Jiří Bělohlav, General Director, 55 years (in Metrostav since 1973)
Václav Soukup, Director of Division 5, 49 years (in Metrostav since 1980)
Vladimír Ellinger, Estimate Accountant, 49 years (in Metrostav since 1994)
Ivan Hrdina, Production and Technology Director, 43 years [in Metrostav since 1986]
Julius Matuška, Heavy Machinery Repairman, 63 years (in Metrostav since 1971)
Pavel Pilát, Commercial Director and Vice-Chairman of the Supervisory Board, 46 years (in Metrostav since 1983)
Josef Tesaf, Carpenter, 54 years [in Metrostav since 1994]
Ivan Šesták, Vice-Chairman of the Board of Directors, 62 years
Zdeněk Šinovský, Financial Director and Member of the Board of Directors, 58 years (in Metrostav since 1984)
Šárka Macurová, Technician, 28 years [in Metrostav since 2004]
Miroslav Klika, Workshop Fitter, 33 years [in Metrostav since 1999]
František Kočí, Production Economics Director and Member of the Supervisory Board. 45 years (in Metrostav since 1984)
Ivan Škripeň, Director of Division 10, 62 years (in Metrostav since 2002)
Jiří Cibula, Tunneller, 51 years [in Metrostav since 2002]
Radek Baur, Construction Economist, 29 years [in Metrostav since 2002]
Vladimír Kríž, Director of Metrostav SK, 48 years (in Metrostav since 2003)
Ivana Padevělová, Statistics and Records Clerk, 54 years [in Metrostav since 1971]
OPENING STATEMENT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Esteemed shareholders,

2004 was the most successful year in Metrostav’s history. The company’s exceptionally good results which are best represented by its turnover totalling CZK 17.1 billion (by almost 23% more than in the previous year), rank the firm among the absolute top of the Czech building industry. As you certainly know, we acquired the joint-stock company Subterra in the middle of last year, and its last year’s business results totalled CZK 3.8 billion. Non-consolidated revenues of the Metrostav group for last year amounted to CZK 21.5 billion. Our results were not achieved just thanks to the fact that the building industry experienced an unprecedented boom and was among leaders of the Czech economy. They are also the fruit of long-term efforts at creation and application of a modern management system, as well as the systematic care devoted to the development and use of progressive technologies. The biggest achievement of the previous years, however, was that we managed to create a highly professional team which is ready to do the maximum for a common goal. For this I would like to sincerely thank all our employees.

Last year, Metrostav successfully completed several very complex constructions, for example the 4km long IV. C1 extension of the Prague Metro from Holešovice to Ládví, and the Mrázovka tunnel on the Prague ring road. During the construction of the tunnel, new technology and monitoring procedures were applied for the first time, which are now used in the realization of many other major projects. Reconstruction of the Lahovický bridge spanning the Berounka River is also worth mentioning, as well as construction of production facility for the TPCA car manufacturer in Ovčáry near Kolín; the double-shell, high capacity crude oil tanks for MERO ČR in Nelahozeves and the successful reconstruction of the Czech Embassy in Paris; one building of the Central Military Hospital in Prague and the Měšťanská beseda community centre in Plzeň. And I could go on naming many other projects because Metrostav worked on more than two hundred of them in 2004.

As a member of the strong multinational DDM Group, whose turnover amounted to CZK 31.5 billion last year, Metrostav is becoming a more and more important contractor on the Czech and Slovak construction market. It is, however, in our interest to expand our activities abroad. After the Czech Republic’s accession to the European Union, competition on the Czech market intensified and an ever growing number of companies is interested in winning contracts on the local market. And our activities abroad can balance possible fluctuations of the domestic market. We are well equipped for work abroad both in terms of professionalism and technology; we do not lack experience with foreign investors for whom we have completed a large number of various projects. We must, however, pay constant attention to the preparation of our staff for such contracts.
Jindřich Hess, Chairman of the Board of Directors,
65 years (in Metrostav since 1971)
Since last autumn, Metrostav has been one of the founding members of the PPP Association (Public Private Partnership). It is part of a broader context of creating conditions for the realization of PPP projects in the Czech Republic and it is linked to government policy in the area of public and private sector partnership. Our participation in this initiative also demonstrated we were ready to take part in various models of public and private cooperation and to search for projects that could be financed in this way (both their construction and subsequent operation).

I would like to thank our investors, designers, business partners and subcontractors for the excellent cooperation that resulted in such exceptionally good results for our company. At the same time, I would like to promise that in future years Metrostav will make every effort to cultivate the business environment in which it moves. It will use its traditionally high professionalism and work quality and also an open way of negotiating with its business partners. Anyway, the nature of many major current infrastructure projects, requiring a far greater capacity than any single firm can provide, presses us to mutual cooperation.

Jindřich Hess, Chairman of the Board of Directors
Petr Vondra, Site Manager, 47 years (in Metrostav since 1998)
Metrostav, a member of the DDM Group, ranks among the largest and most stable construction firms in the Czech Republic. It was founded in 1971 as a building firm with very narrow specialization – construction of the Prague Metro. In the 1990s, it became – thanks to consistent restructuring – a universal construction company which concentrates primarily on the role of general contractor. The firm now operates in every segment of the construction market and its highly professional handwriting can be found on many significant construction projects. Quite a few of these projects attracted the attention of professionals and the lay public not only due to the extent and conditions under which they were carried out, but also because of the new technologies used.

Metrostav is one of a few construction companies in the Czech Republic which is capable of building the Prague Metro and doing other tunnelling work. Since 1995, the company has also carried out its own investment plans in the area of development projects.

Metrostav is fully aware that the real proof of a company’s stability are not only its business results but also its socially responsible conduct. Evidence of this is its approach to environmental protection, health and safety at work and its focused donorship and sponsorship activities.
Veronika Priniová, Specialized Technician, 29 years (in Metrostav since 2004)
Since the establishment of the multinational DDM Group, Metrostav – as well as other members of the concern – has been looking for other opportunities to better use its synergetic effects. It is necessary to consistently coordinate the strategic objectives of all member firms – with respect to the fact that the group operates on the Czech and Slovak territory. Next to operating in the pure contracting system, Metrostav in the DDM Group is considering and implementing attractive property development projects and also participating in PPP, and understandably, also searches for opportunities on foreign markets. In 2004, the company created a necessary base for its operations in Slovakia: it founded a new company, Metrostav SK, which took over the activities of Metrostav’s daughter companies that had operated in this market before. It was certainly the right move, which has to be followed by another, which will allow Metrostav SK to build a firm position on the Slovak construction market, primarily in civil engineering.

DDM GROUP STRUCTURE

<table>
<thead>
<tr>
<th>DOAS, a.s.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doprastav Bohemia a.s.</td>
</tr>
<tr>
<td>Doprastav, a.s.</td>
</tr>
<tr>
<td>two other companies</td>
</tr>
<tr>
<td>Metrostav a.s.</td>
</tr>
<tr>
<td>Subterra a.s.</td>
</tr>
<tr>
<td>one other company</td>
</tr>
<tr>
<td>Metrostav SK a.s.</td>
</tr>
<tr>
<td>14 other companies</td>
</tr>
</tbody>
</table>
Josef Janovský, Bricklayer, 60 years [in Metrostav since 1992]
## BASIC INDICATORS

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual turnover</td>
<td>7,470,266</td>
<td>10,525,346</td>
<td>12,227,744</td>
<td>13,939,364</td>
<td>17,096,141</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>7,917,348</td>
<td>9,464,295</td>
<td>12,157,033</td>
<td>13,662,827</td>
<td>18,106,286</td>
</tr>
<tr>
<td>Added value</td>
<td>1,399,873</td>
<td>1,607,170</td>
<td>1,990,327</td>
<td>2,155,072</td>
<td>2,917,585</td>
</tr>
<tr>
<td>After-tax profit for the period</td>
<td>150,608</td>
<td>202,959</td>
<td>290,370</td>
<td>381,938</td>
<td>454,730</td>
</tr>
<tr>
<td>Total assets</td>
<td>4,043,263</td>
<td>5,717,763</td>
<td>6,616,831</td>
<td>8,021,316</td>
<td>10,061,501</td>
</tr>
<tr>
<td>– fixed assets</td>
<td>1,426,432</td>
<td>1,672,696</td>
<td>2,153,548</td>
<td>2,098,388</td>
<td>2,639,154</td>
</tr>
<tr>
<td>– current assets</td>
<td>2,556,276</td>
<td>3,972,587</td>
<td>4,370,981</td>
<td>5,833,088</td>
<td>7,332,355</td>
</tr>
<tr>
<td>Equity</td>
<td>1,339,077</td>
<td>1,352,772</td>
<td>1,688,971</td>
<td>2,016,809</td>
<td>2,346,223</td>
</tr>
<tr>
<td>Registered capital</td>
<td>790,667</td>
<td>790,667</td>
<td>790,667</td>
<td>790,667</td>
<td>790,667</td>
</tr>
<tr>
<td>Liabilities (outside capital)</td>
<td>2,168,726</td>
<td>3,769,522</td>
<td>4,292,602</td>
<td>5,893,641</td>
<td>7,551,197</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>535,460</td>
<td>595,469</td>
<td>635,258</td>
<td>110,866</td>
<td>164,081</td>
</tr>
<tr>
<td>Average adjusted number of employees</td>
<td>2,902</td>
<td>2,923</td>
<td>3,130</td>
<td>3,133</td>
<td>3,139</td>
</tr>
<tr>
<td>Monthly earnings</td>
<td>19,134</td>
<td>20,552</td>
<td>23,724</td>
<td>26,041</td>
<td>29,455</td>
</tr>
<tr>
<td>Added value per employee</td>
<td>482</td>
<td>550</td>
<td>636</td>
<td>688</td>
<td>929</td>
</tr>
<tr>
<td>Profit per employee</td>
<td>52</td>
<td>69</td>
<td>93</td>
<td>122</td>
<td>145</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>71,162</td>
<td>79,067</td>
<td>79,067</td>
<td>118,600</td>
<td>197,667</td>
</tr>
</tbody>
</table>

Construction work, including:

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads, highways, bridges, tunnels, metro</td>
<td>2,947,055</td>
<td>4,264,882</td>
<td>5,203,430</td>
<td>6,177,422</td>
<td>8,200,980</td>
</tr>
<tr>
<td>Community buildings</td>
<td>2,685,481</td>
<td>4,062,928</td>
<td>4,069,608</td>
<td>3,583,541</td>
<td>4,886,165</td>
</tr>
<tr>
<td>Residential buildings</td>
<td>377,392</td>
<td>327,453</td>
<td>496,180</td>
<td>1,198,824</td>
<td>1,816,588</td>
</tr>
<tr>
<td>Industrial buildings</td>
<td>611,018</td>
<td>419,949</td>
<td>989,515</td>
<td>1,343,748</td>
<td>681,058</td>
</tr>
<tr>
<td>Other construction</td>
<td>397,036</td>
<td>957,392</td>
<td>961,991</td>
<td>803,596</td>
<td>810,885</td>
</tr>
</tbody>
</table>
Profit for the period 2000–2004 [CZK]

Sales revenue 2000–2004 [CZK]

Construction work in 2000–2004 [CZK]

A  Roads, highways, bridges, tunnels, metro
B  Community buildings
C  Residential buildings
D  Industrial buildings
E  Other construction
GLANCE BACK AT 2004

01 JANUARY ■ Construction of the last part of the D11 motorway, section Prague – Hradec Králové opened ■ Reconstruction of the TOKOVO high-rise building in Prague 7 begun ■ Tunnelling of a collector in Vodičkova Street in Prague launched ■ Driving of an exploration gallery 514 on the City ring road, section Lahovice–Slivenec begun ■ Memorial tablet “Building of the Year 2003” in Nostic Palace unveiled

02 FEBRUARY ■ Work on two production facilities for the TPCA car manufacturer at Ovčáry near Kolín completed ■ Project Nile House in Prague 8-Karlín launched ■ First annual Metrostav Technical and Economic Conference ■ Construction work on the Valík tunnel at the Plzeň bypass begun ■ 1st annual Metrostav Squash Cup

03 MARCH ■ Building complex for the Faculty of Electrical Engineering of West Bohemian University, Plzeň, handed over ■ Information centre for the D8 motorway in Trmice opened at an official ceremony ■ New form of in-house training – Work and Management School – begun ■ Annual conference of Metrostav’s trade unions Stavba ■ Metrostav’s calendar won the Calendar of the Year award in the category of graphic calendars

04 APRIL ■ Václav Klaus, President of the Czech Republic, visited Panenská tunnels on the D8 motorway ■ Contract for the construction of IV. C2 extension of the Prague Metro signed ■ TESCO hypermarket – Lamač in Bratislava officially opened ■ Ceremonial opening of Centro hypermarket – Zlín ■ Construction of a hospice in Prachatice started ■ Metrostav participated in two fairs: International Building Fair (IBF) in Brno and Construma in Budapest ■ Jiří Bělohlav, Metrostav’s General Director, named Manager of the Year in the construction sector

05 MAY ■ Construction of IV. C2 extension of the Prague Metro officially begun ■ Metrostav’s General Meeting held ■ Second phase of the construction of the Orion plant in Plzeň opened ■ Waste-water treatment plant in Kralupy nad Vltavou completed ■ Framework of the residential high-rise building in Nové Butovice completed ■ Information centre for the Valík tunnel at the Plzeň bypass opened ■ 30 years have passed since the first part of the Prague Metro built by Metrostav opened for operation

06 JUNE ■ Metrostav became the majority shareholder of the Subterra company ■ IV. C1 extension of the Prague Metro between Nádraží Holešovice and Ládví opened for operation ■ Metrostav placed 31st in the “CZECH TOP 100” companies competition ■ 1st annual Metrostav Golf Cup
07 JULY  ■ Ceremonial opening of the reconstructed building of the Czech Embassy in Paris
■ Building BII of the Central Military Hospital in Prague–Střešovice handed over ■ Tunnelling work on the auxiliary drift in the central part of the Valík tunnel completed ■ Contract on the Nové spojení (New Connection) project signed ■ Construction of a multi-purpose sports hall in Lanžkroun begun

08 AUGUST  ■ An official ceremony opened the Mrázovka tunnels for operation ■ The reconstructed Lahovický bridge spanning the Berounka River opened for traffic ■ Contract on the delivery of equipment for IV. C2 extension of Metro signed ■ Kráskov 1 railway tunnel opened ■ Two bird aviaries in the Prague Zoo completed

09 SEPTEMBER  ■ Operation of the waste-water treatment plant in Kralupy nad Vltavou begun ■ Tunnelling work on the Hněvkov railway tunnel started ■ Reinforced concrete structure of the Nile House completed ■ Trial operation of the Centre of Biological Technologies in Nové Hrady started ■ IV. C1 extension of the Prague Metro won the "Lord Mayor of Prague Award" in the Building of the Year competition

10 OCTOBER  ■ Metrostav SK founded ■ Work on an access gallery for IV. C2 extension of Metro begun ■ Framework of Terminal North 2 at Prague Airport completed ■ The last high-capacity tank in MERO ČR in Nelaňozéves handed over ■ Construction of the Nymburk bypass begun ■ Reconstruction of the Jesuit Dormitory in Kutná Hora begun ■ Reconstruction of the waste-water treatment plant in Jihlava launched ■ Ceremonial opening of the Winter Stadium in Cheb ■ Information centre for IV. C2 extension of Metro opened

11 NOVEMBER  ■ Break through on exploration gallery 514, section Lahovice–Slivenec ■ Ceremonial opening of the construction of section 0807 of the D8 motorway ■ Reconstruction of Měšťanská beseda in Plzeň completed ■ Reconstruction and an annex to a Specialised nursery and primary school in Veslařská Street in Brno begun ■ Foundation stone at the Masaryk University campus in Brno–Bohunice laid ■ The access gallery for IV. C2 extension of the Prague Metro completed

12 DECEMBER  ■ Break through of Panenská tunnels ■ Václav Klaus, the Czech President, visited the complex of buildings reconstructed for Prague 2 City Hall ■ "ISPA Podkuňskohof" project launched ■ The first 100 metres of a two-track tunnel on IV. C2 extension of the Prague Metro driven ■ Dagmar Pecková sang at Metrostav’s Christmas concert in the “Rudolfínium” concert hall

31
INTERVIEW WITH METROSTAV’S GENERAL DIRECTOR JIŘÍ BĚLOHLAV

What did Metrostav have to do to get into the rank of leading Central European construction firms with above-average revenues, permanently growing production and market value?

We had to take a number of steps. Most of all I would like to say that Metrostav has always had highly qualified work teams and we could rely on them to carry out even the most exacting objectives. A crucial step was made immediately after 1990 when we decided to radically diversify our activities and from a narrowly focused construction company gradually developed into a firm which operates in all segments of the construction market. We also transformed from a local (mostly Prague) construction company into a company operating throughout the Czech Republic and in Slovakia. This lowered the risk of cyclical fluctuations in individual market segments.

The company’s output, added value and business results are permanently growing. What contributes to this growth?

Today, the firm applies process management which provides an overview of individual employees activities, and their specific responsibilities. It is the basis. Another extremely important aspect is to have at hand capable and self-confident work teams which can undertake unique and complex projects. I can give you an example: the much-publicized passage of the metro line under the Vltava River in the Prague Troja district – carried out by immersing reinforced concrete tunnel tubes. This task required not only technical expertise but also the ability to accept responsibility. Metrostav therefore pays great attention to human resources and educates its own, capable and flexible employees. Every year we hire about 70 new graduates and with many of them we start cooperating when they are still studying.

Metrostav engages in a wide range of activities. What does it require in terms of work organization and production costs?

Process management defines exactly the responsibilities and powers of individuals. We have outlined standard procedures for contract management – beginning from the decision about the contract acquisition phase through to the final evaluation of the completed construction. It means organization processes, the method of monitoring the contract, procurement of materials and services. We thus have sufficient information about the technical and economic situation of individual projects during each phase.
In 2004, Metrostav became the majority shareholder in Subterra. How will both companies develop further?

The joint-stock company Subterra goes on working as an autonomous participant on the construction market. Our capital holding in this company is, in fact, a response to the Czech Republic’s accession to the EU. If we want to retain our competitive edge, we must approach the world – even in size. Subterra has high quality technical and human potential and we will go on developing it. We will definitely apply processes that have proved themselves in Metrostav in the management of this subsidiary and in other suitable areas.

Can you define Metrostav’s position in the DDM Group and benefits arising from this cooperation?

The main reason for Doprastav acquiring a capital holding in Metrostav was that production programmes of both companies complement each other very well. As a result of this cooperation Metrostav acquired qualifications necessary for winning contracts in the area of road construction, and Doprastav, on the contrary, acquired references necessary for underground construction work. In addition to this, Doprastav acquired easier access to the Czech market and Metrostav to the Slovak market. Today, Metrostav is a member of a construction group with a turnover of CZK 31.5 billion which ranks it among big construction concerns in Central Europe. And even for EU companies it is now a serious partner, both for investors and for other participants on the construction market – as their competitor.

What does Metrostav expect from major construction projects with a non-standard financing method?

PPP projects, in other words projects jointly funded from public and private capital in various models, constitute a promising prospect for further development of the infrastructure, and also a stimulus for construction companies. Today, Metrostav is part of a strong multinational construction group, and it is therefore a reliable partner with good prospects in this sphere of enterprise as well. In our country, PPP projects will gradually develop and progress, and we are ready to participate in them.
In 2004, the company’s principal activity was construction, which accounted for 95.9% of total production output, which continued in its upward trend. Metrostav’s turnover totalled CZK 17.1 billion, the highest in the company’s history. This value represents a 22.7% increase compared with the previous year, and a 62.3% rise over the past four years.

Against previous years, the volume of underground tunnelling work substantially increased and the residential and community construction segment also grew, while the volume of work on the Prague Metro slightly decreased.

By increasing its turnover, the company reinforced its position on the construction work market. Thanks to the high volume of contracts won it created an excellent position for the subsequent period. The company strives to expand its construction activities to all regions of the Czech Republic and to selected areas abroad, while ensuring the permanent growth of its competitive edge.

Regional Activities

Although the company realized major part of its projects in Prague and Central Bohemia, the share of construction work carried out in other regions increased. While in 2000 the value of regional contracts (outside Prague and Central Bohemia) accounted for 1.3% of the total value, in 2003 the percentage rose to 3.6% and in 2004 to 5.6%. In 2004, regional projects accounted for almost one third of total external turnover.

Business Activities Abroad

Business activities abroad are one of the company’s key strategic objectives. In particular, the extent of Metrostav’s contracts in Slovakia is exceptional. The company has opened an organizational unit in Bratislava and in October 2004 established a joint-stock company, Metrostav SK, which substantially contributed to the further broadening of activities on the Slovak market. This entity, which originated from the merger of formerly independent companies operating in Slovakia: Pozemné staviteľstvo Nitra, a.s., NITRACONT a.s., Pozemné staviteľstvo – Stavomontáž Nitra, a.s., and Metrostav Slovakia a.s., is Metrostav’s sole business representative in Slovakia. Thanks to this acquisition, Metrostav managed to create large production capacity in the country. Outside Slovakia, the company focused its interests on EU markets and South and East European countries.

In 2004, Metrostav continued in the construction of an emergency exit gallery at Višňové, and participated in the construction of two multi-functional buildings and a contract for the TESCO store chain. In EU countries, Metrostav completed the extensive and highly demanding reconstruction of the Czech Embassy in Paris in 2004.
JOINT ACTIVITIES WITHIN THE DDM GROUP

Marketing activities in the DDM Group were prepared and coordinated by the Standing Committee for Strategic Marketing. In 2004, Subterra and Metrostav SK also joined this system. Mutual use of specific references, technologies, equipment, certificates and special licences gave all partners opportunities to participate in more tenders and ensured them a better starting position. In 2004, firms associated in the DDM Group jointly completed 16 projects in the Czech Republic and 7 in Slovakia.

PROPERTY DEVELOPMENT

Property development activities again formed an inseparable part of Metrostav’s business activities in 2004. The Specialised Property Development Division continued – itself and with the assistance of Metrostav’s subsidiaries established for this purpose – in the completion of five housing projects and, at the same time, prepared new development projects for the year 2005 and the subsequent period.

The first phase of the construction of the residential complex Galerie nad Vltavou was completed while the next two phases of this project continued. Construction work also continued on the Sun Square House residential high-rise, the “Na Buřance” villa house and the “Nový Anděl” residence. Four other projects were being prepared – of these the “Na Krutci” housing estate is planned to begin in 2005.

PROGRESS IN TECHNOLOGIES

In the area of technologies, Metrostav in 2004 continued the successes of previous years when it managed to put into operation several new technologies and their innovation. They include drilling of large profile piles, new tunneling equipment sets, equipment for the construction of collector tunnels, expansion of the vehicle fleet for a high volume of groundwork, and others.

The technologies were also used in projects underway in 2004. Minor partial innovations – particularly focused on the improvement of both work quality and higher labour productivity – broadened the technological capacity and increased the end-use properties of structures, while the use of new equipment or its innovations were usually focused on specific contracts.

In 2004, the company also cooperated with universities on the preparation of projects funded by grants. The company did not separately record the costs of research and development.
QUALITY MANAGEMENT SYSTEM AND CERTIFICATION

The company’s quality management system is fully comparable to those found elsewhere on the EU market, and this has been confirmed many times during our cooperation with experienced foreign partners. All of Metrostav’s key technologies have been certified for quality. Individual certificates of the company’s technologies are covered by the quality management system for general contractor’s activities issued by the renowned London-based BUREAU VERITAS QUALITY INTERNATIONAL (BVQI), which is part of the multinational holding company BUREAU VERITAS.

To ensure flawless function of the quality management system the company’s management adopted a Quality Policy under which:

- the company’s management creates conditions allowing it to comply with the Czech Republic’s legal regulations and meet the requirements of the state administration, and at the same time, honour EU recommendations
- all processes influencing the quality of work and the full satisfaction of the customer are identified
- the quality management system organizational structure clearly defines powers and responsibilities of the management and senior managers
- quality management system processes are adequately described and documented, allowing their efficient and effective management, including their improvement
- sufficient human, material, financial and information resources are ensured to enable effective functioning of their processes
- conditions are created for the differentiated approach to the selection of subcontractors on the basis of their ability to meet Metrostav’s specified requirements.
EMPLOYMENT POLICY
The company’s employment policy was governed by annual HR plans which resulted primarily in the optimization of the workforce structure and the staff’s higher education level. Against the previous year, total average adjusted number of staff rose only by 0.2%. The number of technical and administrative personnel rose and at the end of the year reached 53.3% of total workforce. Optimization of the number and job structure of workers ensuring the company’s key technologies began.

SUPPORT TO TRAINING
Support to training was one of Metrostav’s priorities because the company is well aware that this helps reduce business risk.

During the year, the company opened “Metrostav’s School of Management and Work”: a corporate system of obligatory continuous training of selected staff groups. Substantial attention was paid to language learning which was oriented primarily on application of knowledge and know-how in practice. A total of 234 employees reached the advanced language knowledge. 117 civil engineers (technical universities graduates) and 27 technicians obtained specialist qualifications. Funds spent on improving skills of staff exceeded CZK 5.5 thousand per employee in 2004.

HEALTH CARE AND WORK ENVIRONMENT
In the area of health care provided to employees, the firm adhered to generally binding regulations and corporate rules. It paid special attention to monitoring health conditions of employees working in difficult work environments.

To further advance the quality of preventive medical care, the company signed – on the basis of a tender – a contract with a new health care provider in effect from 1 January 2005.

The sickness rate in Metrostav dropped by a total of 18% compared with the previous year. Among other things, this is proof of the high quality of health care and work environment in the company.
THE COLLECTIVE AGREEMENT AND TRENDS IN EARNINGS

Metrostav’s Collective Agreement for 2003 and 2004 is a significant document which guarantees job satisfaction inside the company. This is a prerequisite for the successful fulfilment of the company’s strategic goals. Both parties honoured the Collective Agreement, and the extent of employee benefits helped to both stabilize the workforce in situations when the company needs to place high demands on its staff, and to support a competitive atmosphere within the company.

At the end of 2004, the Collective Agreement for the next two years was discussed and signed.

The Company’s good results were also reflected in the growing average earnings of Metrostav’s employees. During the year, the salary of a technical and administrative employee increased on average by 11.85% and a worker’s wage rose by 7.32% (average earnings stood at CZK 29,455).

THE ENVIRONMENT

All the company’s construction activities were carried out in a way that ensured minimal impact on the environment. To reduce negative impact on the environment, the company’s management included protection of the environment in the integrated management system – in line with the environmental policy complying with the ISO 14001:1997 standard, thus relating it to the quality system which is applied in Metrostav. During the year, Metrostav acquired an environmental management system certificate for the “completion of building and engineering projects”. The company thus demonstrated its readiness to meet global EU requirements for environmental concerns.

HEALTH AND SAFETY AT WORK

In May 2004, Metrostav acquired a certificate complying with the ISO OHSAS 18001 standard and participated in the “Safe Company” competition. In 2005, it will try to win this award for the third subsequent year. In the area of work safety, the company has managed to assemble and, where necessary, update all documents pertaining to organization and regulation, including prevention of work related risks. Metrostav also enforced the observance of legal rules and work safety requirements from all cooperating subcontractors.
Joint-stock company Metrostav is one of the founding members of DONATOR, the Corporate Donors Club. Through the very responsible and focused selection of its donating and sponsoring activities the company proves it is well aware of the importance of socially responsible conduct. In this area, it focuses especially on charity, culture and sports. The corporate philosophy is based on the idea of providing help where the state is not able to.

DONATIONS
In 2004, Metrostav again focused on beneficial projects and programmes for children, youth and handicapped citizens. It continued its long-term partnership with the Children’s Crisis Centre in Prague by assisting it both financially and through the work of volunteers. The company also made efforts to expand its charity activities/projects to other regions where it operates. For example, it contributed financially to the reconstruction and extension of the St. John of Nepomuk Neumann hospice in Prachatice, to the reconstruction of the Half-way Home in Velký Dvůr by Pohofelice, and to the expansion of the SANANIM Centre which provides treatment for juvenile drug addicts.

SPONSORSHIP
In the eyes of the public, Metrostav is primarily associated with being a long-term sponsor of volleyball, basketball and handball. It traditionally cooperates with skiers Kateřina Neumannová and Martin Koukal and 1st League volleyball team DUKLA Liberec. Since 2002, the company has also supported monoski skiing courses that are organized by the Life at the Crossroads civic society. The society focuses on providing skiing courses to young people and children following serious spine injuries.

The firm is also a partner in many cultural and social events. In 2004, the company established cooperation with the organization “People in Need”, which operates under Czech Television and is one of the main partners in the One World Film Festival – a review of documentary films concerning human rights. Thanks to Metrostav, several representative publications appeared on the world market in 2004: “Architecture of the Czech Republic”, which represents outstanding construction projects recently completed, and another volume in the trilogy “New Europe”.
## METROSTAV GROUP

**Metrostav a.s.**

- Subterra a.s.
  - Stavební obnova železnic a.s.
- Metrostav SK a.s.

- METROS, s.r.o.
  - DORG trubní systémy, spol. s r.o.
- SQZ, s.r.o.
- TBG METROSTAV s.r.o.
  - TBG Pražské malty, s.r.o.
  - TBG PRAŽSKÉ BETONPUMPY s.r.o.
  - M – D recyklace, a.s.

- Metrostav Invest a.s.
- Metrostav Rezident a.s.
- Metrostav Krtotec s.r.o.
- Metrostav Alfa s.r.o.
- Metrostav Beta s.r.o.
- Metrostav Delta s.r.o.
- Metrostav Epsilon s.r.o.
- Metrostav Kappa s.r.o.
- Metrostav-Navatyp a.s.
- METROSTAV-INTERTRADE, a.s.

- Společnost Západního Města, akciová společnost
- EKOTUNEL Praha, s.r.o.
- CCE Praha, spol. s r.o.

---

**Construction companies**

**Sales and services companies**

**Project development companies**

**Other companies**

---

**Controlled companies**

**Companies in which Metrostav has a holding**
COMPANY BODIES
BOARD OF DIRECTORS

as at 31 December 2004

JINDŘICH HESS
Chairman of the Board of Directors
- 1940
- Czech Technical University, Prague – Faculty of Civil Engineering
- Vice-President of the DDM Group Presidium
- Authorized representative of Metrostav's General Director for Development and External Relations

JÁN DUDÁŠ
Member of the Board of Directors
- 1943
- Slovak Technical University, Bratislava – Faculty of Engineering and Transport Constructions
- Director, Doprastav Bohemia a.s.

IVAN ŠESTÁK
Vice-Chairman of the Board of Directors
- 1943
- Slovak Technical University, Faculty of Civil Engineering
- President of the DDM Group Presidium

FRANTIŠEK KLEPETKO
Member of the Board of Directors
- 1937
- Slovak Technical University, Bratislava – Faculty of Civil Engineering
- Vice-President of the DDM Group Presidium

JIRÍ BĚLOHLAV
Member of the Board of Directors
- 1950
- Czech Technical University, Prague – Faculty of Civil Engineering
- General Director, Metrostav a.s.

DUŠAN MRÁZ
Member of the Board of Directors
- 1954
- Slovak Technical University, Bratislava – Faculty of Civil Engineering
- General Director, Doprastav, a.s.

ZDENĚK ŠINOVSKÝ
Member of the Board of Directors
- 1947
- University of Economics, Prague – Faculty of Economics and Public Administration
- Financial Director, Metrostav a.s.
COMPANY BODIES
SUPERVISORY BOARD

DANIEL JANISCH
Chairman of the Supervisory Board
- 1949
- Charles University, Prague
  – Law Faculty
- Consultant for trade and finance

VIKTOR KAREL
Member of the Supervisory Board
- 1942
- Slovak Technical University, Bratislava – Faculty of Civil Engineering
- Technical Director, Doprastav, a.s.

DANIEL KNOTEK
Vice-Chairman of the Supervisory Board
- 1946
- University of Economics, Bratislava
  – Faculty of Mechanization and Control Work Automation
- Vice-President of the DDM Group
  Presidium

FRANTIŠEK KOČÍ
Member of the Supervisory Board
- 1960
- University of Economics, Prague
  – Faculty of Business Administration (MBA)
- Production Economics Director,
  Metrostav a.s.

PAVEL PILÁT
Vice-Chairman of the Supervisory Board
- 1959
- Czech Technical University, Prague
  – Faculty of Civil Engineering
- Commercial Director, Metrostav a.s.

PAVEL MEYER
Member of the Supervisory Board
- 1949
- Secondary Mining and Metallurgical School
- Chairman of the Construction Trade Union branch Stavba, Metrostav a.s.
# Senior Management

**General Director**

Jiří Bělohlav

**Executive Directors**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zdeněk Šinovský</td>
<td>Financial Director</td>
</tr>
<tr>
<td>Ivan Hrdina</td>
<td>Production and Technology Director</td>
</tr>
<tr>
<td>Pavel Pilát</td>
<td>Commercial Director</td>
</tr>
<tr>
<td>František Kočí</td>
<td>Production Economics Director</td>
</tr>
<tr>
<td>Josef Škorpil</td>
<td>Personnel Director</td>
</tr>
</tbody>
</table>

**Divisional Directors**

<table>
<thead>
<tr>
<th>Name</th>
<th>Division</th>
<th>Start/End Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milan Veselský</td>
<td>Director of Division 1</td>
<td></td>
</tr>
<tr>
<td>Luboš Rys</td>
<td>Director of Division 3</td>
<td>[until 31 December 2004]</td>
</tr>
<tr>
<td>Procházka</td>
<td>Director of Division 3</td>
<td>[from 1 January 2005]</td>
</tr>
<tr>
<td>Josef Neuwirth</td>
<td>Director of Division 4</td>
<td></td>
</tr>
<tr>
<td>Václav Soukup</td>
<td>Director of Division 5</td>
<td></td>
</tr>
<tr>
<td>René Hermann</td>
<td>Director of Division 6</td>
<td></td>
</tr>
<tr>
<td>Jaromír Kunrt</td>
<td>Director of Division 7</td>
<td></td>
</tr>
<tr>
<td>Pavel Šrámek</td>
<td>Director of Division 8</td>
<td></td>
</tr>
<tr>
<td>Ivan Kajer</td>
<td>Director of Division 9</td>
<td></td>
</tr>
<tr>
<td>Vladimír Kríž</td>
<td>Director of Division 10 – organizational unit Bratislava</td>
<td>[until 30 September 2004]</td>
</tr>
<tr>
<td>Ivan Škripeň</td>
<td>Director of Division 10 – organizational unit Bratislava</td>
<td>[from 1 October 2004]</td>
</tr>
<tr>
<td>Jan Richtr</td>
<td>Director of Division 11</td>
<td></td>
</tr>
<tr>
<td>Vladimír Meitner</td>
<td>Property Development Division Director</td>
<td></td>
</tr>
</tbody>
</table>