liquidation	CZK 0
Vlečka Brno s.r.o.	CZK 209,000
VVB-Veltrhy a výstavy Bratislava s.r.o. in liquidation	CZK 0
World Trade Center Brno a.s.	CZK 733,000
T O T A L	CZK 43,959,000

d) Balance of liabilities to companies in the group as of 31 December, 1999

Name of company	Volume
Alberga a.s., in liquidation	CZK 0
Brno Inn a.s.	CZK 142,000
BVV s.r.o.	CZK 0
BVV Fair Travel s.r.o.	CZK 371,000
BVV Hotel Service a.s. in bankruptcy	CZK 0
CENTREX international association	CZK 0
EXPO restaurace a.s.	CZK 130,000
Fair Agency s.r.o.	CZK -98,000
Kongresové centrum Brno a.s.	CZK 25,000
Park Praha s.r.o.	CZK 0
Pražské veletrhy s.r.o. in liquidation	CZK 0
Vlečka Brno s.r.o.	CZK 0
VVB-Veltrhy a výstavy Bratislava s.r.o. in liquidation	CZK 0
World Trade Center Brno a.s.	CZK 23,000
T O T A L	CZK 593,000

Short-term liabilities **CZK 1,081,481,000**
During the previous period *CZK 379,855,000*

Long-term liabilities **CZK 0**
During the previous period *CZK 450,000*

6. Bank Loans

The balance of the loan provided by Československá obchodní banka for financing of the completion and reconstruction of pavilion G at the exhibition facility was CZK 68,392,899.98 as of 31 December, 1999. BVV a. s. will pay it back in two half-year payments in the amount CZK 34,196,449.99 by the end of the year 2000.

Short-term bank loans **CZK 68,393,000**

7. Legal Provisions and Other Reserves

Legal provisions for adjustment of tangible fixed assets (45110)

– opening balance	CZK 226,398,000
– withdrawals	CZK 77,533,000
– distribution/release (cancellation)	CZK 144,590,000
– creation	CZK 400,000
– closing balance	CZK 4,675,000

Provisions on exchange rate losses (45410)

– opening balance	CZK 113,000
– withdrawals	CZK 113,000
– creation	CZK 7,819,000
– closing balance	CZK 7,819,000

Other reserves (45930)

– opening balance	CZK 6,179,000
– withdrawals	CZK 6,179,000
– creation	CZK 255,933,000
– closing balance	CZK 255,933,000
subtotal: assumed additional tax and penalties of the Financial Authority at Brno for 1995 – 1998	CZK 50,000,000
IPB lawsuit on the lien on pavilion E (court order for payment)	CZK 197,000,000

8. Adjustments and Depreciation for Uncollected Accounts in Operating Costs

Legal tax adjustments

– bankruptcy and settlement (39101)	CZK 25,993,000
– receivables due after 31 December, 1994 (39102)	CZK 21,613,000
subtotal: 20% adjustment	CZK 777,000
33% adjustment (receivables in court proceedings)	CZK 13,395,000
17% adjustment (legal)	CZK 302,000
33% adjustment (legal)	CZK 192,000
47% adjustment (legal)	CZK 759,000
67% adjustment (legal)	CZK 6,188,000

Accounting adjustments

– adjustment to receivables through 31 December, 1994 (39103)	CZK 8,018,000
– adjustments to receivables through 31 December, 1994 (39103)	CZK 37,826,000
subtotal: over 180 days past due	CZK 35,054,000
from 120 to 180 days past due	CZK 258,000
from 60 to 120 days past due	CZK 2,089,000
flat fee	CZK 425,000
– adjustment to short-term receivables from business (39111)	CZK 36,253,000

Type of adjustment

– 20% adjustment of a group of receivables due by 31 December, 1994 (54601)	CZK 7,259,000
– regular adjustment of non-liquid receivables (54602+10)	CZK 3,697,000

9. Adjustments for Financial Investments

Type of adjustments for companies

– with decisive influence (09610)	CZK 14,093,000
– with significant influence (09620)	CZK 35,584,000
– others (09630)	CZK 1,916,000

Adjustments for loans

– for companies in the group (09660)	CZK 6,400,000
– other companies (09670)	CZK 7,224,000

10. Adjustments for Assets

– for land lots (09231)	CZK 33,072,000
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11. Revenue from Regular Activity Listed by Main Activities

Revenue from the sale of products, services and goods produced in house Total	CZK 1,794,261,000
<i>during the previous period</i>	<i>CZK 2,010,675,000</i>
Revenues from the sale of products and services produced in house	CZK 1,748,294,000
<i>during the previous period</i>	<i>CZK 1,941,064,000</i>
subtotal: Exhibitions	CZK 1,656,097,000
<i>during the previous period</i>	<i>CZK 1,842,746,000</i>
Sales of goods	CZK 45,967,000
<i>during the previous period</i>	<i>CZK 69,611,000</i>
Sale of deposits	CZK 785,559,000
Financing activities	CZK 159,584,000
subtotal: – interests	CZK 14,031,000
– deposits and treasury notes	CZK 66,723,000
– other	CZK 78,830,000

Commentary on the Financial Situation

■ COMMENTARY ON THE FINANCIAL RESULTS

1. Book Added Value

Book added value includes the amount of gross turnover of the company (e.g. gross profit and output) minus the cost for production consumption (e.g. consumption of materials, energy, and costs of services).

The book added value for the evaluated year of 1999 was CZK 697.6 million, a figure lower than that for 1998 by CZK 169 million, i.e. a 19.5% decline.

The reduction compared to 1998 was influenced by lower revenues from exhibitions as a result of the smaller number of events and lower volume of leased spaces compared to previous years.

Book added value [CZK '000]	1997	1998	1999	99/98	99/97
BOOK ADDED VALUE	843,355	866,584	697,614	80.5	82.7
+ Gross profit	1,684	5,378	5,658	105.2	336.0
+ Total output	1,991,310	1,946,075	1,749,790	89.9	87.9
Gross turnover	1,992,994	1,951,453	1,755,448	90.0	88.1
- Consumption for production	1,149,639	1,084,869	1,057,834	97.5	92.0

2. Gross Turnover

For BVV, a. s., the indicator of gross turnover consist of revenues from exhibitions and other commercial services, gross profits from the sale of goods and exhibition equipment, self-manufactured assets, and the change of the status of uncompleted production. Considering that the gross profit as an element of the company's gross trade turnover has only a minute (ca. 0.3%) influence on its amount, the amount of the turnover is fully dependent on the achieved total performance.

Compared to 1998, gross turnover fell by CZK 196 million i.e. by 10.0%. Compared to previous years, in 1999 there was a great decline of interest of exhibitors in exhibition space. Although the number of exhibitors is falling only slightly, the decline in requests for space is obvious for most events. This is a result of the unfavorable economic developments in the Czech Republic impacting the requests of exhibitors. Especially big companies that were the key customers of BVV in the past are in a serious financial crisis and have had to minimize their participation or cancel it (Vítkovice, Škoda Plzeň, Zetor, ZPS, KPS Brno, etc.).

The volume of the revenues for 1999 from the sale of services, as a decisive item of the total output of the company, and thereby also of its turnover, is CZK 1,748.3 million. That represents a year-on-year decline of CZK 192.8 million or 9.9%.

Gross turnover [CZK '000]	1997	1998	1999	99/98	99/97
TOTAL OUTPUT	1,991,310	1,946,075	1,749,790	89.9	87.9
Total revenues from the sale of services	1,981,636	1,941,064	1,748,294	90.1	88.2
Change to supply status	-86	-99	0	0,0	0,0
Self-manufactured assets	9,760	5,110	1,496	29.3	15.3
GROSS PROFIT	1,684	5,378	5,658	105.2	336.0
GROSS TURNOVER	1,992,994	1,951,453	1,755,448	90.0	88.1

3. Consumption for Production

The volume of all raw materials, materials, energy, and services used by the company for the purpose of providing services is shown by the indicator of performance consumption. Its development is documented in following table.

For the evaluated period of this year, it can be said that the development in the area of consumption of material continues to be favorable. Costs of energy consumption were reduced to below last year's level (index 94.1).

In the area of repair and maintenance expenses, the spending was lower than last year by CZK 20.9 million. During the year the plan for large repairs was re-evaluated and at the end of the year, some of the repairs had not been made.

Travel costs were up by CZK 4.4 million y/y. The increase was mainly influenced by costs connected with operating an exhibition center in Moscow.

Other services had an increase of 3.1% y/y. The total volume of other purchased services for 1999 is influenced by commission for services for mediation the sale of BVV's shares in subsidiaries. Without this extraordinary influence the cost of other services would have been lower than in 1998 by CZK 5.1 million.

Development of production consumption [CZK '000]	1997	1998	1999	99/98	99/97
PRODUCTION CONSUMPTION	1,149,639	1,084,869	1,057,834	97.5	92.0
- use of materials and fuels	130,472	115,110	83,981	73.0	64.4
- energy consumption	59,322	59,070	55,604	94.1	93.7
- repair and maintenance	139,487	150,313	129,389	86.1	92.8
- travel costs	29,200	24,367	28,765	118.0	98.5
- costs for presentations	7,259	8,223	9,557	116.2	131.7
- other services	783,899	727,786	750,538	103.1	95.7

4. Book Profit or Loss

The profit before taxation shown for the evaluated period reached the amount of CZK 591.3 million. After the fulfillment of tax obligations to the state, profits after taxation will remain at CZK 322.0 million.

The increase of profits compared to last year by 58.1% or by CZK 217.4 million was in particular a result of profits from the sale of subsidiaries. The differences were caused by the creation and accounting of reserves in the operations area and by extraordinary costs.

Profit or loss [CZK '000]	1997	1998	1999	99/98	99/97
Operating income	360,150	393,982	475,727	120.7	132.1
Financial result	-47,767	-34,649	355,672	0.0	0.0
Extraordinary income	2,128	14,590	-240,108	0.0	0.0
PROFIT/LOSS BEFORE TAXATION	314,511	373,923	591,291	158.1	188.0
Income tax due	-129,460	-170,678	-260,553	-152.7	201.3
Deferred income tax	3,790	5,968	-13,651	0.0	0.0
Additional payment of income tax	-474	-68	4,924	0.0	0.0
PROFIT/LOSS AFTER TAXATION	188,367	209,145	322,011	154.0	170.9

■ COMMENTARY ON THE FINANCIAL SITUATION

1. Structure of Assets and Resources as of 31 December, 1999

Structure of company assets [CZK '000]

Property – total assets	3,506,813	Share of assets (%)
Fixed assets	1,743,902	49.73
Intangible fixed assets	12,799	0.36
Tangible fixed assets	1,578,756	45.02
Financial investments	152,347	4.34
Current assets	1,707,161	48.68
Supplies	25,595	0.73
Long-term receivables	85,980	2.45
Short-term receivables	735,910	20.99
Current liquid assets	859,676	24.51
Other assets	55,750	1.59

As of 31 December, 1999, the highest share of the property (assets) of the company was for tangible fixed assets (45.02%), current liquid assets (24.51%), and short-term receivables (20.99%). During 1999, BVV sold off from its portfolio certain investments in companies with business activities not directly related to fairs and exhibitions. As a result, the share of financial investments in the company's total assets decreased by 8%. The following subsidiaries, capital interests, and participation certificates were sold:

AG 1 fond

BVV DIVES - kapitálový trh, a.s.

BVV INVEST investiční společnost, a.s.

RS GAVLAS, spol. s r.o.

Veletržní finanční a.s.

Výstavní podílový fond

Structure of company resources [CZK '000]

Resources – total liabilities	3,506,813	Share in resources (%)
Equity	1,945,769	55.49
Registered capital	550,000	15.68
Treasury stock	-12,804	-0.37
Capital reserves	90,000	2.57
Profit funds	987,745	28.17
Profit/loss for previous years	8,817	0.25
Profit/loss for current period	322,011	9.18
External sources	1,418,301	40.44
Reserves	268,427	7.65
Long-term liabilities	0	0
Short-term liabilities	1,081,481	30.84
Bank loans and assistance	68,393	1.95
Other liabilities	142,743	4.07

More than half of the company's funds are from its own resources. The biggest share of funds and therefore for the financing of the company's assets are short-term liabilities (30.84%), profit funds (28.17%), and the company's registered capital (15.68%). Bank loans represent less than two percent of the company's financing.

Development of company assets and of its financial situation

As of 31 December, 1999, the overall value of the company's property (total assets) was CZK 3.506 billion. The registered capital of the company (CZK 550 million) consisted of 550,000 bearers shares. The value of net trade capital or equity shows a long-term increasing tendency. There was an increase by 7.1% y/y. Compared to 1997 this indicator has increased by 16.9%. The sharp

decline of bank loans in 1999 was caused by further payments on the loan for pavilion G. The final due date of this loan is in 2000.

In spite of the worsening problem of insolvency in the Czech Republic, short-term receivables from businesses were reduced in 1999 by CZK 51 million y/y (56%) to CZK 55 million. This situation is the result the active managing of receivables at BVV, a. s.

With respect to assessing the stability of the company, the development of those items over time is important:

Data from the balance sheet [CZK '000]	1997	1998	1999	Index 99/98	Index 99/97
Total assets	2,634,515	2,729,412	3,506,813	128.48	133.11
Equity	1,664,261	1,816,718	1,945,769	107.1	116.91
Bank loans	205,179	136,786	68,393	50	33.33
Short-term liabilities	147,807	107,523	55,544	51.66	37.58
Financial investments	349,264	351,531	152,347	43.34	43.62
Current liquid assets	565,026	747,126	859,676	115.06	152.15

Interest

During 1999 the company paid CZK 34,958,000 of interest, representing a decline by CZK 14,853,000 y/y, i.e. 29%. This decline was caused by the lower exchange rate for the crown on the money market and also by a decline of the balance of loans. The balance of interest paid and received for the fiscal year 1999 is CZK 45,053,000 (including revenues from short-term current liquid assets). Compared to the balance of interest paid and received in 1998, which was CZK 42,733,000, it is a further improvement.

2. Financial Situation

Overview of financial analyses indicators	Required values	1996	1997	1998	1999
Capital structure indicator					
Self financing coefficient	> 30%	62.78	63.17	66.56	55.49
Interest indicator					
Interest coverage	> 5%	4.99	4.20	5.20	10.21
Liquidity ratio					
Ready liquidity	0.2 – 0.8 points	0.67	1.03	1.38	0.55
Profit rate indicator					
Profit rate of stockholder's capital	increasing trend [%]	11.12	11.32	11.51	17.12

Capital structure indicator – self-financing coefficient

Indebtedness of the company and coverage of assets with own sources were down by ten percentage points year-on-year. Over the last four year it is the weakest result for BVV. This situation was caused mainly by a received guaranty (deposit) in the amount of DEM 21.5 million on a loan provided to the parent company Messe Düsseldorf. There was also an increase of the tax liability to the state (by CZK 68 million y/y) as a result of the company's higher profits. Reserves increased by CZK 35 million year-on-year. The positive trend toward repaying bank loans continued, as the balance of those loans fell in comparison with the same period last year by CZK 68.3 million.

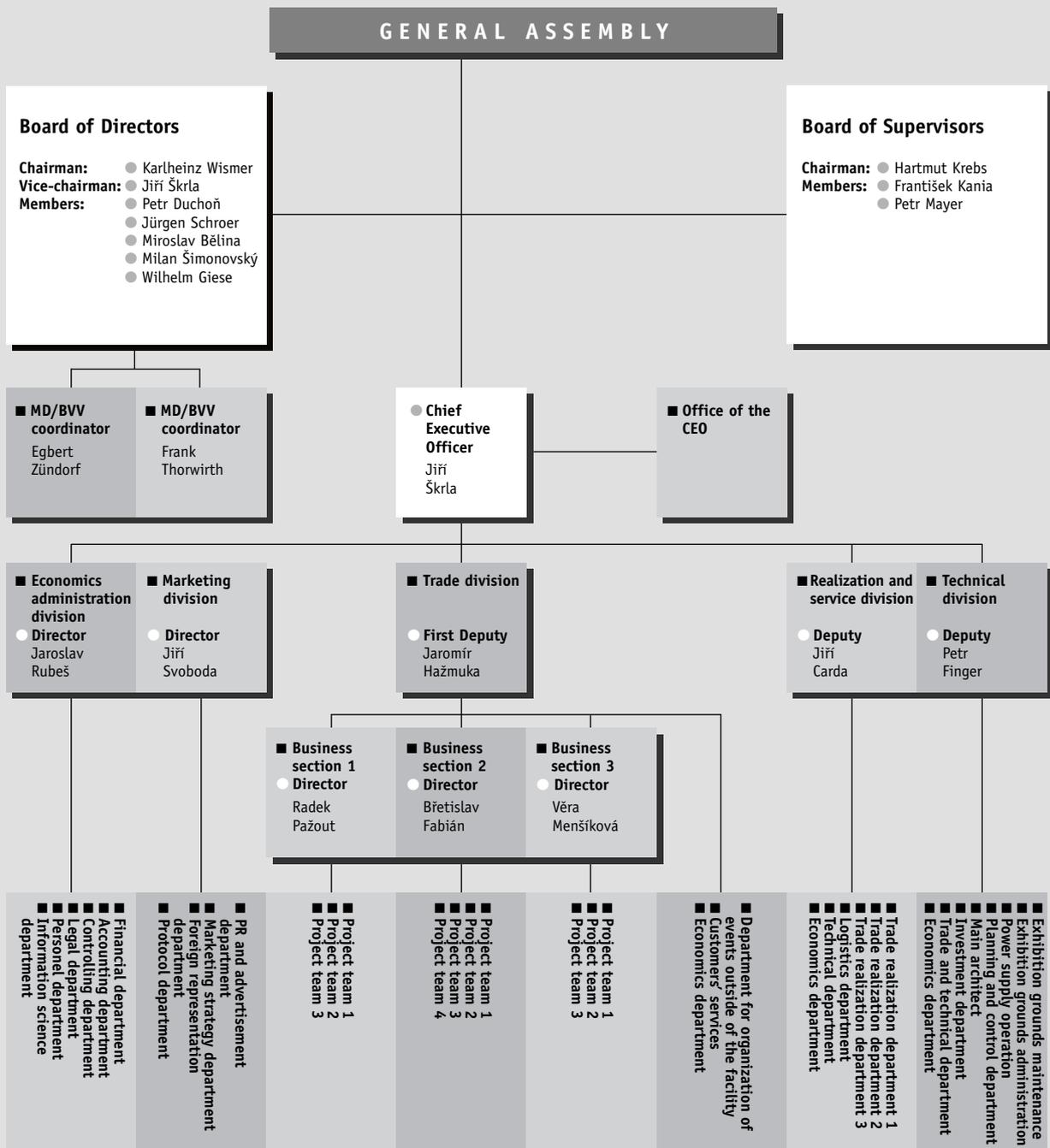
Interest indicator – interest coverage

There is a positive trend for interest indicators. Both the interest burden and the average interest rate paid in 1999 declined. This occurred thanks to the general decline of interest rates on the money market.

Profit rate indicator – profit rate of stockholder's capital

In 1999 the profit rate of stockholder's capital reached its highest value over the last four years (17.12%). The result, however, was caused by including the sold investments (a one-time occurrence).

Company Organization Chart



SUBSIDIARIES

■ Brno INN a. s.	■ BVV Fair Travel spol. s r.o.	■ Fair Agency spol. s r.o.	■ Expo restaurace a. s.	■ BVV spol. s r.o.	■ WTC Brno a. s.	■ Vlečka BVV spol. s r.o.	■ BD-EXPO spol. s r.o.
59.16%	100%	79.71%	80%	100%	100%	100%	51%
■ Media Quality International s.r.o.	■ Modacentrum Brno, s.r.o.	■ Grafa spol. s r.o.		■ Kongresové centrum Brno, a. s.			
49%	100%	100%		66%			

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