

TURNING VISION INTO VALUE

# COMPANY REPORT 2011





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## Chairman of the Executive Board and CEO's Opening Statement

### Dear business partners,

Allow me to present the annual report of the joint-stock company HOCHTIEF CZ for 2011. In many aspects the year was not so different from those that have previously come and gone. The construction industry has been struggling with a recession for several years now, while every day there are memos detailing updates on the lack of contracts, problems with project funding, and austerity measures imposed not only by the Government, but also by individual companies. Despite the situation being far from ideal, I would like to focus on the positive aspects of our company in the course of 2011.

The past year marked a period of stabilisation for HOCHTIEF CZ. A series of measures primarily intended to mitigate the impact of the crisis, whether concerning staff or other areas, was followed by reorganisation of the company, it thereby entering the year in restructured form and leaner in terms of its organisational set-up, this involving a reduced number of divisions, amongst other changes.

Throughout the year this new structure continually demonstrated that HOCHTIEF CZ remained a strong and highly specialised company, one deserving the important position it attained in the Czech construction market. Our production teams participated in finishing and implementing a series of successful projects. I shall refrain from listing them all here, but amongst those worthy of mention are the completion of structures within the restored waterway of České Budějovice - Hluboká nad Vltavou, as well as the successful continuation of construction on the V.A underground railway route and the Faculty of Electrical Engineering and Computer Science of the VŠB-Technical University of Ostrava. Successful activity in terms of acquisition was reflected in securing the contract for building a wastewater treatment plant on the islet of Císařský ostrov, Prague. Furthermore, a great proportion of the year was dedicated to intense preparatory work, along with HOCHTIEF CZ's partners, on a tender for the construction part of the nuclear power plant in Temelín.

Completed projects, others in the implementation phase, in addition to successful attempts at acquisition were relatively high in number, some of these entering the public awareness, others not. No matter how large or small, all were important to us. Our gratitude for their preparation and implementation is primarily extended to the members of staff involved, but of course to others collaborating on the projects, such as designers, subcontractors and, in particular, investors. HOCHTIEF CZ has continued to enjoy the confidence and tremendous support of its parent company, for which we represent one of the pillars of its business in Central Europe.

Dear friends, in conclusion, let me thank you for cooperation in 2011 and allow me to express my belief that the company HOCHTIEF CZ shall remain your important business partner.



**Tomáš Bílek**  
Chairman of the Executive  
Board and CEO

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## Report of the Supervisory Board of HOCHTIEF CZ a. s.

In 2011 the Supervisory Board supervised the activities of the Executive Board of the company and the fulfilment of its business plan.

In accordance with Sec. 198 of Act No. 513/1991 Coll., the Commercial Code, and the Articles of Association, the Supervisory Board of HOCHTIEF CZ a. s. reviewed the company's regular financial statements for 2011 and acknowledged their verification by auditors.

The Supervisory Board recommends the Sole Shareholder of the company to approve the regular financial statements of HOCHTIEF CZ a. s. for 2011.

The Supervisory Board recommends the Sole Shareholder of the company to approve the Executive Board's proposal for the distribution of the economic result of the company for 2011.

The Supervisory Board was provided with the Executive Board's report on the relations between HOCHTIEF AG and HOCHTIEF CZ a. s. as the controlling entity and the controlled entity and on the relations between HOCHTIEF CZ a. s. and the entities controlled by HOCHTIEF AG.

The Supervisory Board reviewed the Executive Board's report according to Sec. 66a, par. 10 of Act No. 513/1991 Coll., the Commercial Code, and has no comments or reservations thereon.

The Supervisory Board appreciates the cooperation with the Executive Board of the company, which informs the Supervisory Board regularly of its activities and of important facts relating to the company.

**Eimert Los**

Chairman of the Supervisory Board of  
HOCHTIEF CZ a. s.



## Faculty of Electrical Engineering and Computer Science VŠB-TU Ostrava

VŠB-Technical University of Ostrava celebrated the twentieth anniversary of the foundation of its Faculty of Electrical Engineering and Computer Science. The University has marked this occasion by construction of a new multifunctional complex for this Faculty. The complex extends the Faculty by further 18,800 m<sup>2</sup>, which will provide modern facilities for 3,300 students and 200 lecturing staff. The systematic arrangement of the worksites, auditoriums, lecture rooms and laboratories in one complex will ensure high quality training and will also facilitate research in light and heavy duty labs as well as computer labs. The project was co-financed by the European Union within the Research and Development for Innovations Operational Programme. It was executed by the joint-stock company HOCHTIEF CZ in a joint venture with the company OHL ŽS.



## Entrepreneurial Environment in 2011

The Czech Republic's economy in 2011 experienced a downturn. Growth of the gross domestic product (GDP) reached 1.7%. In 2012, further decline is expected, with levels ranging from 0% to 1.5%. Unemployment in 2011 affected 338,000 people, and this figure is predicted to increase in 2012. Inflation has risen, reaching 1.9%. It would seem the nation's economy is continuing to flounder. Macroeconomic indicators for the fourth quarter of 2011 highlight the ever greater slowdown. The economic crisis is deepening rapidly.

The year 2011 ushered in a year-on-year decrease in turnover in the Czech construction industry by 3.5%. The segment of civil engineering experienced a fall of 15% in the volume of public contracts. Moreover, the public civil engineering sector was hit by a decrease in public contracts of 30%. However, the greatest decline in construction was again recorded in central Bohemia and Prague, the figure exceeding 25%. Furthermore, labour productivity dropped by 5% whereas average wages rose by 2.4%. When comparing figures year-on-year, the value of issued building permits equalled about 60 billion CZK less. This constitutes yet another building slump in the years ahead. Returning to 2012, a further fall by 9% is expected in construction output. It is obvious that the Czech construction industry shall not bottom out at least until 2014.

The current European and global economic crisis has been causing private investors to lose interest in embarking on new building projects. Investment budgets - both state and municipal - are now limited. Meanwhile, investing in infrastructure has slowed down significantly. The net result is a substantial reduction in the work backlog, especially for large construction companies, the figure of this decrease exceeding 30%. In addition, financial support for investments via EU Structural Funds is lower than had been planned for, in particular due to projects not being ready and insufficient national financial resources for co-financing. In 2011, the deficit widened in drawing funds from the EU through operational programmes.

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Through activities in energy management HOCHTIEF Solutions saved its clients in excess of 115,000 metric tons of carbon emissions.

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# 115,000

Most large construction companies in the Czech Republic are part of powerful multinational building corporations. Meanwhile, the competitive environment is intensifying, and many smaller construction companies have already withdrawn from the market. Survival is limited to only technologically advanced and capially strong enterprises with modern management. The versatility of these companies and their participation in all segments of construction are key to remaining on the Czech market. The country's economic development and its position within the EU have become unstable during the economic crisis.

The business environment is moving in a climate of political, economic and legal uncertainty.



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In the year 2011, companies of HOCHTIEF Group once again cooperated successfully on numerous projects worth a total of EUR 2.5 billion in the reporting period.

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## Quality Management System

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The integrated quality management system is an important part of HOCHTIEF CZ. The elements of Integrated Management System in the area of quality (ISO 9001), safety (OHSAS 18001) and environmental protection (ISO 14001) are well established procedures accompanying all aspects of our business.

HOCHTIEF CZ has entered the year 2011 in new organizational setup on all management levels. This initiated fundamental changes to the management system in our company. This step allowed us to react to the decrease in demand in the public and private segment and to make our management system more effective, decrease its overhead costs and create conditions for efficient commercial policy.

During regular yearly audits performed by a certification body we repeatedly prove that our quality management system is functional and meets the given requirements. At the same time we present the improvements of the management system that we managed to achieve in the past period.

Through execution of selected projects we continued to fulfil the global strategy of HOCHTIEF Group – LEAD5!. This strategy, focusing mainly on development of cooperation between the units, flexibility and speed of response to the ever changing market conditions and consolidation of all the qualities, competences and skills of the employees, together with reorganization of the company, will ensure consistent quality of our company and all its activities.

By processing and affecting the ideas acquired within the Permanent Improvement Process (CIP) we managed to improve selected work processes and management procedures. Individual inputs lead, among other things, to the decrease of material and power demand, decrease in labour consumption and optimization of technological procedures and improvement of asset management.

During the last year we have cooperated with other members of HOCHTIEF Group on revising procedures in time planning and chances and risk management aiming at improvement of the project management system.

At the end of 2011 updated principles of legal and ethical behaviour were incorporated in the management system. These were presented to our employees and partners as the Compliance programme, which aimed at preventing illegal activities and at introducing all measures to protect the company, its organizational units and employees from breaching of laws and internal regulations.



Every day I meet great people for whom working on the Metro enriches their lives

**Prague is not such a large city compared to others across the world. Still has its own subway, which represents a major investment in transport. Is this a good thing in your opinion?**

Whenever I go down an escalator inside the station, I always realize how fortunate locals and visitors are, to have the subway that is not in other cities and it is not likely that there will be ever one. Personally, I use it occasionally, especially in order to get to busy areas in the centre of Prague, where there are major problems with parking and heavy traffic. I am convinced that investing in subway construction is the right choice of expenditure, providing convenient transport links for users and also heightening the social and economic level of the Czech Republic.

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The Metro is an essential part of everyday life in Prague. This might not have been so if the authorities had decided otherwise, opting instead for a different means of public transport. Currently, there is a project in place to extend its lines – since 2010 a consortium of the construction companies HOCHTIEF CZ and Metrostav has been working on the stretch of the V.A line from Dejvice to Motol. This extension shall measure 6,134 metres and feature four new stations – Červený Vrch, Veleslavín, Petřiny and Motol. One of the most important individuals involved in the project is Martin Beneš, Director for Construction of HOCHTIEF CZ.

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### **You started out conducting building construction projects. How did you come to take charge of the construction work to the Metro?**

It is a mistake to think that subway construction merely relates to applying methods of mining. A significant proportion of the V.A line comprises objects that partially involve engineering above the ground. An example would be station halls, this in addition to excavated sections of tunnels, excavated stations, and numerous ancillary buildings associated with the construction of the entire line, and so on. The management of the company, therefore, logically opted for cooperation between divisions that specialise in constructing buildings, roads and underground facilities. The offer to oversee the project, in the position of Director for Construction, came from the Executive Board of the joint-stock company HOCHTIEF CZ at the time I was working as the Production Director of Division Prague. Although I had ample time to think things over, I did not hesitate for a second. I saw the tremendous opportunity and challenge it represented.

### **What do you personally feel is the difference between above-ground and underground engineering?**

The fundamental differences are in terms of planning and the organisation of work, that is if one discounts that the on-going excavation takes place continuously for technological and economic reasons, with the exception of a few important days in the year. One of these is the day dedicated to St Barbara, who is worshiped as the patron saint of miners, artillery troops and other professions involving a risk of sudden or violent death. However, underground buildings are more „sensitive“ to strict observance of technological procedures, to continual monitoring of the geological surroundings when necessary to competently respond to any possible changes in the geological environment. The key to safe excavation of a high standard is utilising experienced, highly skilled staff, and this includes the crucial position of mine manager.

### From your response, it is apparent that you respect people engaged in underground construction.

Yes, that is true. Every day I meet great people for whom working on the Metro enriches their lives. I would not like this to come across as exaggerated, but it really is the case. I doff my cap to the prior experience and knowledge that they have – they are admirable and motivating for those around them.

### What do you think is the difference between people working underground and those working above-ground?

All those working underground show respect for a hill which is to contain a mine. Most of them are superstitious – if it were not for the sanctified St Barbara that stands at the portal to the tunnel, they would never have entered. It was only when I became involved in the planned V.A line that I understood why people who have worked on a subway are so proud of this part of their career. I admit that, in me, creating a tunnel or station awakens a sense of pride in our employees and HOCHTIEF CZ.

### What do you think will go through your mind when entering the new line and wandering around the new stations?

Currently, I cannot imagine the time when construction ends and I shall move on to another project. When I finally enter the new section of the Metro, I will certainly recall specific days, people and experiences connected to it. I will also become another individual that feels pride in the bold solutions and architecturally beautiful buildings along the new section of the V.A line. And my hope is that this will also go for the people of Prague and visitors to the city. Perhaps this in a minor way shall contribute to their general satisfaction and improve the transport network of the capital.

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#### Extension of subway line A, section V.A from Dejvice to Motol

Construction length of section	6,134 m
Section driven by NATM	1,551 m
Section driven by TBM	2x 4,177 m
Cut and cover tunnels	189 m
Cut and cover station Motol	217 m
Number of stations	4
Expected duration of travel Dejvícká-Motol	7.5 min.

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## Relation to the Environment

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HOCHTIEF Solutions participates in the contract to build the Thames Tunnel in London as part of a joint venture. The project includes construction of two three-kilometer tunnel tubes and portal structures. HOCHTIEF's share comes in at roughly EUR 109 million.

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Construction industry has direct impact on the environment. It influences it and shapes it. We respect the values around us. Our company is involved in remedying the negative environmental impacts, reclamation of damaged land or preparation of flood measures. Environmental protection is part of the Integrated Management System in HOCHTIEF CZ.

Employees of the company are lead to assess the impact of their work on the environment during all their activities. The company puts emphasis on preventive measures; these are especially training of the personnel, acquainting the suppliers with the principles of optimization of technological methods or responsible choice of plant and machinery. HOCHTIEF CZ makes use of the ideas from its employees for further improvement in the environmental protection. This approach of HOCHTIEF CZ brings about reduction in the cost of raw materials and power and effective waste management control, which leads, in particular, to reduction of the share of hazardous waste and to minimisation of the risk of accidents, injuries to health and damage to the environment.

In 2011, an EMS (Environmental Management System) supervisory audit was conducted in accordance with the revised ČSN ISO 14001:2005 standard. It proved once again that the system is implemented and maintained effectively. This proves that HOCHTIEF CZ is committed to its obligations relating to the environment.

In 2011 the company has defended the EMAS Program according to the new Ordinance of the European Parliament and the European Regulation No. 1221/2009. The audit primarily verified the activities of environmental management and environmental bookkeeping.



## Multifunctional pavilion T, Exhibition Ground České Budějovice

Since August 2011 the visitors of the Exhibition Ground in České Budějovice are received at its northern entrance by new Multifunctional Pavilion T. Its exceptional and striking architecture dominates the left bank of the Vltava River in the metropolis of Southern Bohemia, attracting the deserved attention. The variability of the inner space facilitates wide range of fairs, exhibitions and conferences as well as social, cultural and sports events. The structure consists of two pavilions, T1 and T2, connected with adjacent pavilion Z by an aesthetically pleasing roofed corridor. Total capacity of the premises with the area of 4,541 m<sup>2</sup> is in excess of 2,200 visitors. The project was executed by the joint-stock company HOCHTIEF CZ in a joint venture with the company VOKD.



## Financial Management

The year 2011 was characterized by further decline of the construction market. Not only did the public clients decrease their investments, but developers and private clients were also hesitant to start new projects. Euro crisis and changes in VAT contributed to general uncertainty in the market as well. This market environment and continuing conservative approach in acquiring risk reduced projects only, decreased the turnover to 5,085 mil. CZK. While the overall project results reached a stable positive level, reorganisation and discounts on own residential developer projects contributed negatively. Therefore earnings after taxes of 28 mil. CZK did not reach the pre-crisis levels, despite being better than in 2010.

### Balance sheet

Total equity reached 987 mil. CZK. Cash and cash equivalent increased by 41% to 582 mil. CZK.

### Main economic indicators for 2011

(CZK million)

Workdone	5,053
Profit before taxation	49
Net profit	28
Total assets	4,381
Equity	987
Employees – recalculated average	1,183

### Main economic indicators for 2010

(CZK million)

Workdone	5,015
Profit before taxation	18
Net profit	6
Total assets	4,282
Equity	965
Employees – recalculated average	1,369

### Main economic indicators for 2009

(CZK million)

Workdone	6,128
Profit before taxation	19
Net profit	2
Total assets	4,143
Equity	960
Employees – recalculated average	1,583

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Through public-private partnership (PPP) activities HOCHTIEF Group currently operates over 90 schools and training centers as well as 20 public administration and public safety facilities in Germany, the UK, Ireland, and Canada.

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### Risk Management

Risk management is one of the key elements in our business strategy. Transparency and traceability in all our activities enables us to identify risks and problems at a very early stage and to adopt necessary measures. Our conservative approach in avoiding high-risk contracts ensures generally positive and stable project results. We recognized an increase in warranty cost expenses, caused by collapsing subcontractors and suppliers. Here we see further challenges in the next years.

### Outlook

While investments into industrial facilities remain stable, we do not expect positive development in residential or office segment. Public infrastructure investments will slow down slightly, while competition on new tenders will increase. All in all, we do not expect any significant year-on-year changes in 2012. The market environment will remain tough and competitive.



## Shareholder structure of HOCHTIEF CZ a. s.

as at 31 December 2011

As of 15 April 2006 HOCHTIEF CZ a. s. has a sole shareholder – the supranational construction holding HOCHTIEF AG.

## Corporate Bodies

In 2011 the joint-stock company HOCHTIEF CZ was managed by a two-member Executive Board:

### **Executive Board of HOCHTIEF CZ a. s.**

<b>Tomáš Bílek</b>	Chairman of the Executive Board and CEO
<b>Peter Maronna</b>	Member of the Executive Board and CFO

### **Supervisory Board of HOCHTIEF CZ a. s. consists of three members:**

<b>Eimert Los</b>	Chairman of the Supervisory Board
<b>Roberto Simoni</b>	Member of the Supervisory Board
<b>Martin Beneš</b>	Member of the Supervisory Board elected by employees



## Kindergarten Skalníkova in Mariánské Lázně

After the summer holidays of 2011, the children from Mariánské Lázně returned to their old kindergarten. However, the only thing that was old was the place. In a few months, the engineers of the joint-stock company HOCHTIEF CZ removed the old building and constructed a modern structure, meeting the requirement for the building's energy efficiency. Simple, single storey building has a timber structure with untreated larch wood cladding and screen blinds, protecting the building from excessive sunrays. The playrooms inside are of different colours, as are the facilities. Compact and clearly structured building has quickly won favour of the children and teachers alike.



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HOCHTIEF Solutions is involved in building the EnBW Baltic 2 offshore wind farm with 80 turbines located north of the island of Rügen.

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## Human resources

HOCHTIEF CZ considers its employees the source of its strength. It is our employees who help us to realize the commitments and move our company ahead.

Continuous care for our employees is an important part of the HR policy of HOCHTIEF CZ. We appreciate hard work of our employees and we try to support them in their efforts and to reward them accordingly. HOCHTIEF CZ is proud of its employees. Therefore, we take care of them through our HR strategy.

Education system is applied throughout the whole company. Workshops and both single and repetitive trainings and individual development plans enable the employees to advance their skills and then to put them into practice. We realize that only permanent and targeted development of activities of our employees will ensure the quality of work, which you are used to receive from HOCHTIEF CZ.

We evaluate our employees. The evaluation system in HOCHTIEF CZ is focused on assessment of the fulfilment of assignments and competences; it endorses open communication at the workplace and helps to improve the human resources management of the managerial staff. Every year, we announce and reward the best employees. This recognition of professional qualities is an important element in motivation of the employees to excellent results.

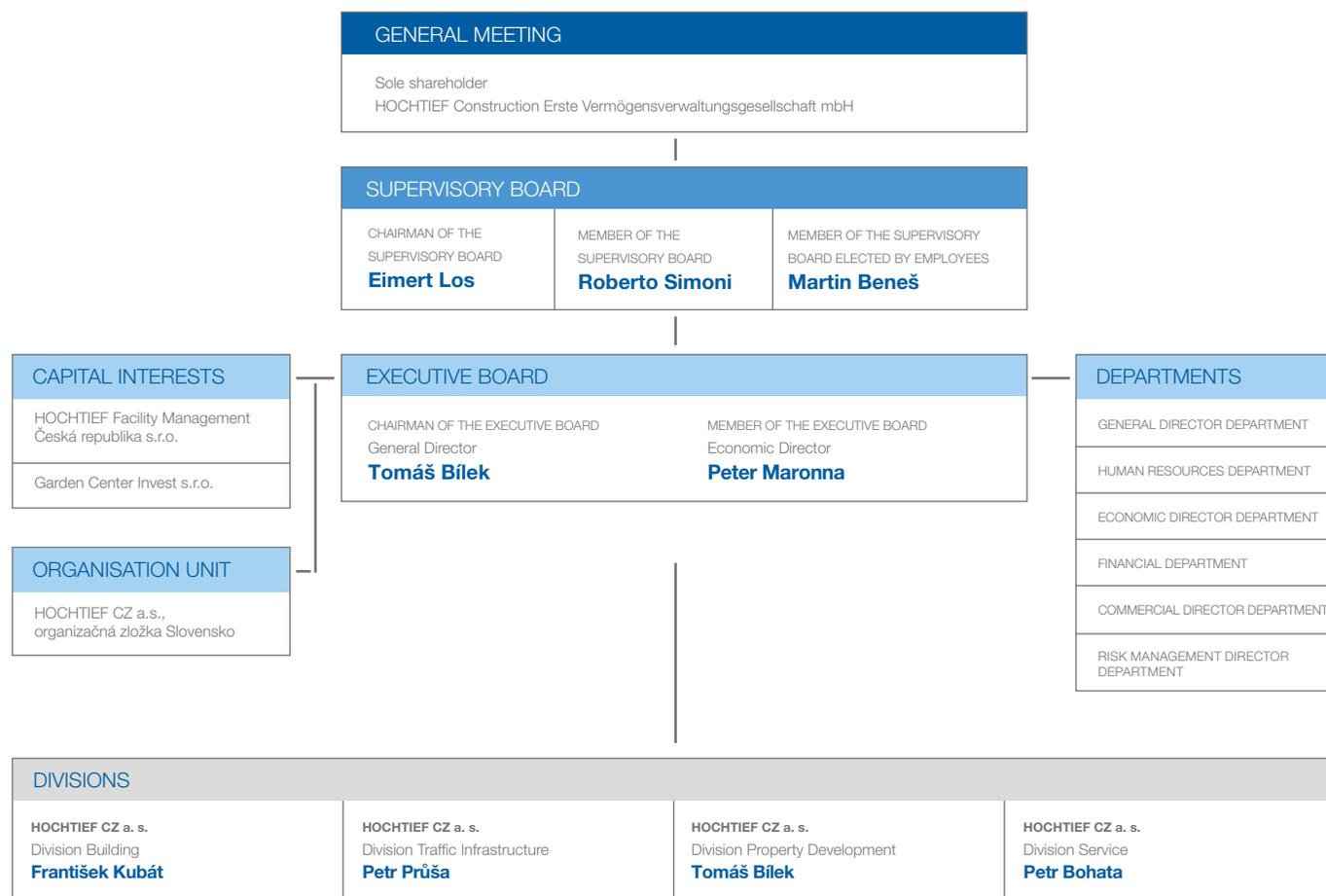
In cooperation with the company union we organize summer camps for the children of our employees. From the resources of our welfare fund we attend to the welfare needs of the staff, providing them spa treatments, support various social, cultural and educational and sports activities. In case of need, the employees can use interest-free loans from the fund.

Relationship and the negotiations with the company union were mutually correct and open. This resulted in the signing of a Collective agreement for the period from 1 April 2011 until 31 March 2014.

As at 31 December 2011, the joint-stock company HOCHTIEF CZ had 1,125 employees.

# Organizational structure of HOCHTIEF CZ a. s.

as at 31 December 2011



## HOCHTIEF worldwide:

A selection of the many companies in our divisions shows HOCHTIEF's global presence with the Group structure from 2011

### HOCHTIEF Americas

- Turner (USA)
- Flatiron (USA, Canada)
- E.E. Cruz (USA)
- Clark Builders (Canada) (as of January 1, 2012)

### HOCHTIEF Europe

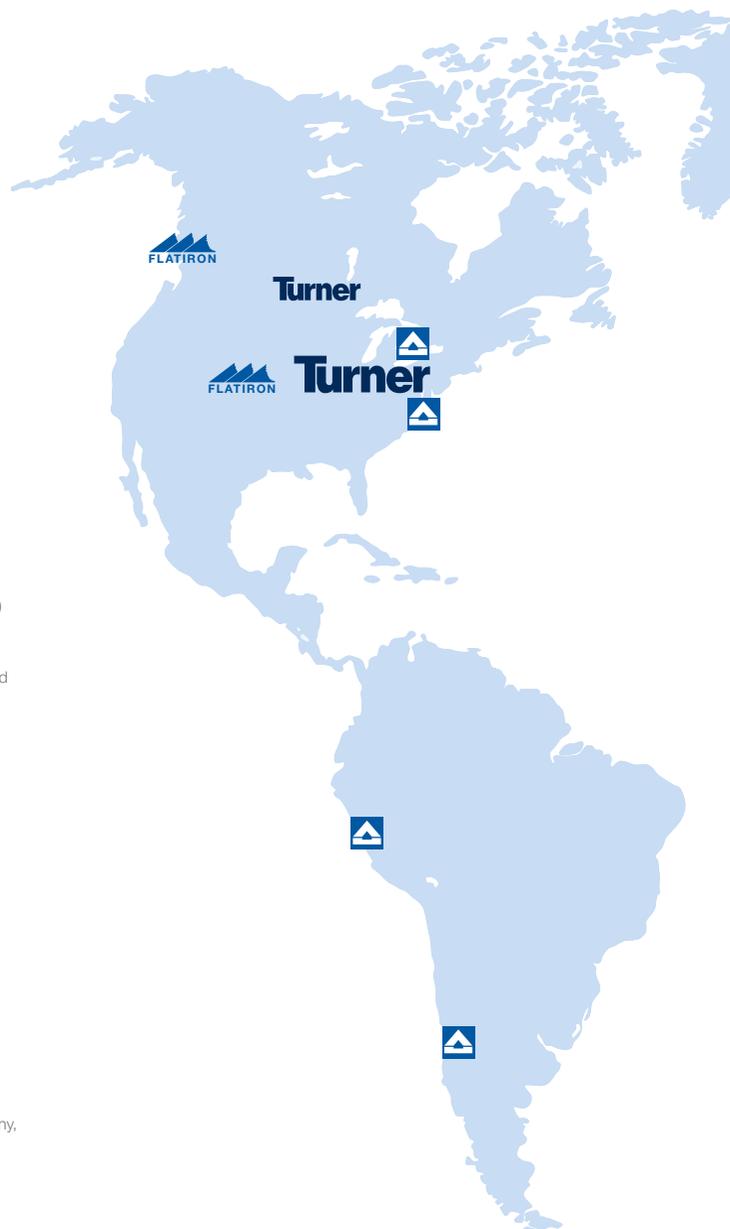
- HOCHTIEF Solutions (Abu Dhabi, Austria, Bahrain, Bulgaria, Chile, Czech Republic, Denmark, Germany, Greece, Hungary, India, Ireland, Luxembourg, Peru, Poland, Qatar, Romania, Russia, South Africa, Sweden, Switzerland, UK, Ukraine)
- HOCHTIEF Global Trade (Germany)
- HOCHTIEF Procurement Asia (Hong Kong)
- HOCHTIEF ViCon (Germany, Qatar)
- Durst-Bau (Austria)
- Streif Baulegistik (Austria, Bulgaria, Denmark, Germany, Poland, Qatar, Romania, Russia, Ukraine)
- HOCHTIEF Property Management (Germany)
- aurelis Real Estate (Germany)
- HOCHTIEF Energy Management (Germany)

### HOCHTIEF Asia Pacific

- Leighton Holdings (Australia)
- Leighton Contractors (Australia, New Zealand)
- Thiess (Australia, India, Indonesia)
- John Holland Group (Australia)
- Leighton Properties (Australia)
- Leighton Asia (Cambodia, Hong Kong, India, Indonesia, Laos, Macau, Malaysia, Mongolia, Philippines, Singapore, Taiwan, Thailand, Vietnam)
- Habtoor Leighton Group (Qatar, United Arab Emirates)
- Leighton Middle East and Africa (Botswana, United Arab Emirates)

### HOCHTIEF Concessions

- HOCHTIEF Concessions (Germany)
- HOCHTIEF AirPort (Germany)
- HOCHTIEF AirPort Capital (Germany)
- Airport Partners (Germany)
- Sydney Airport Intervest (Germany)
- FHK Flughafen Hamburg Konsortial- und Service-Gesellschaft (Germany)
- HAP Hamburg Airport Partners (Germany)
- HAP Hamburg Airport Partners Holding Verwaltungsgesellschaft (Germany)
- HOCHTIEF AirPort Retail (Albania)
- HOCHTIEF PPP Solutions (Canada, Chile, Germany, Greece, Ireland, UK, USA)
- HOCHTIEF PPP Schools Capital (UK)
- HOCHTIEF Concessions India (India)







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FINANCIAL PART

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## Report on Related Parties

**in accordance with the provisions of Section 66a (9) of Act No. 513/1991 Coll., the Commercial Code, as amended for the reporting period from 1 January 2011 to 31 December 2011**

In accordance with Section 66a (9) of Act No. 513/1991 Coll., the Commercial Code, the Executive Board has issued the report on relations of HOCHTIEF CZ a. s. with its registered office at Plzeňská 16/3217, 150 00 Prague, Czech Republic, as the controlled entity and HOCHTIEF Aktiengesellschaft with its registered office at Opernplatz 2, Essen, Germany, as the controlling entity and other entities controlled by the same controlling entity for the reporting period from 1 January 2011 to 31 December 2011.

### I. Controlled Entity

HOCHTIEF CZ a. s. with its registered office at Plzeňská 16/3217, Prague, Czech Republic, corporate ID: 46678468, registered on 1 May 1992 in the Register of Companies maintained by the Regional Court in Prague, File B, Insert 6229.

### II. Controlling Entity (hereinafter also the “Related Party”)

HOCHTIEF Construction Erste Vermögensverwaltungsgesellschaft mbH with its registered office at Opernplatz 2, 45128 Essen, Germany, recorded in the Register of Companies under no. 20456 (directly controlling entity), controlled by HOCHTIEF Solutions AG (with its registered office at Opernplatz 2, Essen, Germany; recorded in the Register of Companies under no. 14772) which is controlled by HOCHTIEF Aktiengesellschaft (with its registered office at Opernplatz 2, Essen, Germany; recorded in the Register of Companies under no. 279).

### III. Other Entities Controlled by the Same Controlling Entity (hereinafter “Related Parties”)

In accordance with Section 66a (9) of the Commercial Code, the following entities are related entities (entities involved in any transactions are listed below):

HOCHTIEF Development Czech Republic s.r.o. with its registered office at Karla Engliše 3201/6, 150 00 Prague 5, Czech Republic, corporate ID: 25139169.

### IV. List of Contracts Concluded with Related Entities in the Reporting Period and Description of Performances

During the reporting period, the controlled and the controlling entity and the controlled entity and other entities controlled by the same controlling entity concluded the following contracts and agreed with the following performance:

Entity	Contract type	Performance
HOCHTIEF Aktiengesellschaft	Loan contract	Cash Pooling Contract
HOCHTIEF Solutions AG (formerly HOCHTIEF Construction AG)	Contract for the lease of employees Contract for technical advisory	Metro Motol Project Metro Motol Project
HOCHTIEF Solutions AG, organizační složka (formerly HOCHTIEF Construction AG, organizační složka)	Contract for work	SOKP 514 Lahovice-Slivenec
HOCHTIEF Construction Slovakia s.r.o.	Contract for the lease of employees Contract for work Contract for technical advisory	Metro Motol Project
HOCHTIEF Development Czech Republic s.r.o.	Contract for work Contract for bookkeeping and payroll services	Construction work – AB Trianon Bookkeeping and payroll services

The controlled entity suffered no detriment from the contracts listed above.

### V. Paid Dividends

In 2011, the Company paid dividends from the profit to the parent company, HOCHTIEF Construction Erste Vermögensverwaltungsgesellschaft mbH, for the year ended 31 December 2010 in the amount of CZK 5,000 thousand.

## VI. Income with Related Parties

(in CZK thousand)

Entity	Relation to the Company	Products	Services	Financial income	Total
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	0	764	0	764
HOCHTIEF Solutions AG, organizační složka	Fellow subsidiary	108,728	1,016	0	109,744
HOCHTIEF Solutions AG	Parent company	0	4	600	604
HOCHTIEF Construction Slovakia s.r.o.	Fellow subsidiary	0	6	0	6
<b>Total</b>		<b>108,728</b>	<b>1,790</b>	<b>600</b>	<b>111,118</b>

## VII. Purchases from Related Parties

(in CZK thousand)

Entity	Relation to the Company	Products	Services	Financial expenses	Total
HOCHTIEF Solutions AG, organizační složka	Fellow subsidiary	0	0	0	0
HOCHTIEF Solutions AG	Parent company	0	48,468	0	48,468
HOCHTIEF Construction Slovakia s.r.o.	Fellow subsidiary	0	54,163	0	54,163
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	219	104	0	323
<b>Total</b>		<b>219</b>	<b>102,735</b>	<b>0</b>	<b>102,954</b>

## VIII. Other Legal Acts Made in Favour of Related Parties

During the reporting period, no legal acts were made in the interest of the controlling entity or the controlled entity or other entities controlled by the same controlling entity or if legal acts were made in relation to the entities referred to above, those were general legal procedures made on the basis of conditions for legal acts by the controlled entity in relation to the controlling entity arising from its position of the shareholder of the controlled entity.

## IX. Other Measures Made in Favour or at the Initiative of Related Parties

During the reporting period, no measures, except for general measures adopted by the controlled entity in relation to the controlling entity arising from its position of the shareholder of the controlled entity, were adopted in favour or at the initiative of the controlling entity or entities controlled by the same controlling entity.

**X. Performance Provided to and Detriment Incurred by the Controlled Entity and the Method of their Settlement**

The controlled entity incurred no detriment from performances, contracts, other legal acts, other measures or other received or provided performances referred to above.

**XI. Final Statement**

The report was prepared by the Executive Board of the controlled entity HOCHTIEF CZ a.s. on 30 March 2012 and was presented to the Supervisory Board and the auditor who conducts the financial statements audit. Given its obligations resulting from the legislation, the controlled entity will issue an annual report which will include the report on related parties as its integral part.

The Annual Report will be filed in the Collection of Deeds held at the Register of Companies maintained by the Municipal Court in Prague.

In Prague on 30 March 2012

Representatives of the Executive Board of the controlled entity:



**Tomáš Bílek**  
Chairman  
of the Executive Board



**Peter Maronna**  
Member  
of the Executive Board

## Financial Statements

Financial Statements as at 31 December 2011

Name of company: **HOCHTIEF CZ a. s.**  
Registered office: **Plzeňská 16/3217, 150 00 Prague 5**  
Legal form: **joint stock company**  
Corporate ID: **46678468**  
Financial statements include: Balance Sheet  
Profit and Loss Account  
Statement of Changes in Equity  
Cash Flow Statement for the year 2011

Financial Statements were compiled on 18 May 2012.



**Tomáš Bílek**  
Chairman  
of the Executive Board



**Peter Maronna**  
Member  
of the Executive Board

## Balance Sheet Full Version

HOCHTIEF CZ a. s., Corporate ID 46678468, 31.12.2011 (in CZK thousand), Plzeňská 16/3217, 150 00 Prague 5, 150 00

		31.12.2011			31.12.2010
		Gross	Adjustment	Net	Net
	<b>TOTAL ASSETS</b>	<b>5,349,516</b>	<b>968,611</b>	<b>4,380,905</b>	<b>4,282,169</b>
B.	Fixed assets	1,013,026	698,413	314,613	369,900
B.I.	Intangible fixed assets	145,547	38,051	107,496	108,918
B.I.3.	Software	25,168	22,781	2,387	3,448
B.I.4.	Valuable rights	280	229	51	107
B.I.6.	Other intangible fixed assets	99	41	58	74
B.I.7.	Intangible fixed assets under construction	120,000	15,000	105,000	105,289
B.II.	Tangible fixed assets	749,927	588,337	161,590	201,768
B.II.1.	Land	11,299	2,566	8,733	8,883
B.II.2.	Structures	215,204	127,466	87,738	94,965
B.II.3.	Individual movable assets and sets of movable assets	498,361	442,803	55,558	88,622
B.II.6.	Other tangible fixed assets	13,983	9,896	4,087	4,579
B.II.7.	Tangible fixed assets under construction	5,474		5,474	3,169
B.II.8.	Prepayments for tangible fixed assets	5,606	5,606		1,550
B.III.	Non-current financial assets	117,552	72,025	45,527	59,214
B.III.1.	Equity investments – subsidiary (controlled entity)	115,552	72,025	43,527	57,214
B.III.3.	Other securities and investments	2,000		2,000	2,000
C.	Current assets	4,307,250	270,198	4,037,052	3,885,739
C.I.	Inventories	303,186	2,766	300,420	341,382
C.I.1.	Material	29,618	2,766	26,852	32,097
C.I.2.	Work in progress and semifinished goods	195,822		195,822	227,158
C.I.3.	Products	2,511		2,511	8,228
C.I.5.	Goods	75,235		75,235	73,899
C.II.	Long-term receivables	457,596		457,596	510,542
C.II.1.	Trade receivables	393,884		393,884	442,308
C.II.8.	Deferred tax asset	63,712		63,712	68,234
C.III.	Short-term receivables	2,964,703	267,432	2,697,271	2,619,966
C.III.1.	Trade receivables	2,676,063	222,292	2,453,771	2,296,723
C.III.2.	Receivables – controlled or controlling entity	78,486		78,486	177,092
C.III.4.	Receivables from partners and association members	3,040		3,040	3,070
C.III.6.	State – tax receivables	42,565		42,565	
C.III.7.	Short-term prepayments made	11,946	6,626	5,320	5,538
C.III.8.	Estimated receivables	20,221		20,221	43,755
C.III.9.	Other receivables	132,382	38,514	93,868	93,788
C.IV.	Current financial assets	581,765		581,765	413,849
C.IV.1.	Cash on hand	1,033		1,033	1,063
C.IV.2.	Cash at bank	580,732		580,732	412,786
D. I.	Other assets	29,240		29,240	26,530
D.I.1.	Deferred expenses	26,150		26,150	21,068
D.I.3.	Accrued income	3,090		3,090	5,462

		<b>31.12.2011</b>	<b>31.12.2010</b>
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>4,380,905</b>	<b>4,282,169</b>
A.	Equity	986,786	965,459
A.I.	Share capital	350,736	350,736
A.I.1.	Share capital	350,736	350,736
A.II.	Capital funds	585	585
A.II.2.	Other capital funds	585	585
A.III.	Statutory funds	90,356	91,640
A.III.1.	Statutory reserve fund/Indivisible fund	75,792	75,792
A.III.2.	Statutory and other funds	14,564	15,848
A.IV.	Retained earnings	517,302	516,227
A.IV.1.	Accumulated profits brought forward	517,302	516,227
A.V.	Profit or loss for the current period (+/-)	27,807	6,271
B.	Liabilities	3,390,456	3,311,480
B.I.	Reserves	132,579	129,102
B.I.4.	Other reserves	132,579	129,102
B.II.	Long-term liabilities	360,451	309,069
B.II.1.	Trade payables	336,667	290,299
B.II.4.	Payables to partners and association members	23,784	18,770
B.III.	Short-term liabilities	2,479,376	2,316,701
B.III.1.	Trade payables	1,206,822	1,029,814
B.III.2.	Payables – controlled or controlling entity	48,019	28,973
B.III.4.	Payables to partners and association members	439,799	280,625
B.III.5.	Payables to employees	31,285	38,291
B.III.6.	Social security and health insurance payables	16,071	19,561
B.III.7.	State – tax payables and subsidies	4,862	75,251
B.III.8.	Short-term prepayments received	8,550	3,812
B.III.10.	Estimated payables	716,054	834,025
B.III.11.	Other payables	7,914	6,349
B.IV.	Bank loans and borrowings	418,050	556,608
B.IV.2.	Short-term bank loans	418,050	556,608
C. I.	Other liabilities	3,663	5,230
C.I.1.	Accrued expenses	2,047	2,594
C.I.2.	Deferred income	1,616	2,636

## Profit and Loss Account structured by the nature of expense method

HOCHTIEF CZ a. s., Corporate ID 46678468, 31.12.2011 (in CZK thousand), Plzeňská 16/3217, 150 00 Prague 5, 150 00

	Year ended 31.12.2011	Year ended 31.12.2010
I. Sales of goods	1,912	9,397
A. Costs of goods sold	38	5,908
+ Gross margin	1,874	3,489
II. Production	5,053,514	5,015,048
II.1. Sales of own products and services	5,085,203	5,039,546
II.2. Change in internally produced inventory	(37,053)	(30,193)
II.3. Own work capitalised	5,364	5,695
B. Purchased consumables and services	4,076,523	3,965,300
B.1. Consumed material and energy	3,537,055	3,387,363
B.2. Services	539,468	577,937
+ Added value	978,865	1,053,237
C. Staff costs	667,078	805,814
C.1. Payroll costs	480,170	599,231
C.2. Remuneration to members of statutory bodies	8,437	13,283
C.3. Social security and health insurance costs	165,152	177,938
C.4. Social costs	13,319	15,362
D. Taxes and charges	10,260	9,603
E. Depreciation of intangible and tangible fixed assets	45,164	55,816
III. Sales of fixed assets and material	43,103	24,330
III.1. Sales of fixed assets	4,165	7,082
III.2. Sales of material	38,938	17,248
F. Net book value of fixed assets and material sold	38,396	18,050
F.1. Net book value of sold fixed assets	1,429	1,845
F.2. Book value of sold material	36,967	16,205
G. Change in reserves and provisions relating to operating activities and complex deferred expenses	80,459	24,501
IV. Other operating income	29,140	229,554
H. Other operating expenses	125,270	317,215
* Operating profit or loss	84,481	76,122
VI. Proceeds from the sale of securities and investments		30,350
J. Cost of securities and investments sold		61,349
M. Change in reserves and provisions relating to financial activities	13,688	(30,190)
X. Interest income	4,937	4,551
N. Interest expenses	14,556	21,983
XI. Other financial income	6,582	9,057
O. Other financial expenses	19,158	48,604
* Financial profit or loss	(35,883)	(57,788)
Q. Income tax on ordinary activities	20,791	12,063
Q 1. – due	16,268	40,845
Q 2. – deferred	4,523	(28,782)
** Profit or loss from ordinary activities	27,807	6,271
*** Profit or loss for the current period (+/-)	27,807	6,271
**** Profit or loss before tax	48,598	18,334

## Statement of Changes in Equity

HOCHTIEF CZ a. s., Corporate ID 46678468, 31.12.2011 (in CZK thousand), Plzeňská 16/3217, 150 00 Prague 5, 150 00

	Share capital	Capital funds	Statutory funds	Accumulated profits brought forward	Accumulated losses brought forward	Profit or loss for the current period	TOTAL EQUITY
<b>Balance as at 31 December 2009</b>	<b>350,736</b>	<b>585</b>	<b>93,105</b>	<b>513,374</b>	<b>0</b>	<b>2,480</b>	<b>960,280</b>
Distribution of profit or loss				2,480		(2,480)	0
Other				373			373
Payments from capital funds			(1,465)				(1,465)
Profit or loss for the current period						6,271	6,271
<b>Balance as at 31 December 2010</b>	<b>350,736</b>	<b>585</b>	<b>91,640</b>	<b>516,227</b>	<b>0</b>	<b>6,271</b>	<b>965,459</b>
Distribution of profit or loss				6,271		(6,271)	0
Other				(196)			
Dividends paid				(5,000)			(5,000)
Payments from capital funds			(1,284)				(1,284)
Profit or loss for the current period						27,807	27,807
<b>Balance as at 31 December 2011</b>	<b>350,736</b>	<b>585</b>	<b>90,356</b>	<b>517,302</b>	<b>0</b>	<b>27,807</b>	<b>986,786</b>

## Cash Flow Statement for the year 2011

HOCHTIEF CZ a. s., Corporate ID 46678468, 31.12.2011 (in CZK thousand), Plzeňská 16/3217, 150 00 Prague 5, 150 00

	Year ended 31.12.2011	Year ended 31.12.2010
<b>P.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>297,430</b>
	<i>Cash flows from ordinary activities</i>	
Z.	Profit or loss from ordinary activities before tax	18,334
A.1.	Adjustments for non-cash transactions	183,167
A.1.1.	Depreciation of fixed assets	55,816
A.1.2.	Change in provisions and reserves	(7,183)
A.1.3.	Profit/(loss) on the sale of fixed assets	25,762
A.1.5.	Interest expense and interest income	17,432
A.1.6.	Adjustments for other non-cash transactions	91,340
<b>A.*</b>	<b>Net operating cash flow before changes in working capital</b>	<b>201,501</b>
A.2.	Change in working capital	(27,238)
A.2.1.	Change in operating receivables and other assets	(183,969)
A.2.2.	Change in operating payables and other liabilities	111,983
A.2.3.	Change in inventories	44,748
<b>A.**</b>	<b>Net cash flow from operations before tax and extraordinary items</b>	<b>174,263</b>
A.3.	Interest paid	(21,983)
A.4.	Interest received	4,551
A.5.	Income tax paid from ordinary operations	(19,889)
<b>A.***</b>	<b>Net operating cash flows</b>	<b>136,942</b>
	<i>Cash flows from investing activities</i>	0
B.1.	Fixed assets expenditures	(9,892)
B.2.	Proceeds from fixed assets sold	37,432
B.3.	Loans provided to related parties	(42,624)
<b>B.***</b>	<b>Net investment cash flows</b>	<b>(15,084)</b>
	<i>Cash flow from financial activities</i>	0
C.1.	Change in payables from financing	(3,974)
C.2.	Impact of changes in equity	(1,465)
C.2.5.	Payments from capital funds	(1,284)
C.2.6.	Dividends paid	(5,000)
<b>C.***</b>	<b>Net financial cash flows</b>	<b>(5,439)</b>
<b>F.</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>116,419</b>
<b>R.</b>	<b>Closing balance of cash and cash equivalents</b>	<b>413,849</b>

## Basic Company Data for the year 2011

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Plzeňská 16/3217, 150 00 Prague 5

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