

HOCHTIEF CZ a. s.

COMPANY REPORT 2012



Turning Vision into Value.



HOCHTIEF

HOCHTIEF WORLDWIDE:

A SELECTION OF THE MANY COMPANIES IN OUR DIVISIONS SHOWS HOCHTIEF'S GLOBAL PRESENCE WITH THE GROUP STRUCTURE FROM 2012

HOCHTIEF Americas

Turner (USA, Canada)
Flatiron (USA, Canada)
E.E. Cruz (USA)
Clark Builders (Canada)

HOCHTIEF Asia Pacific

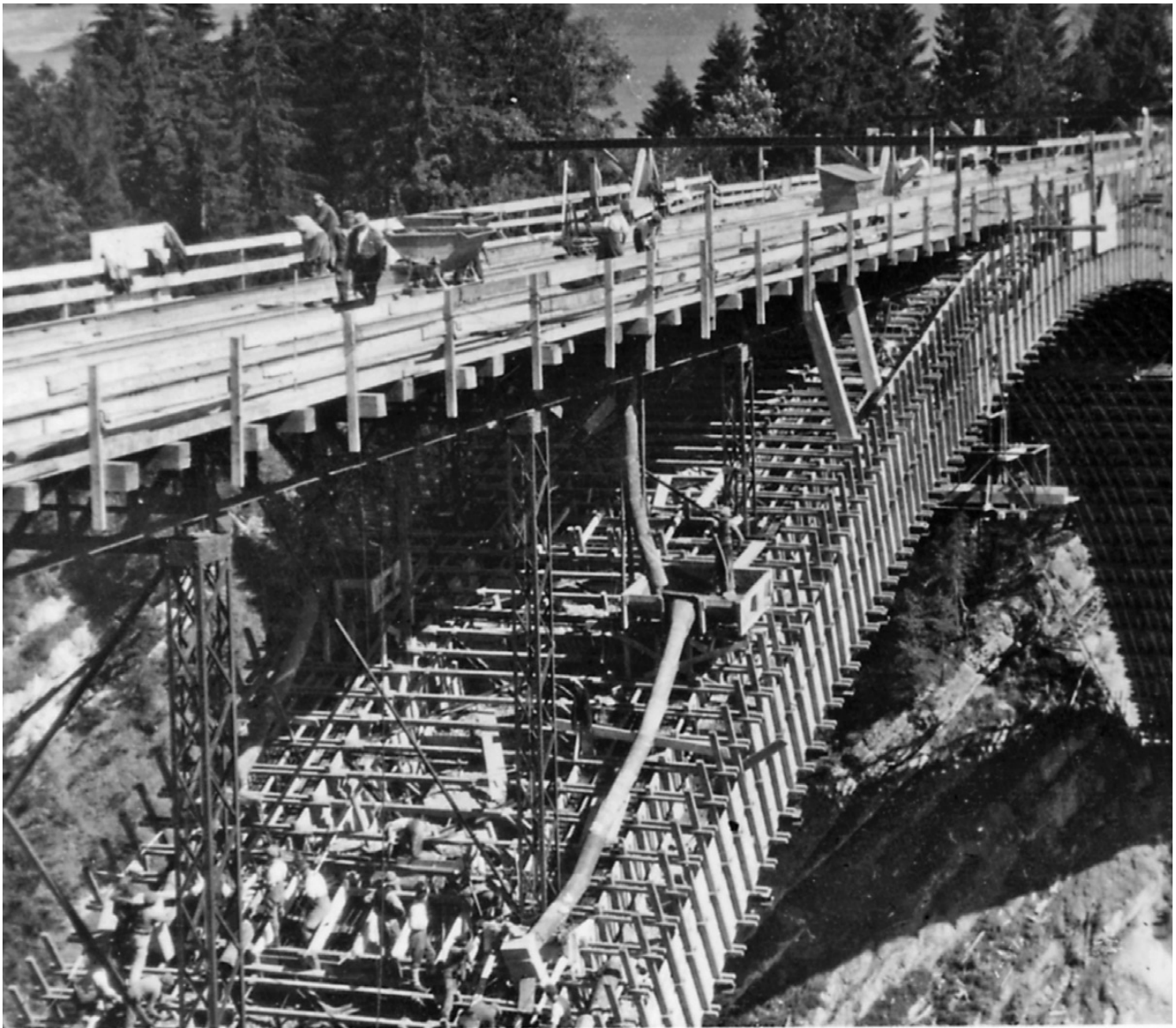
Leighton Holdings (Australia)
Leighton Contractors (Australia, Botswana, New Zealand)
Thiess (Australia, India, Indonesia)
John Holland Group (Australia)
Leighton Properties (Australia)
Leighton Asia (Cambodia, Hong Kong, India, Indonesia, Laos, Macau, Malaysia, Mongolia, Philippines, Singapore, Taiwan,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

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, Turkey, UK)
HOCHTIEF ViCon (Germany, Qatar)
Streif Baulegistik (Austria, Germany, Poland, Qatar, Russia, Ukraine)
HOCHTIEF Property Management (Germany)
aurelis Real Estate (Germany)
HOCHTIEF Energy Management (Germany)
HOCHTIEF PPP Solutions (Canada, Chile, Germany, Greece, India, Ireland, UK, USA)







This year HOCHTIEF celebrates 140th anniversary of its foundation. Looking back we see a rich and successful past. Since 1873 our employees have set and built architectural milestones of history, still standing now in testimony of our worldwide recognized experience. Even after 140 years our trademark still stands for quality and precision.

140^{YEARS} HOCHTIEF

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CHAIRMAN OF THE EXECUTIVE BOARD AND CEO'S OPENING STATEMENT



Dear business partners,

Let me present the annual report of the joint-stock company HOCHTIEF CZ for 2012. In the previous years, I regularly opened my introductory word with reflecting the adverse situation in the construction industry. I think the time has come for me to slowly abandon this approach, for the adverse situation in the construction industry still persists, but it has become an everyday reality.

In the past years, our company has adopted a high number of both cost saving and reorganization measures. Today I am pleased to say that our timely, prompt and active response to the crisis in the construction industry has paid off. In the pages of the annual report last year I informed you that I had considered the year 2011 the year of stabilization. The company really consolidated, got used to the new organizational set-up and personnel changes and got rid of the burden from the past years. Our company rebound from this stable base into the year 2012. I dare say a year of success. For the first time from the start of the crisis our company achieved the planned results both in turnover and profit. We are entering the upcoming period with a sound work backlog.

As of the fourth quarter of 2012, we made final adjustments in our structure of divisions to cover the whole Czech market. As it is evident from the names, our Division Building Bohemia and Division Building Moravia focus on building construction contracts in Bohemia and Moravia. Division Traffic Infrastructure is active across the whole country in the area of traffic engineering. Division Property Development prepared new projects last year, with which it intends to enter the slowly recovering development market. In 2012 we intensified our efforts to establish our business in the Slovak market and these efforts have brought success in the form of several, even if only minor, projects. A significant part of our resources was engaged in preparation of our bid for the construction part of the project of completion of the 3rd and 4th block of the Nuclear Power Plant Temelín. It was a successful year also for our subsidiary Facility Management Česká republika s.r.o.

As I have observed at the beginning, depression in the construction industry still continues. The years of crisis have made the competitive environment in the construction market fiercer, far beyond the limit of being bearable. Small-size and financially less stable companies fight for their life and try to solve their problems by submitting tenders with prices that often do not even cover their overheads. I find the source of difficulty mainly in delayed commencement of some contracts that have already been duly tendered. In the current situation, each slump caused by a won but for various procedural reasons postponed contract is of significance. Problems of the Czech construction market are far from being averted but the year 2012 and results of the company HOCHTIEF CZ fill me with new hope and belief that the situation is gradually taking a turn for the better. I believe that the all of us will work together on meeting this target.

Dear friends,

In conclusion, I would like to thank you for your cooperation in 2012 and allow me to express my hope that the company HOCHTIEF CZ shall remain your important business partner.



Tomáš Bílek
Chairman of the Executive Board and CEO

REPORT OF THE SUPERVISORY BOARD OF HOCHTIEF CZ a. s.

In 2012 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 statement for 2012 and acknowledged its verification by auditors.

The Supervisory Board recommends the sole shareholder of the company to approve the regular financial statement of HOCHTIEF CZ a. s. for 2012.

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 2012.

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.



Roberto Simoni

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



We keep the world moving. The roads and motorways we build make life easier for the motorists, the railway tunnels save precious time of the passengers. Our technology competences include all areas of traffic infrastructure and enable us to fulfil your most demanding wishes. The traffic infrastructure network we create supports growth of our economy and prosperity of our country.



THE BUSINESS ENVIRONMENT IN 2012

Economy of the Czech Republic registered further decrease in 2012. Growth of the gross domestic product (GDP) was not restored – it slumped by 1.1 percentage point. Significant change cannot be foreseen even in 2013. Fiscal consolidation, a condition of further development of economy, and clear definition of government's investment policy, reflected strongly in government budget, would contribute to improving of the situation. In the last year the prices rose fastest in the past four years. Average annual inflation has risen to 3.3%, which is 1.4 percentage point more than in 2011.

Construction industry with share of approximately 12% in the GDP is one of the most important sectors of the national economy. With over 420 thousand employees the construction industry is the third largest employer in the Czech Republic. In 2012 the unemployment affected 545,311 people, which amounts to 9.4%. Further growth of unemployment, in excess of the alarming 10%, is expected in 2013. The negative outlook for the upcoming period is especially disconcerting. According to the current analytic information, U-turn is not to be expected and in the construction business further decrease of production will be registered in 2013 – by more than 26% in comparison to the years of the boom.

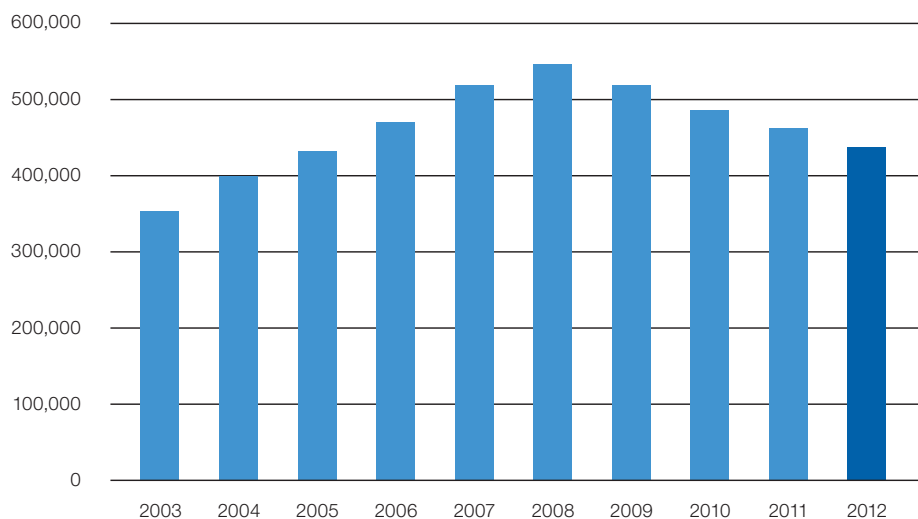
2012 was for the Czech construction industry fourth in the row with downward trend. According to the last, unconsolidated data of the Czech Statistical Office the year-on-year decrease in the sector amounts to 10.2%. The main source behind this development was civil construction with decrease of 22.8%. Building construction went down by 5.8%. Comparison of this situation with 2008 shows decrease in the sector of nearly 25%.

The total work done of the construction works in the value of approximately CZK 440 bil. (estimation of CSO) in 2012 is approaching the values achieved approximately a decade ago – CZK 402 bil. in 2004. This corresponds also with number of the newly issued construction permits – 98,430 in 2012. Decrease from 2008 by 19.5%, and from 2006 by 27.3%. Also the value of the issued construction permit of CZK 321 bil. in 2012, in comparison the CZK 390 bil. in 2008, demonstrates clear persistent decrease in construction production.

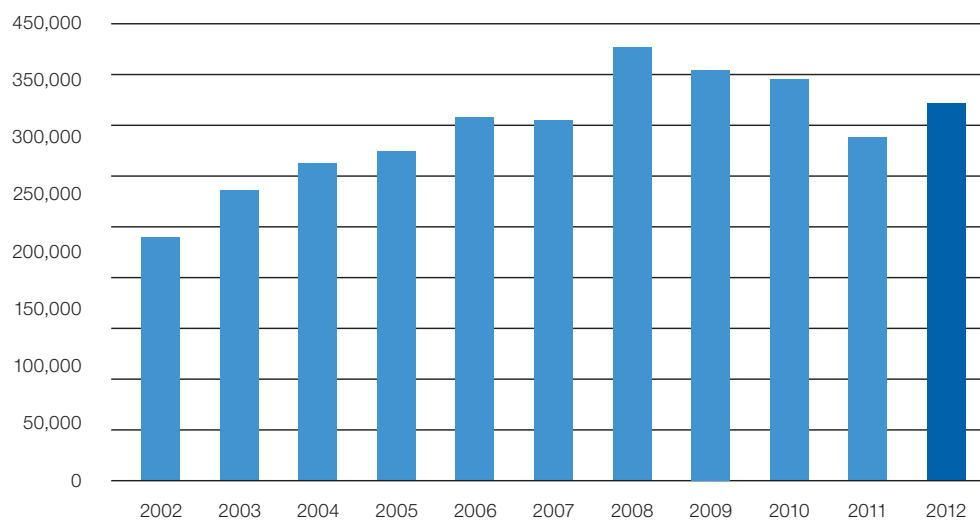
Ongoing European and global economic crisis prevented recovery of investment interest of private investors and caused continuing cutbacks in investment resources of government and municipal budgets. In addition, investments from EU Structural Funds were not drawn in the planned volumes. Projects suitable for execution are not adequately prepared and national financial resources for co-financing are insufficient. In 2012, the deficit in drawing funds from the EU through operational programmes widened.

Analysts predict that the development of economy will not be overly positive. In a national economy recession manifests itself with a delay and it has not yet fully developed in the Czech Republic. And it is in 2013, when the specialists expect its impact on the economy. Average year-on-year inflation for this year could reach the approximate value of 2.3%, which is one percentage point less than in 2012.

Construction works (CZK million)



Tentative value of building permits (CZK million)



QUALITY MANAGEMENT SYSTEM

Integrated Quality Management System, comprising quality (ISO 9001), safety (OHSAS 18001) and environmental protection (ISO 14001), is the basis of fully functioning management system of HOCHTIEF CZ and its business activities.

In regular annual audits by certification authority we prove that our quality management system is functional and meets the given requirements. We also present improvements of the management system we managed to achieve in the past period.

To improve the activities of management system we use, in conformity with the HOCHTIEF group strategy, the Continuous Improvement Process - CIP. Within this programme we apply measures from its selected topical objectives, connected with mid-term and annual targets of the company.

In the past year we implemented updated tools for risk and chance management system of HOCHTIEF group to support efficiency of project management.

An employee satisfaction survey, which took place in April of the last year, indicated the possibilities in improvement of management system, mainly in the area of internal communication. Working groups were established to propose measures for the selected areas that were assessed as most critical. Conclusions of groups' activities were discussed with management of the company and the Executive Board of HOCHTIEF CZ subsequently adopted a set of measures for improvement.

In the past year we also worked on promotion and improvement of principles of legal and ethical conduct within the programme Compliance. The objective of the programme is to prevent unlawful conduct and to implement all necessary measures for protection of HOCHTIEF CZ, its organization units and employees from violation of law and internal regulations.

With the aim to improve its position in the construction market of the Czech Republic, in the last quarter of 2012 the joint-stock company HOCHTIEF CZ underwent extensive changes in the organization and management, including personnel changes in the management of the company, with effect on practically each of its employees.

In 2012 we successfully passed a client audit by joint-stock company ČEZ in the quality management system in execution and securing of activities, connected to use of nuclear power and radiation. We have proved also here that precision and quality are to HOCHTIEF CZ a second nature. On the basis of satisfactory result of the audit the validity of certificate on qualification to comprehensive deliveries of constructions, their modifications and removal, production and installation of steel structures and locksmith's products, maintenance of logical complexes in the scope of contractual requirements of the client, was extended until 28 February 2015.

The company was not active in the area of research and development in 2012.



We move the transport below the surface and thus protect you from the ever present traffic. We choose the shortest route through barriers in your life. Our metro tunnels, whether driven or cut-and-cover, take you around our capital easier and faster, help you to get effortlessly to your homes and your workplaces and improve your comfort and safety when you drift in the depths of Prague underground.



RELATION TO THE ENVIRONMENT

Environmental protection is part of the Integrated Management System in HOCHTIEF CZ. In 2012, an EMS (Environmental Management System) certification audit was conducted in accordance with the revised ČSN ISO 14001:2005 standard, which proved that the system is implemented and maintained effectively.

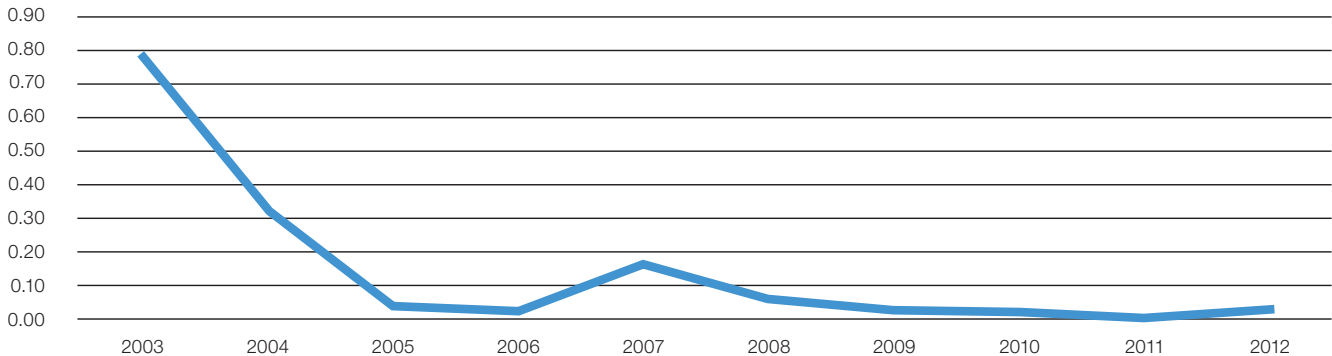
Employees of the company assess the impact of their work on the environment during all their activities. The company puts emphasis on preventive measures; these are especially training of the personnel, acquainting the suppliers with the principles of optimization of technological methods or responsible choice of plant and machinery. This approach of HOCHTIEF CZ brings about reduction in the cost of raw materials and power and promotes effective waste management control – in particular, by reduction of the share of hazardous waste and by minimization of the risk of accidents, injuries to health and damage to the environment.

Furthermore in 2012 company has successfully defended the EMAS Programme (company environmental management and audit system) according to the Ordinance of the European Parliament and the European Committee no. 1221/2009. The audit primarily verified the activities of environmental management and environmental bookkeeping.

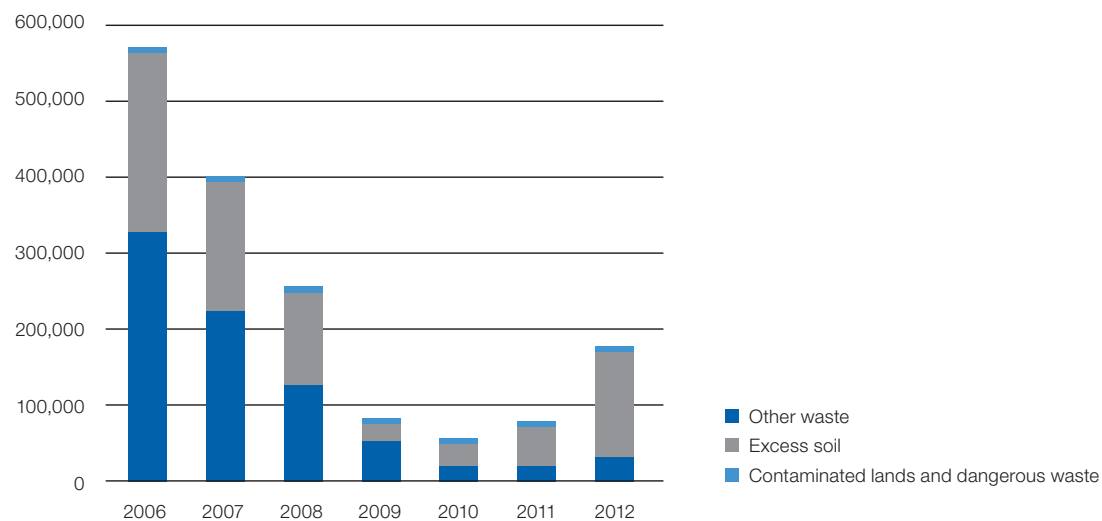
Internal and external communication is an important process. The company makes use of suggestions from the employees as well as interested parties for further development of relationships in the field of environmental protection. The joint-stock company HOCHTIEF thus continuously improves its environmental profile.

In 2012 up to 83% of our waste was disposed of and sorted in the recycling yards. Therefore, the waste does not end in the waste dumps and is ecologically disposed of.

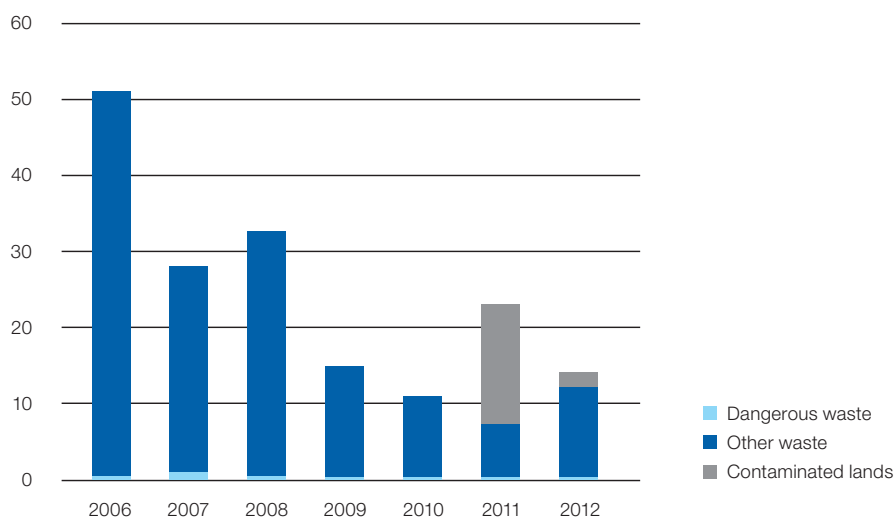
Total volume of dangerous waste (ton/1 mil. of own work done in main building operations)



Overall structure of waste volume (ton)



Costs of waste disposal (CZK million)



HUMAN RESOURCES

Continuous care for our employees is an important part of HOCHTIEF CZ. We appreciate their hard work and we try to support them in their efforts and to reward them accordingly.

We pay continuous attention to occupational health and safety. Our established OHS system is regularly improved and perfected. By training and inspections we educate our employees as well as our subcontractors in safe performance of work. We closely cooperate with Regional Labour Inspectorates, which we consider to be partners, rather than an inspection authority. We manage to maintain the development of frequency of work related accidents on half of the total number of accidents in construction industry in the Czech Republic. Motto of our company is “I arrived to work in full health, in full health I want to return home to my family”.

Education system is applied throughout the whole company. Workshops and both single and repetitive trainings enable the employees to actively advance their skills and then to put them into practice.

Only systematic and permanent development of skill and knowledge of our employees will ensure high quality of work we provide for our clients.

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 best employees is an important incentive in achieving excellent results.

For our employees we organize a number of employee activities. Even family members are not left out. From the resources of our welfare fund we attend to the welfare needs of the staff, providing them

spa treatments, supporting various cultural, educational and sports activities. In case of need, the employees can use interest-free loans from the fund.

We want to hear opinions of our employees on the workings of the company. Therefore, in 2012 two satisfaction surveys took place. The management of the company has examined the survey results with great attention and appointed working groups to prepare measures in the areas where the employees' evaluation was average or below average. The adopted measures will be implemented in the company in 2013.

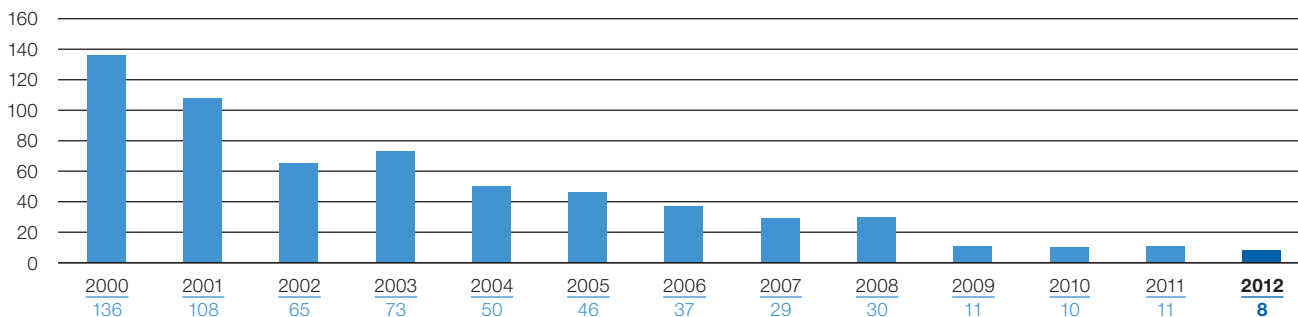
Relationship and the negotiations with the trade union were mutually correct and open. This resulted in the signing of Attachment no. 1 and Attachment no. 2 to the Collective Agreement.

As at 31 December 2012 the joint stock company HOCHTIEF CZ employed the total of 1,088 employees.

Category		Total
Employee total		1,088
of which	men	923
	women	165
Total	blue collars	485
of which	men	482
	women	3
Total	white collars	603
of which	men	441
	women	162

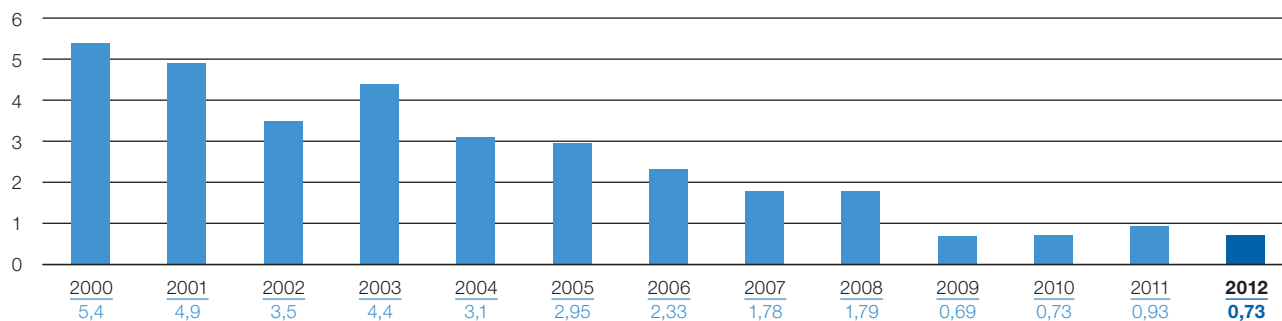
Number of accidents at work in HOCHTIEF CZ a. s.

2000–2012

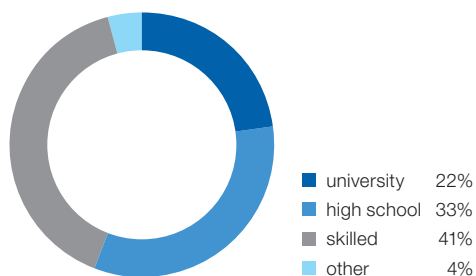


Frequency of accidents at work in HOCHTIEF CZ a. s.

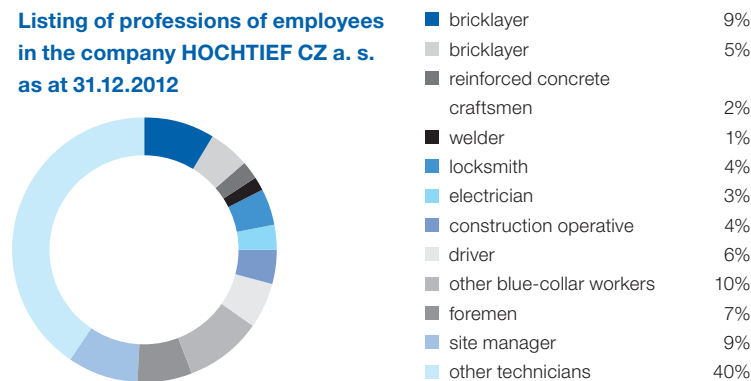
2000–2012 (number of accidents per 100 employees)



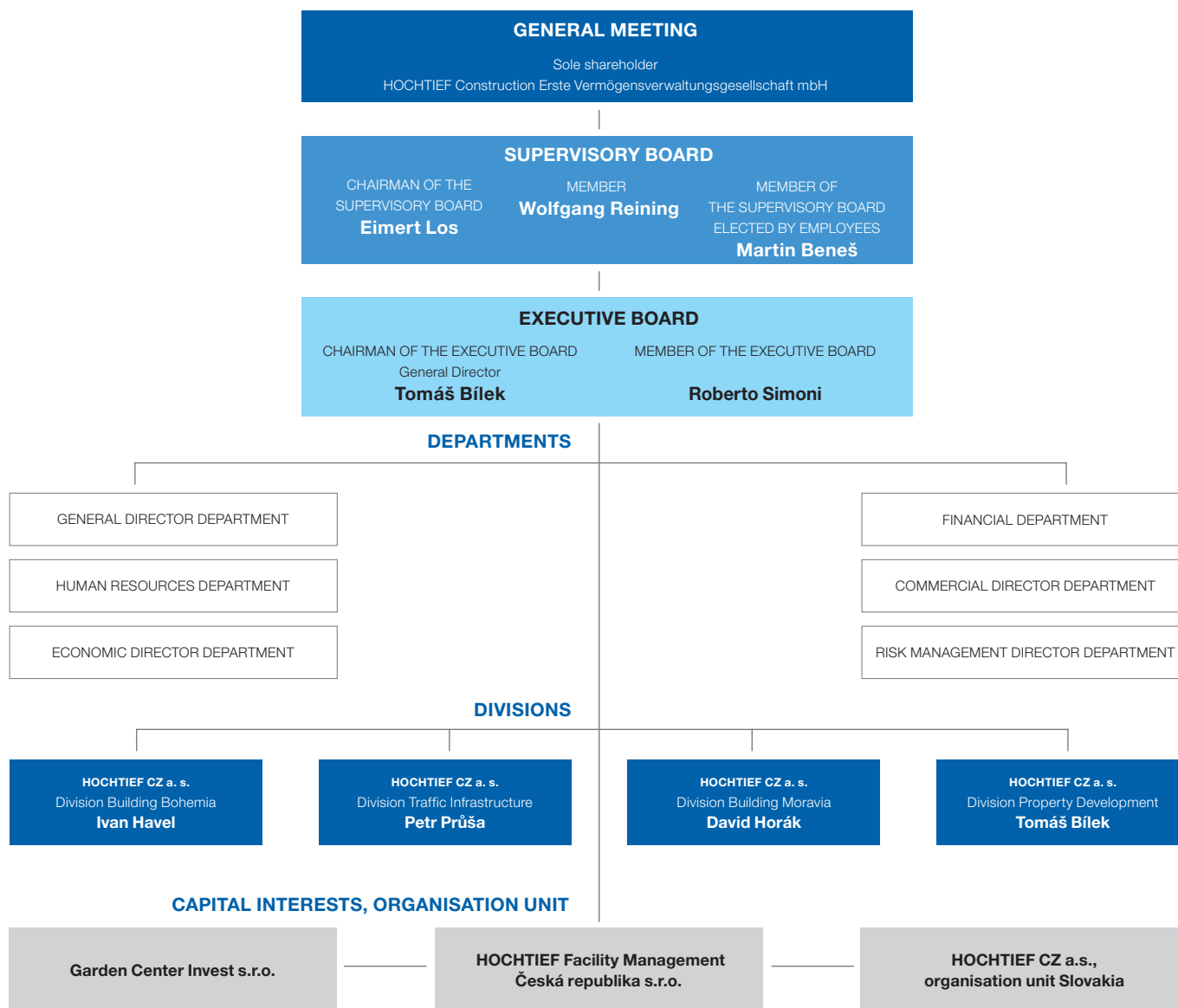
Qualification structure of employees of HOCHTIEF CZ a. s. as at 31.12.2012



Listing of professions of employees in the company HOCHTIEF CZ a. s. as at 31.12.2012



ORGANIZATIONAL STRUCTURE OF HOCHTIEF CZ a. s. as at 31 December 2012





We build the world around us. We are also good at looking after architectonic and construction works we inherited from the past generations. We give a new face to historical monuments, we bring them back to life and enrich them with elements of modern architecture and construction technologies. Our reconstructions are sensitive with recognition of the historical heritage we have been bestowed.



FINANCIAL MANAGEMENT

In comparison to the previous year the joint stock company HOCHTIEF CZ reached stable result in 2012, despite the worsening market conditions and lower sales. The measures adopted in 2011, focused on the restructuring of the business of building construction, improved the rate of return on our sales. Our increased effort led to new order exceeding the total sales.

Following the result of CZK 48.6 mil. in 2011, in 2012 the company generated earnings before taxes of CZK 41.2 mil. While the business in the traffic infrastructure segment offered sound results, building construction was under pressure of doubtful receivables and highly competitive environment.

We made additional investment in acquisition of long-term projects, to secure for the company development in the segments offering stable revenues and margin. We expect the impact of these measures to become obvious in the upcoming years in supporting the backlog of strategic projects.

Market environment and continuing conservative approach in acquiring solely profitable projects lowered the work done from CZK 5.035 mil. in 2011 to CZK 4.121 mil. in 2012. In contrast to the previous year new orders exceeded annual work done significantly. Order backlog with CZK 3.804 mil. gives theoretical certainty of work for the following 10 months.

Total equity reached the level of CZK 1,000 mil. in 2012, cash and cash equivalent decreased by 64% to CZK 208 mil. after the increase by 41% to CZK 582 mil. in 2011.

In 2012 the total assets decreased by 22% to the value of CZK 3,594 mil. due to the decrease of operative receivables.

The joint-stock company HOCHTIEF CZ paid its shareholder dividends in the value of CZK 10 mil.

RISK MANAGEMENT

HOCHTIEF CZ has a comprehensive risk management system, in line with the HOCHTIEF group risk management system. We further refined and improved this system in 2012. It enables us to identify risks and negative development in early stages and to take adequate measures on time. With the use of this system the amount of critical receivables has been decreased.

In 2012 we reached record-breaking share of the clients of public and industrial sector, whereas private developer projects are contracted under strict financial and contractual conditions only. A restrictive selection of reliable partners remains to play a key role in our business development.

OUTLOOK

Highly competitive market environment will not change in the near future. Especially low government investments in projects of traffic infrastructure present a major hurdle for development of construction industry of the Czech Republic. Further adjustment of capacities is necessary and expected.

Depending on the development of the European financial crisis and the economic development of the country we expect a slight improvement in residential development and a stable demand for industrial buildings. Investments into office buildings and similar development projects will remain on a low level comparable to the pre-crisis years.

MAIN ECONOMIC INDICATORS

Main economic indicators for 2012 (in million CZK)

Work done	4,121
Earnings before taxes	41
Net profit	25
Total assets	3,594
Equity	1,000
Employees – recalculated average	1,105

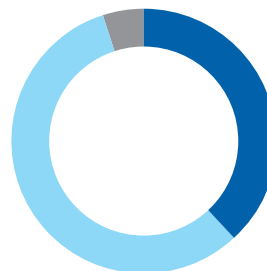
Main economic indicators for 2011 (in million CZK)

Work done	5,053
Earnings before taxes	49
Net profit	28
Total assets	4,381
Equity	987
Employees – recalculated average	1,183

Main economic indicators for 2010 (in million CZK)

Work done	5,015
Earnings before taxes	18
Net profit	6
Total assets	4,282
Equity	965
Employees – recalculated average	1,369

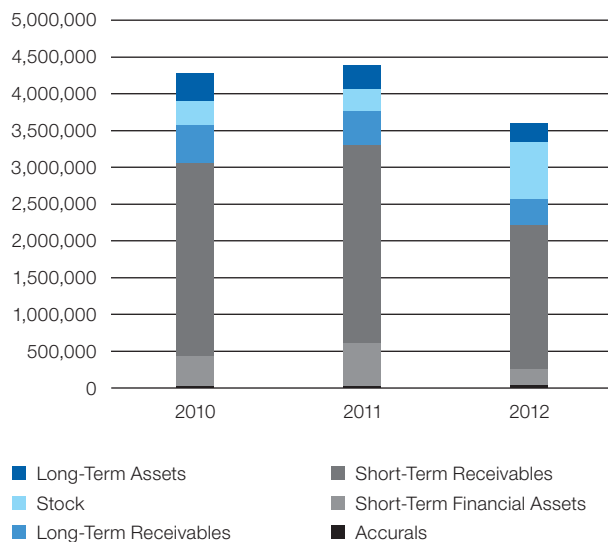
Work done for 2012 by type of construction (million CZK)



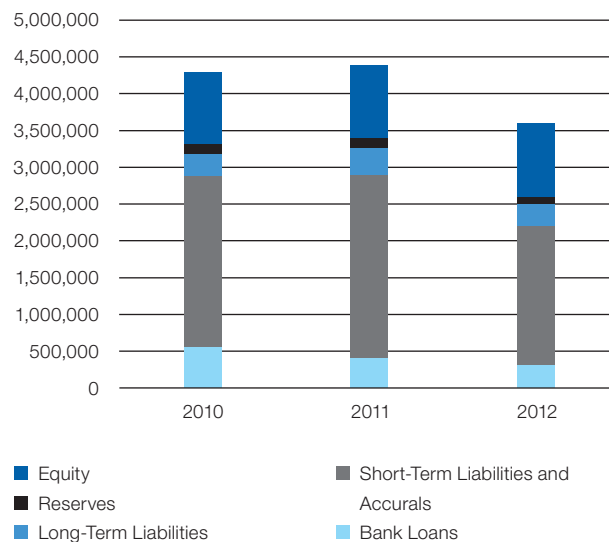
■ Building construction	1,573
■ Infrastructure	2,349
■ Other/Services	199

STRUCTURE OF THE COMPANY'S BALANCE SHEET

Assets



Liabilities





With our activities we change the environment that surrounds us. With construction we create unmissable part of our lives. We take pleasure in the effort to build buildings for you that are not only useful but also sightly and interesting. We are delighted that the construction we build for you make our surroundings nicer and complement the architecture of our towns.



SHAREHOLDER STRUCTURE OF HOCHTIEF CZ a. s. as at 31 December 2012

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

CORPORATE BODIES

In 2012 the joint-stock company HOCHTIEF CZ was managed by a four-member Executive Board:

Executive Board of HOCHTIEF CZ a. s.

Tomáš Bílek	Chairman of the Executive Board and CEO
Peter Maronna	Member of the Executive Board and Economic Director until 29 August 2012
Roberto Simoni	Member of the Executive Board since 24 September 2012

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

Eimert Los	Chairman of the Supervisory Board
Roberto Simoni	Member of the Supervisory Board until 4 September 2012
Wolfgang Reining	Member of the Supervisory Board since 4 September 2012
Martin Beneš	Member of the Supervisory Board, elected by employees

As of 1 March 2013, Jörg Mathew was appointed a new member of the Board of Directors. The resigning member of the Board of Directors, Roberto Simoni, was appointed the Chairman of the Supervisory Board. Eimert Maurits Alexander Los resigned from the Supervisory Board.



Water is an essential part of our life. So we protect its sources and manage its effects. Our constructions purify water, treat it, retain and store it. With waterworks, riverbeds, weirs, dams or retarding basins we control the flow of water. This way it does not become a threat and remains a life-giving element.





FINANCIAL
PART

140^{YEARS}CHTIEF

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 2012 to 31 December 2012

In accordance with Section 66a (9) of Act No. 513/1991 Coll., the Commercial Code, the Board of Directors 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 Construction Erste Vermögensverwaltungsgesellschaft mbH 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 2012 to 31 December 2012.

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 and subsidiaries or associated companies of this related party.

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 Solutions AG	Loan contract	Cash Pooling Contract
	Contract for the lease of employees	Metro Motol Project
	Contract for technical advisory	Metro Motol Project
	Contract for the lease of tunnelling machinery	Filing of a proposal for the 3 rd and 4 th block of the Temelín nuclear power station
	Cooperation contract	
HOCHTIEF Solutions AG, organizační složka	Contract for work	SOKP 514
	Contract for association	Lahovice-Slivenec Drive through the Ústí nad Orlicí railway junction
HOCHTIEF Construction Slovakia s.r.o.	Contract for the lease of employees	
	Contract for work	Metro Motol project
	Contract for technical advisory	
HOCHTIEF Development Czech Republic s.r.o.	Contract for bookkeeping and payroll services	Bookkeeping and payroll services
ACL Investment, a.s.	Contract for bookkeeping	Bookkeeping
Euripus s.r.o.	Contract for bookkeeping	Bookkeeping
MEDSKA, s.r.o.	Contract for bookkeeping	Bookkeeping

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

V. Paid Dividends

In 2012, the Company paid dividends from the profit to the parent company, HOCHTIEF Construction Erste Vermögensverwaltungsgesellschaft mbH, for the year ended 31 December 2011 in the amount of CZK 10,000 thousand.

VI. Income with Related Parties

(CZK thousand)

Entity	Relation to the Company	Products	Services	Total
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	(15,820)*	843	(14,977)
HOCHTIEF Solutions AG, organisational branch	Fellow subsidiary	6,154	1,027	7,181
HOCHTIEF Solutions AG	Parent	0	6,588	6,588
HOCHTIEF Construction Slovakia s.r.o.	Fellow subsidiary	0	682	682
ACL Investment, a.s.	Related party	0	120	120
Euripus, s.r.o.	Related party	0	60	60
MEDSKA, s.r.o.	Related party	0	36	36
Total		(9,666)	9,356	(310)

* Amounts include correcting tax documents

VII. Purchases from Related Parties

(CZK thousand)

Entity	Relation to the Company	Services	Financial expenses	Total
HOCHTIEF Solutions AG	Parent company	24,119	4,477	28,596
HOCHTIEF Construction Slovakia s.r.o.	Fellow subsidiary	44,194	0	44,194
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	178	0	178
Total		68,491	4,477	72,968

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 Board of Directors of the controlled entity HOCHTIEF CZ a.s. on 30 March 2013 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 2013

Representatives of the Board of Directors of the controlled entity:



Tomáš Bílek
Chairman of the Executive Board



Jörg Mathew
Member of the Executive Board

Financial Statements

Financial Statements as at 31 December 2012

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 2012

Financial Statements were compiled on 14 May 2013.



Tomáš Bílek
Chairman of the Executive Board



Jörg Mathew
Member of the Executive Board

Balance Sheet full version

As of 31.12.2012 (in CZK thousand), HOCHTIEF CZ a. s., Corporate ID 46678468, Plzeňská 16/3217, 150 00 Prague 5

			31.12.2012	31.12.2011
	Gross	Adjustment	Net	Net
	4,618,339	1,024,509	3,593,830	4,380,905
TOTAL ASSETS				
A. Receivables for subscribed capital				
B. Fixed assets	999,585	749,475	250,110	314,613
B.I. Intangible fixed assets	143,203	46,830	96,373	107,496
B.I.1. Start-up costs				
B.I.2. Research and development				
B.I.3. Software	22,824	21,492	1,332	2,387
B.I.4. Valuable rights	280	280		51
B.I.5. Goodwill				
B.I.6. Other intangible fixed assets	99	58	41	58
B.I.7. Intangible fixed assets under construction	120,000	25,000	95,000	105,000
B.I.8. Prepayments for intangible fixed assets				
B.II. Tangible fixed assets	738,830	604,770	134,060	161,590
B.II.1. Land	11,148	2,566	8,582	8,733
B.II.2. Structures	215,448	133,332	82,116	87,738
B.II.3. Individual movable assets and sets of movable assets	492,645	452,877	39,768	55,558
B.II.4. Perennial crops				
B.II.5. Breeding and draught animals				
B.II.6. Other tangible fixed assets	13,983	10,389	3,594	4,087
B.II.7. Tangible fixed assets under construction				5,474
B.II.8. Prepayments for tangible fixed assets	5,606	5,606		
B.II.9. Valuation difference on acquired assets				
B.III. Non-current financial assets	117,552	97,875	19,677	45,527
B.III.1. Equity investments - subsidiary (controlled entity)	115,552	97,875	17,677	43,527
B.III.2. Equity investments in associates				
B.III.3. Other securities and investments	2,000		2,000	2,000
B.III.4. Loans and borrowings - controlled or controlling entity, associates				
B.III.5. Other non-current financial assets				
B.III.6. Acquisition of non-current financial assets				
B.III.7. Prepayments for non-current financial assets				
C. Current assets	3,570,622	275,034	3,295,588	4,037,052
C.I. Inventories	778,944	5,747	773,197	300,420
C.I.1. Material	40,649	1,387	39,262	26,852
C.I.2. Work in progress and semifinished goods	594,231		594,231	195,822
C.I.3. Products	4,307		4,307	2,511
C.I.4. Animals				
C.I.5. Goods	139,757	4,360	135,397	75,235
C.I.6. Prepayments for inventory				
C.II. Long-term receivables	352,349		352,349	457,596
C.II.1. Trade receivables	193,028		193,028	393,884
C.II.2. Receivables - controlled or controlling entity				
C.II.3. Receivables - substantial influence				
C.II.4. Receivables from partners and association members				
C.II.5. Long-term prepayments made				
C.II.6. Estimated receivables				
C.II.7. Other receivables	88,300		88,300	
C.II.8. Deferred tax asset	71,021		71,021	63,712
C.III. Short-term receivables	2,231,521	269,287	1,962,234	2,697,271
C.III.1. Trade receivables	1,807,273	224,906	1,582,367	2,453,771
C.III.2. Receivables - controlled or controlling entity	304,494		304,494	78,486
C.III.3. Receivables - substantial influence				
C.III.4. Receivables from partners and association members	18,918		18,918	3,040
C.III.5. Social security and health insurance contributions				
C.III.6. State - tax receivables	9,339		9,339	42,565
C.III.7. Short-term prepayments made	29,908	5,867	24,041	5,320
C.III.8. Estimated receivables	18,071		18,071	20,221
C.III.9. Other receivables	43,518	38,514	5,004	93,868
C.IV. Current financial assets	207,808		207,808	581,765
C.IV.1. Cash on hand	4,106		4,106	1,033
C.IV.2. Cash at bank	203,702		203,702	580,732
C.IV.3. Short-term securities and investments				
C.IV.4. Acquisition of current financial assets				
D. I. Other assets	48,132		48,132	29,240
D.I.1. Deferred expenses	27,790		27,790	26,150
D.I.2. Complex deferred expenses				
D.I.3. Accrued income	20,342		20,342	3,090

		31.12.2012	31.12.2011
	TOTAL LIABILITIES & EQUITY	3,593,830	4,380,905
A.	Equity	1,000,466	986,786
A.I.	Share capital	350,736	350,736
A.I.1.	Share capital	350,736	350,736
A.I.2.	Treasury shares and holdings (-)		
A.I.3.	Changes in share capital		
A.II.	Capital funds	585	585
A.II.1.	Share premium		
A.II.2.	Other capital funds	585	585
A.II.3.	Gains or losses from the revaluation of assets and liabilities		
A.II.4.	Gains or losses from the revaluation upon transformations		
A.III.	Statutory funds	88,928	90,356
A.III.1.	Statutory reserve fund/Indivisible fund	75,792	75,792
A.III.2.	Statutory and other funds	13,136	14,564
A.IV.	Retained earnings	535,302	517,302
A.IV.1.	Accumulated profits brought forward	535,302	517,302
A.IV.2.	Accumulated losses brought forward		
A.V.	Profit or loss for the current period (+/-)	24,915	27,807
B.	Liabilities	2,589,484	3,390,456
B.I.	Reserves	91,373	132,579
B.I.1.	Reserves under special legislation		
B.I.2.	Reserve for pensions and similar liabilities		
B.I.3.	Income tax reserve		
B.I.4.	Other reserves	91,373	132,579
B.II.	Long-term liabilities	289,499	360,451
B.II.1.	Trade payables	272,271	336,667
B.II.2.	Payables - controlled or controlling entity		
B.II.3.	Payables - substantial influence		
B.II.4.	Payables to partners and association members	17,228	23,784
B.II.5.	Long-term prepayments received		
B.II.6.	Bonds issued		
B.II.7.	Long-term bills of exchange to be paid		
B.II.8.	Estimated payables		
B.II.9.	Other payables		
B.II.10.	Deferred tax liability		
B.III.	Short-term liabilities	1,893,903	2,479,376
B.III.1.	Trade payables	904,220	1,206,822
B.III.2.	Payables - controlled or controlling entity	4,413	48,019
B.III.3.	Payables - substantial influence		
B.III.4.	Payables to partners and association members	120,577	439,799
B.III.5.	Payables to employees	52,008	31,285
B.III.6.	Social security and health insurance payables	20,475	16,071
B.III.7.	State - tax payables and subsidies	13,790	4,862
B.III.8.	Short-term prepayments received	38,850	8,550
B.III.9.	Bonds issued		
B.III.10.	Estimated payables	734,165	716,054
B.III.11.	Other payables	5,405	7,914
B.IV.	Bank loans and borrowings	314,709	418,050
B.IV.1.	Long-term bank loans		
B.IV.2.	Short-term bank loans	314,709	418,050
B.IV.3.	Short-term borrowings		
C. I.	Other liabilities	3,880	3,663
C.I.1.	Accrued expenses	2,575	2,047
C.I.2.	Deferred income	1,305	1,616

Profit and Loss Account structured by the nature of expense method

Year ended 31.12.2012 (in CZK thousand), HOCHTIEF CZ a. s., Corporate ID 46678468, Plzeňská 16/3217, 150 00 Prague 5

	Year ended 31.12.2012	Year ended 31.12.2011
I. Sales of goods	1,464	1,912
A. Costs of goods sold		38
+ Gross margin	1,464	1,874
II. Production	4,120,836	5,053,514
II.1. Sales of own products and services	3,716,381	5,085,203
II.2. Change in internally produced inventory	400,206	(37,053)
II.3. Own work capitalised	4,249	5,364
B. Purchased consumables and services	3,295,992	4,076,523
B.1. Consumed material and energy	2,845,624	3,537,055
B.2. Services	450,368	539,468
+ Added value	826,308	978,865
C. Staff costs	691,318	667,078
C.1. Payroll costs	500,033	480,170
C.2. Remuneration to members of statutory bodies	10,241	8,437
C.3. Social security and health insurance costs	168,256	165,152
C.4. Social costs	12,788	13,319
D. Taxes and charges	7,834	10,260
E. Depreciation of intangible and tangible fixed assets	39,196	45,164
III. Sales of fixed assets and material	40,123	43,103
III.1. Sales of fixed assets	3,909	4,165
III.2. Sales of material	36,214	38,938
F. Net book value of fixed assets and material sold	34,815	38,396
F.1. Net book value of sold fixed assets	256	1,429
F.2. Book value of sold material	34,559	36,967
G. Change in reserves and provisions relating to operating activities and complex deferred expenses	(37,405)	80,459
IV. Other operating income	43,481	29,140
H. Other operating expenses	62,078	125,270
V. Transfer of operating income		
I. Transfer of operating expenses		
* Operating profit or loss	112,076	84,481
VI. Proceeds from the sale of securities and investments		
J. Cost of securities and investments sold		
VII. Income from non-current financial assets		
VII.1. Income from equity investments in subsidiaries and associates		
VII.2. Income from other non-current securities and investments		
VII.3. Income from other non-current financial assets		
VIII. Income from current financial assets		
K. Costs of financial assets		
IX. Income from the revaluation of securities and derivatives		
L. Costs of the revaluation of securities and derivatives		
M. Change in reserves and provisions relating to financial activities	35,850	13,688
X. Interest income	3,614	4,937
N. Interest expenses	13,328	14,556
XI. Other financial income	757	6,582
O. Other financial expenses	26,068	19,158
XII. Transfer of financial income		
P. Transfer of financial expenses		
* Financial profit or loss	(70,875)	(35,883)
Q. Income tax on ordinary activities	16,286	20,791
Q 1. – due	23,596	16,268
Q 2. – deferred	(7,310)	4,523
** Profit or loss from ordinary activities	24,915	27,807
XIII. Extraordinary income		
R. Extraordinary expenses		
S. Income tax on extraordinary activities		
S.1. – due		
S.2. – deferred		
* Extraordinary profit or loss		
T. Transfer of share of profit or loss to partners (+/-)		
*** Profit or loss for the current period (+/-)	24,915	27,807
**** Profit or loss before tax	41,201	48,598

Statement of Changes in Equity

Year ended 31.12.2012 (in CZK thousand), HOCHTIEF CZ a. s., Corporate ID 46678468, Plzeňská 16/3217, 150 00 Prague 5

	Share capital	Capital funds	Statutory funds	Accumulated profits brought forward	Accumulated losses brought forward	Profit or loss for the current period	TOTAL EQUITY
Balance at 31 December 2010	350,736	585	91,640	516,227		6,271	965,459
Distribution of profit or loss				6,271		(6,271)	
Change in share capital				(196)			(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
Balance at 31 December 2011	350,736	585	90,356	517,302		27,807	986,786
Distribution of profit or loss				27,807		(27,807)	
Change in share capital				193			193
Dividends paid				(10,000)			(10,000)
Payments from capital funds			(1,428)				(1,428)
Profit or loss for the current period						24,915	24,915
Balance at 31 December 2012	350,736	585	88,928	535,302		24,915	1,000,466

Cash Flow Statement

Year ended 31.12.2012 (in CZK thousand), HOCHTIEF CZ a. s., Corporate ID 46678468, Plzeňská 16/3217, 150 00 Prague 5

	Year ended 31.12.2012	Year ended 31.12.2011
P.	Opening balance of cash and cash equivalents	581,765
	<i>Cash flows from ordinary activities</i>	
Z.	Profit or loss from ordinary activities before tax	41,201
A.1.	Adjustments for non-cash transactions	46,133
A.1.1.	Depreciation of fixed assets	39,196
A.1.2.	Change in provisions and reserves	513
A.1.3.	Profit/(loss) on the sale of fixed assets	(3,653)
A.1.4.	Revenues from dividends and profit shares	
A.1.5.	Interest expense and interest income	9,714
A.1.6.	Adjustments for other non-cash transactions	363
A.*	Net operating cash flow before changes in working capital	87,334
A.2.	Change in working capital	(26,872)
A.2.1.	Change in operating receivables and other assets	1,062,702
A.2.2.	Change in operating payables and other liabilities	(613,816)
A.2.3.	Change in inventories	(475,758)
A.2.4.	Change in current financial assets	
A.**	Net cash flow from operations before tax and extraordinary items	60,462
A.3.	Interest paid	(13,328)
A.4.	Interest received	3,614
A.5.	Income tax paid from ordinary operations	(33,444)
A.6.	Receipts and expenditures relating to extraordinary activities	
A.7.	Received dividends and profit shares	
A.***	Net operating cash flows	17,304
	<i>Cash flows from investing activities</i>	
B.1.	Fixed assets expenditures	(10,789)
B.2.	Proceeds from fixed assets sold	3,909
B.3.	Loans provided to related parties	(226,007)
B.***	Net investment cash flows	(232,887)
	<i>Cash flow from financial activities</i>	
C.1.	Change in payables from financing	(146,946)
C.2.	Impact of changes in equity	(11,428)
C.2.1.	Cash increase in share capital	
C.2.2.	Capital payments to partners	
C.2.3.	Other cash contributions made by partners	
C.2.4.	Settlement of loss by partners	
C.2.5.	Payments from capital funds	(1,428)
C.2.6.	Dividends paid	(10,000)
C.***	Net financial cash flows	(158,374)
F.	Net increase or decrease in cash and cash equivalents	(373,957)
R.	Closing balance of cash and cash equivalents	207,808

Basic Company Data for the year 2012

HOCHTIEF CZ a. s.

Plzeňská 16/3217, 150 00 Prague 5

Company Id. no.: 46678468, VAT no.: CZ46678468

Registered at the Municipal Court in Prague, section B,

Insert no. 6229

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Capital participations

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Garden Center Invest s.r.o.

Plzeňská 16/3217, 150 00 Prague 5

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Project Information:

Prague, Canadian Embassy – investor: Department of Foreign Affairs and International Trade Canada.

Ostrava, Construction of a New Multifunctional Building of FEI VŠB – TU Ostrava – title page: The project was executed with financial support from the EU.

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Company Report 2011 on our
website.

