



ANNUAL REPORT

2000



AKTIS - THE TEMPLE OF SECURITY AND PROSPERITY

Board of Directors



Ing. Jaroslav Řasa
Chairman of the Board
since 31.12.1996



Ing. Petr Kuchař
Member of the Board
since 23.09.1998



Ing. Petr Nejedlík
Member of the Board
since 31.12.1996



Ing. Martin Malý
Member of the Board
since 23.09.1998



Ing. Petr Vacek
Member of the Board
since 31.12.1996

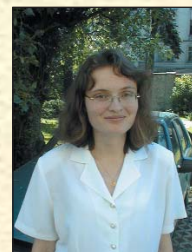
Supervisory Board



Ing. Martin Bok
Chairman of the
Supervisory Board
since 17.11.1998



Ing. Jitka Javorská
Member of the
Supervisory Board
since 17.11.1998



Ing. Lenka Kaňková
Member of the
Supervisory Board
since 31.05.2000



Prague, April 5, 2001

Dear friends,

let me present the Annual Report of our company AKTIS Inc.
The report contains good results and proclaims the year 2000 as the most successful in our history.

Nevertheless, there are several grand targets ahead of us which have to be achieved in 2001.
Once attained, our customers will be able to rely on our support in their work even more than so far.

We believe that providing the best service to our customers is the most important objective in our work
and so we act.

Jaroslav Řasa
Chairman of the Board, AKTIS Inc.

AKTIS Inc.
Na Valentince 1, 150 00 Prague 5, Czech Republic





Who is AKTIS Inc.

Aktis is a leading software company, which specializes in producing IT for small and mid-sized firms in the central European region. Alongside our support in the „Business Services“ area we also run the advertising agency, provide IT service and bookkeeping services. We have been in operation since 1991.

Since the very beginning, AKTIS has been dealing with developing, creating and distributing its own information systems. They are known under the trademark **ABRA**® and are focused on small and mid-sized enterprises. The **ABRA**® systems cover financial accounting, stores inventory, sales, payroll, assets records, transportation, production planning, production management, public relations and others. The company has about 13,500 active clients – companies (in comparison with 1999 when we had approx. 7,300 – see NB).

Complete customer support in the stage of choosing implementing and using information systems have a similar share in the company's overall performance. These services are provided by the servicing network **AKTIS SW Assistance**®, which is the unique system within central Europe. Except for all mentioned above, AKTIS also offers top consultant supervision in the bookkeeping area and suggests work organisation in relation to using information systems.

At present AKTIS Inc. is a company with limited transferability of its shares, common equity of CZK 13.8 million and annual sales and the self-constructed asset revenue of more than CZK 66 million.

Exceptional attention is devoted to current staff training and increasing employees' qualification.

AKTIS pays great attention not only to its products and their sales but also to quality, promotion and good financial management.

AKTIS Inc. takes maximum care of the product quality. Therefore in 1996 it initiated and gained an international certificate of quality ISO 9001 (as the first company specialised in production and services in IT in the central European region) for the entire process of development, production, distribution of its own products and related services. This certificate was again awarded to the company in 1999 and it also covered other business fields.

Where does AKTIS Inc. operate

AKTIS Inc. operates in the central European region, in the Czech Republic, Slovakia and Poland. Our branches and contractual service organisations provide services related to **ABRA**® information systems within all regions listed above. This network is suitably complemented by hundreds of dealers operating within the whole territory.



NB: The amendment of the data reporting methodology in 2000 significantly impacted the growth of our clients contrary to 1999. The users of "Free version" have increased the number of our clients.



What makes AKTIS Inc. better

- We emphasise the importance of reliability, certainty and stability for our clients. The main goal of AKTIS Inc. is to offer perfect products and services in our field and provide them to our clients at acceptable prices. AKTIS Inc. is a reliable partner which bases its business on the strategy of long-term usefulness for its clients.
- We pay a great deal of attention not only to technical and technological innovation of our new products but also to our own technical equipment in order to achieve our targets.
- In spite of its growth, AKTIS Inc. retains the flexibility of a small company, thanks to its internal structure.
- We develop procedures leading to the best product quality possible.
- We provide the best servicing background in our field.

Business and financial situation in 2000

Sales have been increasing slightly in 2000. The company invested heavily into R&D as well as into setting up a branch in Poland. A comparison of some activities can be found in the economic index section as a year-by-year comparison. The results of these investments are anticipated at the end of the year 2001 and in 2002 in particular.

Economic indexes, year-to-year comparison of 97, 98, 99 and 2000

Performance, labour productivity

The following chart presents year-to-year comparison of adjusted sales – added value and labour productivity (= adjusted sales / number of employees).

YEAR-TO-YEAR COMPARISON OF TOTAL ADDED VALUE AND WORK PRODUCTIVITY								
	units	1997	1998 % growth		1999 % growth		2000 % growth	
Adjusted Sales	CZK millions	32,8	43,3	32,0%	54,8	26,6%	58,1	6,0%
Number of Emp.	emp.	45	55,5	23,3%	66,0	18,9%	64,0	-3,0%
Work Productivity	CZK thous./emp.	728,9	780,2	7,0%	830,0	6,4%	907,8	9,4%

Those employees who didn't contribute to the added value creation consistently (e.g. women on maternity leave) aren't included in the statistics.

Added value created by the company is regarded as the main indicator of the firm's performance. Added value is measured as performance (sales) minus material and subdelivery for a particular product. This definition is derived from the general definitions used in economic literature. **It is not identical** with the added value definition according to the VAT Act. Therefore another company term was introduced – **Adjusted sales**.



Economic results

In 2000, the company sales of services grew by 8,2% and they reached together with the self-constructed asset revenue 66,4 million CZK. Net income grew from 1 million (1127 CZK per share) in 1999 to 2,4 million (2627 CZK per share) in 2000. Great results were achieved mainly due to growth in sales of services while keeping operational expenses at the same level as in 1999. This resulted in 133% growth in net income.

Income Statement for the year ended December 31, (in thousands CZK)			
	1999	2000	% change
Revenues	54 776	59 232	8,2%
Self-constructed asset revenue	8 599	7 199	-16,3%
Costs of Goods Sold	1 299	1 044	-19,6%
Selling, Gen & Admin Expenses	54 225	54 407	0,3%
Depreciation Expense	1 657	1 478	-10,8%
Other Operating Expense	2	259	12 850,0%
Amortization of Intangibles	3 552	5 307	49,4%
Reported EBIT	2 630	3 936	49,7%
Interest Income	170	44	-74,1%
Interest Expense	613	448	-26,9%
Other Financial Cost	573	93	-83,8%
Earnings Before Taxes	1 614	3 439	113,1%
Income Taxes	577	1 022	77,1%
Net Income	1 037	2 417	133,1%

Balance sheet as of December 31, (in thousands CZK)			
	1999	2000	% change
Operating Cash	9 117	11 707	28,4%
Accounts Receivable	6 034	6 430	6,6%
Inventories	353	388	9,9%
Other Current Assets	2 191	1 944	-11,3%
Total Current Assets	17 695	20 469	15,7%
Net Property Plant and Equip	2 046	1 620	-20,8%
Intangible Assets	7 029	9 286	32,1%
Investment	274	310	13,1%
Total Assets	27 044	31 685	17,2%
Short Term Debt	5 959	6 005	0,8%
Accounts Payable	7 191	9 583	33,3%
Other Current Liabilities	1 209	2 301	90,3%
Total Current Liabilities	14 359	17 889	24,6%
Total Common Equity	12 685	13 796	8,8%
Total Liabs and Equity	27 044	31 685	17,2%

NB: The amendment of the data reporting methodology in 2000 may caused the difference between data shown here and those in the 1999 annual report.



Meeting real objectives

We've succeed in opening a new branch in Poland and a fully localised version of ABRA GOLD products have been offered to clients. Progress has been also made in developing of ABRA G3 and we have connected our branches on-line. Aktis Inc. has become MCSP (Microsoft Certified Solution Provider) as well as MCP (Microsoft Certified Partner).

Auditor's comment on the 2000 Financial Statement

AUDITOR'S REPORT

To the Statutory body and shareholders of Aktis a. s.:

We have audited the financial statements of AKTIS a. s., based in Na Valentince 1, Praha 5. The company was established in 1996 and it is enlisted in the Companies Register at the City Court in Prague in part B, inset 4475, Reg. No. (IČO) 25097563.

The Executive management is responsible for the preparation financial statements and for maintaining accounting which is complete, supported by proper documentation and correct. The auditor's responsibility is to express an opinion on the financial statements taken as a whole, based on the audit performed.

The audit procedures were carried out in accordance with the Act on Auditors and the auditing guidelines issued by the Chamber of Auditors. These auditing guidelines require scheduling and verification so, as the auditor is sure that the financial statement does not include significant errors. The audit included an examination of evidence supporting the financial statements and of the accounting policies and estimates used by management in their preparation. The audit procedures were carried out on a test basis and with regard to the principle of materiality.

The financial statements declaration for the year ended 31 December 2000:

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities, equity and financial position of AKTIS a. s., as of 31 December 200X and the financial results for the year then ended in accordance with the Act on Accounting and relevant legislation.

The validation was done by planetlink k.s., a member of the Chamber of Auditors in the Czech Republic, Licence No. 358, Reg. No. (IČO) 26187833, based at Na Ořeškovce 16, Praha 6, 162 00.

Prague, March 15, 2001

Ing. Miloslav Hejret, auditor, commission number 1178

the report was taken over by, date:

Ing. Jaroslav Řasa, Chairman of the Board

Plan for 2001

- We will concentrate mainly on the development of our new as well as existing products. Our main objective is **ABRA G3** – fully object oriented multitiered client/server application. We will attempt to prepare this application also for OS Linux version on a strict business base.
- A new product **ABRAOne** will be provided to the Low-end market segment.
- We will offer to our clients new service in the on-line connection of our branches.
- We will improve the product distribution via the Internet.
- We will connect the foreign branches in Bratislava and Wroclaw with the headquarters in Prague.

Information about R&D activities

New systems **ABRA G3**, **ABRA Gold** and **ABRA Classic** have been developed and they are being joined with the new product **ABRAOne**. The development activities in this field are focused mainly on marketing the first certified **ABRA G3** version followed by developing complementary modulus.

