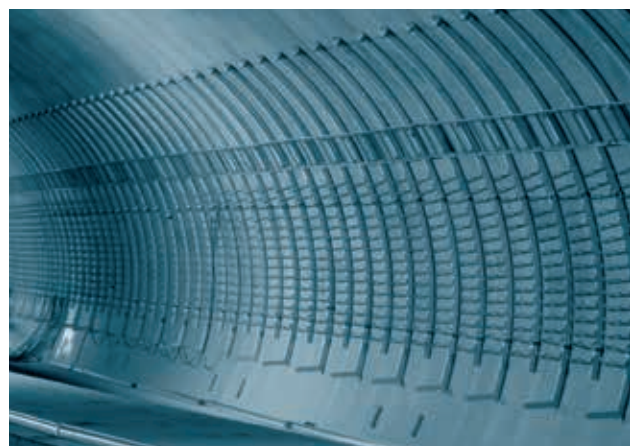


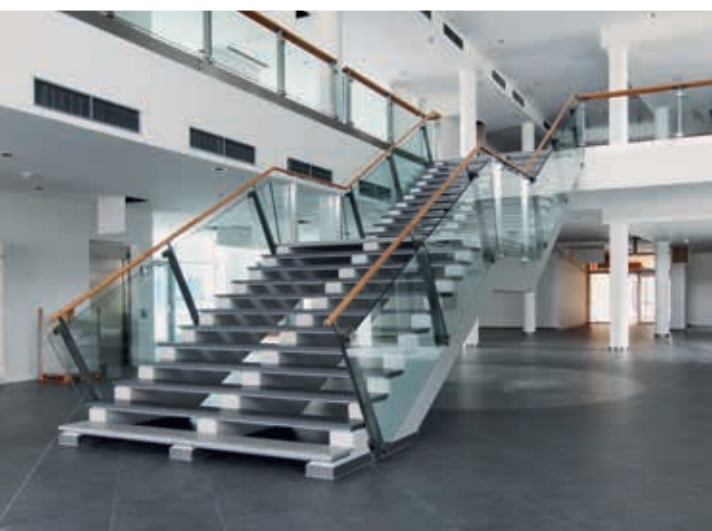
HOCHTIEF CZ a. s.

# COMPANY REPORT 2013





## We set the projects' course



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The Faculty of Electrical Engineering and Computer Science of the Technical University of Ostrava finally has its own facilities. Prior to construction of this multifunctional building, the students found their refuge in sixteen buildings spread around the university campus.

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Construction of a new multifunctional building of the Faculty  
of Electrical Engineering and Computer Science  
of the Technical University, Ostrava



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Basic Information on the Company for 2013 (back page of the cover)





# HOCHTIEF WORLDWIDE

HOCHTIEF GROUP COMPANIES IN 2013

## 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, Papua New Guinea)

Thiess (Australia, India, Indonesia)

John Holland Group (Australia, Hong Kong,  
New Zealand, Singapore)

Leighton Properties (Australia)

Leighton Asia, India and Offshore (Cambodia, China,  
Hong Kong, India, Indonesia, Laos, Macau, Malaysia,  
Mongolia, Philippines, Singapore, Thailand, Vietnam)

Habtoor Leighton Group (Iraq, Qatar, Kuwait,  
Oman, Saudi Arabia, United Arab Emirates)

## HOCHTIEF Europe

HOCHTIEF Solutions (Germany)

HOCHTIEF Building (Germany)

HOCHTIEF Infrastructure (Austria, Bulgaria, Chile, Czech Republic,  
Germany, Greece, Latvia, Netherlands, Norway, Peru, Poland, Qatar,  
Romania, Russia, Serbia, South Africa, Sweden, Switzerland, Turkey, UK)

HOCHTIEF Engineering (Germany, India, Qatar)

HOCHTIEF PPP Solutions (Canada, Chile, Germany, Greece,  
Ireland, Netherlands, UK, USA)

HOCHTIEF ViCon (Germany, Qatar)

HOCHTIEF Projektentwicklung (Austria, Czech Republic,  
Germany, Poland, Switzerland, Turkey)

formart (Austria, Germany, Luxembourg)

aurelis (Germany)

HOCHTIEF Property Management (Germany)

Streif Baulogistik (Austria, Germany, Poland, Qatar, Russia, Ukraine)





## CHAIRMAN OF THE EXECUTIVE BOARD AND CEO'S OPENING STATEMENT



Dear business partners,

Let me present to you the Company Report of the joint-stock company HOCHTIEF CZ for 2013. I am glad to say that the year 2013 may be considered a successful one. We accomplished both the turnover and the profit, which we determined. Thereby we have continued in the trend established in 2012. We have defended our position among the biggest and most successful building companies in the Czech Republic and we continuously show that we are able to successfully cope with the difficult situation on the market.

Last year was relatively busy for our company. A respectable amount of work backlog from 2012 meant that we have commenced works on many new and interesting projects. Even though there is not enough space here to name every single one of them, we welcome and appreciate them all. Each one of them can generate a profit, but many of them also a loss. They can improve the image of our company, but also harm it. Therefore we approach all our projects with responsibility, technical skill and professionalism to which you are accustomed with HOCHTIEF CZ.

I am glad that in 2013 the long postponed but very much needed project of the Central Waste Water Treatment Plant on Císařský ostrov in Prague, which we shall execute in a joint venture with our partners, was approved and finally the works

have been commenced. I am also pleased that the construction of extension of the metro line V.A, which we largely cooperate on, is smooth and trouble-free. We have also strengthened our position in South Moravia, where Division Building Moravia finished works on the cutting-edge Zoonosis Diagnosis Centre of the University of Veterinary and Pharmaceutical Sciences Brno.

Last year was also marked by an expansion into new markets. Division Traffic Infrastructure entered the segment of tram lines; we have actively enhanced our presence on the Slovak market: we won and completed several smaller projects and prepared our participation in a number of other public tender procedures, for example those for the construction of D1 and D3 highways. Further expansion on the Slovak market is one of our priorities for this year. Towards the end of the year we welcomed a new member in the Executive Board, Tomáš Koranda, who will be, within performance of his function of COO, methodologically responsible for the support of the expansion into the above mentioned segments.

Even though we did not engage in substantial restructuring activities in 2013, we were partly affected by the reorganizational project, which had been carried out in our mother holding HOCHTIEF AG. The changes resulting from this project have affected us mainly in the form of personnel changes within the superordinate holding structures and in our Supervisory Board. The changes within the holding are targeted to make the inner processes more effective, to improve distribution of the capacities into the interest segments and to adapt to the current global situation.

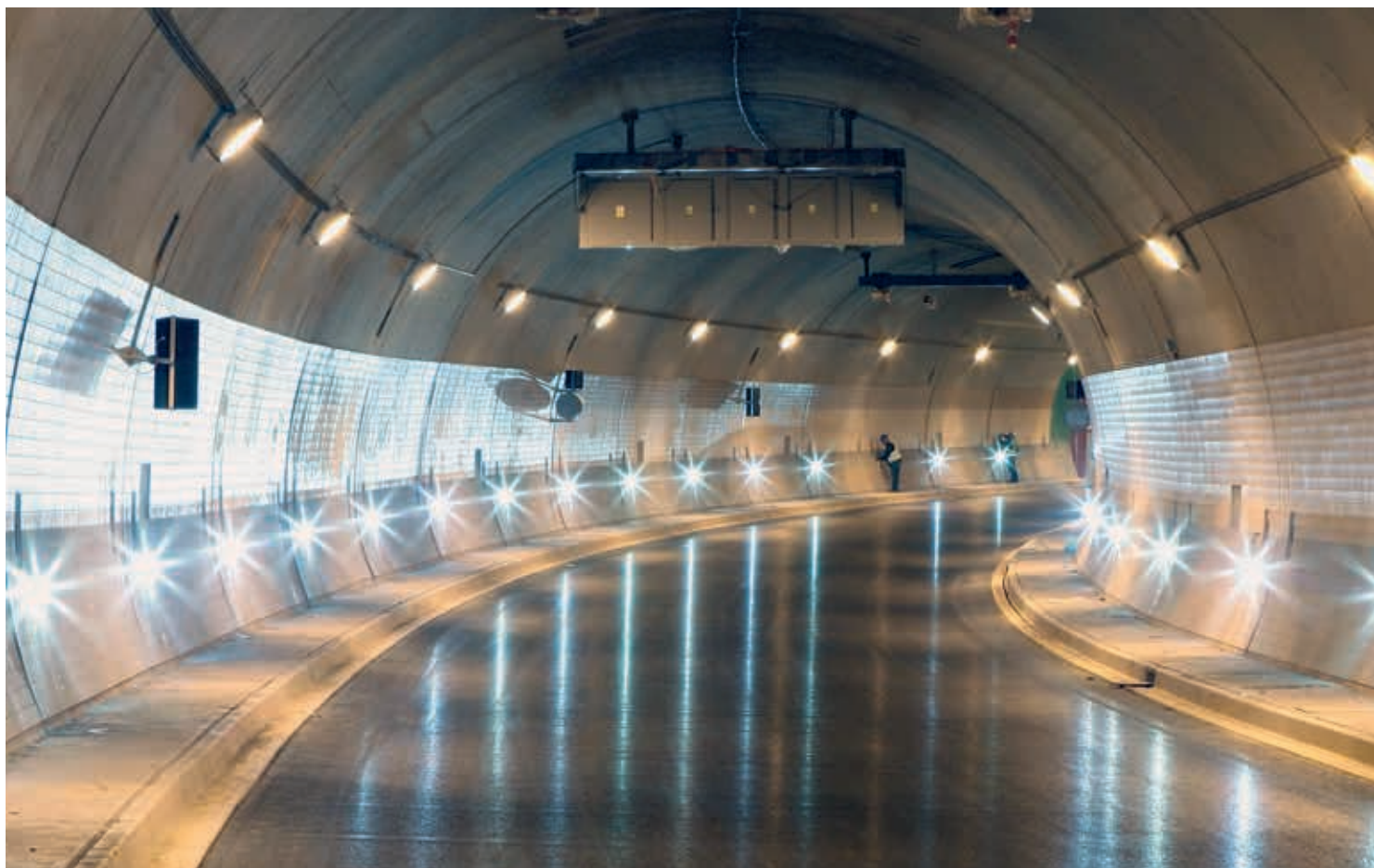
HOCHTIEF is a globally recognized building company, which last year celebrated 140th anniversary of its establishment. It has executed hundreds of projects that show diligence, commitment and creativity of generations of employees. They show tradition, expertise and experience collected over 140 years, since the establishment of a small Frankfurt business of the Helfmann brothers, all the way up to the contemporary building holding with more than 80 thousand employees scattered all around the world. I am proud that the joint-stock company HOCHTIEF CZ belongs to this strong and prosperous group and that it can offer you everything that goes hand in hand with such a cutting-edge, modern and highly specialized building company.

Dear friends, let me thank you all for your cooperation in 2013 and express my hope that the joint-stock company HOCHTIEF CZ will remain your important business partner also in future.



Tomáš Bílek  
Chairman of the Executive Board and CEO





# We take obstacles as a challenge



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The Blanka tunnel complex is with its 6 382 m in length the longest underground structure in the Czech Republic and also the longest city tunnel in Europe. Gradient difference between the highest and the lowest place is 113.5 m.

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[Blanka Tunnel, Prague](#)



# PROFILE OF HOCHTIEF CZ

In 1939, Jan Baťa opened a new factory in Sezimovo Ústí. Since he was an entrepreneur body and soul, he decided not to engage an “outside” construction company to build it. He established his own. Hence the factory and the adjacent satellite town, as we might call it today, were built by Baťa’s building division. After World War II, it became a national corporation Vodní stavby, which in the course of time attained the position of one of the biggest and most important construction contractors in Czechoslovakia. In 1985, one division of Vodní stavby was earmarked to perform one of the most complex and longest construction projects in the country’s history – construction of block 1 and 2 of the Temelín Nuclear Power Plant. The time after 1989 was marked by privatization and several changes of the company name that, however, always referred to the historic brand Vodní stavby.

In the post-revolutionary times, 1999 was the year of one of the most important turning points – the owner was changed and the international construction group HOCHTIEF became a majority shareholder in VSB a.s. That was the beginning of an integration process that was completed in 2002. It gave rise to a strong and efficient construction company HOCHTIEF VSB, which was ready for doing business in the environment of the European Union. New vision and management principles of the company were declared, both the logo and the trade name of the company were changed. The subsidiaries were no longer separate legal entities – they were turned into branches. Public negotiability of the stock certificates of VSB a.s. was terminated.

It was not the end of the changes yet. In 2006, the company got a new name HOCHTIEF CZ. It moved its head office to Smíchov, to the new commercial centre of the capital. It started using words instead of numbers in the names of its divisions to be better legible for its partners. It established two new divisions and thus filled in the gaps in the portfolio of services provided to its clients. At the end of this phase, in 2006, the supranational construction group HOCHTIEF AG became the sole owner of the company.

For fifteen years now the joint-stock company HOCHTIEF CZ has been part of a strong supranational building group that operates all around the world. The company has a stable position in the Czech market, in particular in the field of building construction and traffic engineering. Via its five divisions it has performed a number of major projects, among other, National Integrated Centre of Air Navigation Services in Jeneč near Prague, Multi-purpose Stadium of SK Slavia in Prague, Faculty of Electrical Engineering and Computer Science of the Technical University in Ostrava or reconstruction of the National Memorial on the Vítkov Hill in Prague. The company participated also in construction of the Lochkov tunnel and bridge in the Prague Ring Road, in construction of the Blanka tunnel or reconstruction of the TWY D apron at the Václav Havel Airport Prague. Currently, the company takes part in extension of the metro line V.A, where it builds a part of the tunnels and two stations. Since 2000, it has been engaged also in the development project business.

The joint-stock company HOCHTIEF CZ offers to its clients a wide range of services, from the first discussions on design to execution of the most challenging contracts. It builds on the fifty-year history of HOCHTIEF VSB and continues in the best traditions of the Czech construction industry to develop it further on with its activity and to move it to the modern concept of creation of a shared space for life. It can draw upon its own past and experience, but it also has an open door to the 140 years of experience of its mother company, which is one of the top world international construction companies. The HOCHTIEF group employs nearly 80 000 employees and in 2012 it reached the turnover exceeding EUR 25 billion. In the long term, it has been one of the leading companies engaged in the construction-related business. For many years, it has been placed first with its turnover generated outside the home country.



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

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

In 2013 the Supervisory Board supervised activities of the Executive Board of the company and 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 2013 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 2013.

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 2013.

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



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



## We give a new face to projects

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The Litomyšl castle grounds, which have been on the UNESCO World Heritage List since 1999, have a history of more than one thousand years. They were most probably mentioned for the first time by a Prague chapter dean Kosmas at the beginning of the 12<sup>th</sup> century.

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Revitalization of 11 buildings in the castle grounds, Litomyšl





We can do  
big things in  
a short time



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Reconstruction of tramline in the Poděbradská Street in Prague took only 73 days. The tram traffic in this 1 885 m long section is now smoother, much quieter and safer.

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[Reconstruction of tramline Poděbradská, Prague](#)



# BUSINESS ENVIRONMENT

The economy of the Czech Republic experienced in the year 2013 another decrease. Gross domestic product (GDP) fell year-over-year by 1.3%. The economy has been in recession for two years now. The unemployment rate rose to 8.2%; there are 630 thousand people unemployed. The economy is in the worst state since the establishment of the Czech Republic. The building industry experiences a drop of 9.3% year-over-year. Nominal wages fell by 6%. In comparison with 2008, the year of economic boom, the decline in turnover in construction segment reached a level of 25.9%. The price of the construction works decreased since last year by 1.1%.

In comparison to the previous year, 2013 was marked by further negative developments in the construction industry. Declining state funding and low demand from the abroad are characteristic features of the last year. As for 2014, the limiting factor is the low level of preparedness of the major infrastructure projects. This project and territorial unpreparedness prevents us to commence any major construction. In 2013 the number of issued building permits for all types of buildings decreased by 13.4%. It is expected that the building production will fall in 2014 by additional 6%. Realistically we may assume that the fall in the construction industry will stop no sooner than in 2016.

Majority of the big building companies in the Czech Republic belong to strong international building corporations. The competitive environment is becoming tighter because of the lack of opportunities for building companies. Only the companies with a strong technological and capital background and modern management systems can succeed. Their versatility, participation in all segments of the construction market, is the only way how to survive on the unstable Czech market.

The business environment in the country is in the worst condition since the establishment of the independent Czech Republic. The problems within the state management, political instability and bad mood of the citizens – these are the lasting problems of our society. Crucial will be the economic development of the country based on the investment and growth-supporting strategy of the new government.



## MAIN EVENTS IN 2013

### Extension of the metro line V.A – Nemocnice Motol Station, Prague

February 2013 – Our tunnelling and concrete workers completed a major milestone in the construction of extension of the metro line V.A: the last cubic metre of concrete was poured in the dual-track tunnel connecting the site BRE 1 on Vypich with the station Nemocnice Motol. ■



### Flood control measures, Zruč nad Sázavou,

June 2013 – Flood control barriers on the right bank of the Sázava River, nearly two kilometres long, are to protect Zruč from one-hundred-year flood. The capacity has a reserve of 30 cm, which means that the measures constructed can hold a flooding of six meters high with a water level of one meter higher than the one in 2006. ■

### Těrlicko Hydraulic Structure, Těrlicko

May 2013 – Works on hydraulic projects are one of our key competences, which we have been improving for sixty years. Completion of the construction modifications of the Těrlicko Hydraulic Structure has even more so broadened our experience. ■





**Dolní oblast Vítkovice –  
accompanying infrastructure, Ostrava**  
August 2013 – We have connected Blast Furnace No. 1, Multifunctional Assembly Hall Gong and Interactive Museum U6 with sidewalks and roads and thereby provided to the visitors of this National Heritage Site easy and convenient navigation. ■



**Construction of a new  
multifunctional building of the  
Faculty of Electrical Engineering and  
Computer Science of the Technical  
University of Ostrava, Ostrava**  
July 2013 – New multifunctional building of the Faculty of Electrical Engineering and Computer Science of the Technical University of Ostrava succeeded to advance to the short-listed round in the Best Building of 2013 competition. ■



**Capacity increase of the flow  
of the Blanice River, Vlašim**  
August 2013 – Within the project Capacity increase of the flow of the Blanice River the workers of HOCHTIEF CZ have constructed in the city of Vlašim a new footbridge which has replaced the old one that was destroyed during the flooding. ■



**Insulation of the building and replacement of windows – Kindergarten Na Výšinách, Kindergarten U Uranie, Prague**

September 2013 – By completion of the insulation and construction works on the Plamínek club building at the Kindergarten U Uranie and at the Kindergarten Na Výšinách in Prague we have participated in decreasing the energy demands of the buildings. ■

**University of Veterinary and Pharmaceutical Sciences – Zoonosis Diagnosis Centre, Brno**

October 2013 – At the official opening of the cutting-edge centre of research of diseases transmissible between animals and from animals to humans, we handed over another project serving the development of science and research in the Czech Republic. ■



**Revitalization of 11 buildings in the castle grounds, Litomyšl**

November 2013 – The handover of the building Forecourt was the last one in a row of handovers of the seven buildings: Brewery, Stables, Riding Hall, 1st Courtyard and Upper Courtyard. All of them are parts of revitalization of 11 historical buildings, which are since 1999 listed on the UNESCO World Heritage List. ■



### Reconstruction of the tramline Poděbradská, Prague

November 2013 – With completion of the project Reconstruction of the tram line Poděbradská and with meeting of a challenging deadline Division Traffic Infrastructure successfully entered the segment of reconstruction of tramlines. ■



### Blanka Tunnel, Prague

December 2013 – By finishing the tiling of access and exit ramps, we have completed a four-year effort to build a part of the inner city ring road in Prague – Blanka Tunnel. The majority of our deliveries in the section Prašný most – Špejchar was thereby successfully completed. ■

### KIEKERT – extension of production facilities, Přelouč

December 2013 – Division Building Moravia finished in Přelouč within a record-breaking deadline a new manufacturing plant in the largest factory for the manufacture of car lock systems in the world. ■





**We create the world  
all around us**



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The terminal metro station called Nemocnice Motol will be the only aboveground station on this line. It is immediately connected with the hospital, which is a great advantage. Its roof is of arched beams with glazing, thanks to which the passengers will have a nice view.

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[Extension of the metro line V.A – Nemocnice Motol Station, Prague](#)

# FINANCIAL MANAGEMENT

## Financial Management

As in 2012 the joint stock company HOCHTIEF CZ reached a stable result in 2013, despite the worsening market conditions. The measures adopted in 2012, focused on the restructuring of the business of building construction, improved our turnover. The acquired new orders exceeded the total sales.

Following the result of CZK 41.2 mil. in 2012, in 2013 the company generated earnings before taxes of CZK 28.2 mil. While the business in the traffic infrastructure segment offered sound results, building construction was under pressure of doubtful receivables and highly competitive environment.

HOCHTIEF CZ made additional investment in acquisition of long-term projects to secure 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.

Beside the market environment and continuing conservative approach in acquiring solely profitable projects HOCHTIEF CZ was able to increase the work done from CZK 4,121 mil. in 2012 to CZK 4,751 mil. in 2013. As in 2012 new orders exceeded annual work done significantly. Order backlog with CZK 5,624 mil. gives theoretical certainty of work for the following 15 months.

The total capital reached the level of CZK 998 mil. in 2013, cash and cash equivalent increased by 120% to CZK 458 mil. In 2013 the total assets increased by 10% to the value of CZK 3,965 mil. due to the changes in working capital components. The joint-stock company HOCHTIEF CZ paid its shareholder dividends in the value of CZK 15 mil.

## Risk Management

HOCHTIEF CZ has further developed the approach to risk management during 2013.

Business controls and description of the nature and the extent of our exposure to risks have been implemented. HOCHTIEF CZ risk management that is integrated in the risk management system of the HOCHTIEF group focuses on the following risk categories: Strategic, Operational, Compliance and Financial risks. The risk management will keep the main risks known to HOCHTIEF CZ, which could hinder us in achieving our strategic and financial business objectives, under surveillance.

Risk management forms an integral part of the business planning and reporting framework. The company's risk and control policy is designed to provide reasonable assurance that objectives are met by integrating management control into the daily operations, by ensuring compliance with legal requirements and by safeguarding the integrity of the company's financial reporting and its related disclosures. It makes management responsible for identifying the critical business risks and for the implementation of fit-for-purpose risk responses. HOCHTIEF CZ risk management approach is embedded in the areas of corporate governance, integrated quality management system and general business principles. The quality of the control systems and the findings of internal and external audits are reported to and discussed by the Risk Steering Committee of HOCHTIEF CZ. A summary is frequently provided to the Executive Board. Internal auditors monitor the quality of the business controls through risk-based operational and financial reporting audits. Auditing by the group level (Projects, Finance, Governance and IT) are performed in accordance with an annual group-wide, risk-based plan by the responsible departments, e.g. Internal Audit and Risk Management of HOCHTIEF AG.





To seek to ensure compliance with the standards of transparency and accountability by all employees and relevant business partners performing important business functions and in order to avoid conflicts of interest, the Code of Conduct contains, amongst other things, standards to promote honest and ethical conduct, as well as full, accurate and timely disclosure procedures.

## Outlook

The Eurozone crisis and slowdown in major global markets resulted in a decline in investments in the sector of production facilities. These indicators increased as late as in the second half of 2013, nevertheless, the values still remained at the recession level. Both industrial production and exports increased.

The Czech Republic's manufacturing sector is reliant on exports as a key source of revenue. The delayed impact on the economic growth of the Czech Republic by the general European trend and the government's fiscal austerity measures during 2013 are expected to continue having a negative impact

on the construction market, at least during the first half of 2014. However, the recovery in major European countries at the end of the last year is expected to support the manufacturing sector, finally rebounding and driving the growth of the manufacturing plants construction.

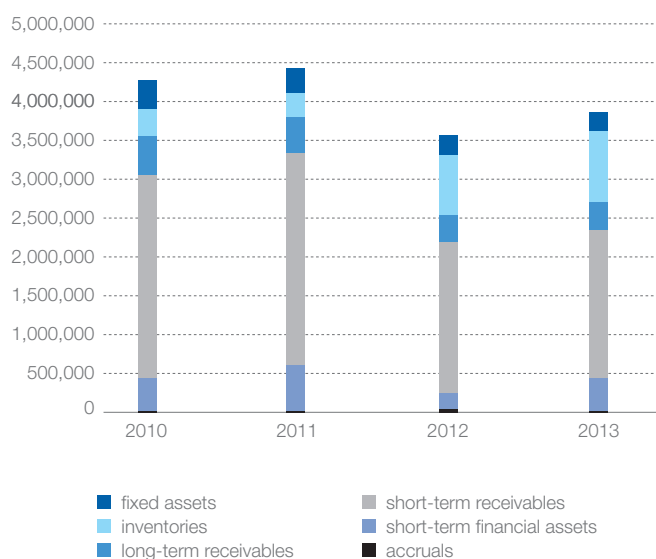
Cancelled or considerably delayed civil engineering construction projects, particularly in the road infrastructure segment, combined with weaker development in the non-residential segment are lowering expectations for an overall recovery in the construction market sooner than in the second half of 2014 or even later.

## Main economic indicators (CZK million)

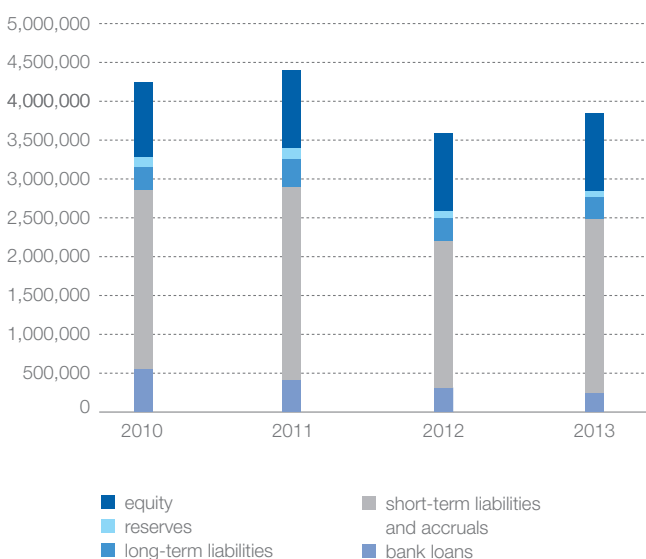
	2011	2012	2013
Work done	5,053	4,121	4,809
Earnings before taxes	49	41	40
Net profit	28	25	21
Total assets	4,381	3,594	3,854
Equity	987	1,000	1,004
Employees – recalculated average	1,183	1,105	1,075

## Structure of the company's balance sheet (CZK thousand)

### Assets



### Liabilities





# We consider the environment



The Těrlicko water reservoir is situated on the Stonávka River in the picturesque hills of Těšínská pahorkatina. Area of the reservoir is 277 ha and the deepest point is at 23.4 m. The reservoir is used mainly as a summer resort and it also functions as a flood control structure.

Těrlicko Hydraulic Structure, Těrlicko



**We invest into  
new technology**



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The University of Veterinary and Pharmaceutical Sciences in Brno has a new building called Zoonosis Diagnosis Centre. Reconstruction and extension of the building took five months and the university has thus gained a workplace for teaching and learning of the future professional veterinarians in diagnostics of common as well as less common animal and human diseases.

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[University of Veterinary and Pharmaceutical Sciences – Zoonosis  
Diagnosis Centre, Brno](#)

# TECHNOLOGY AND INVESTMENT

Technical and technological know-how of the joint-stock company HOCHTIEF CZ forms the core of its production capacities and its business activities, which are in the long term focused on the construction of buildings, ecological and civil engineering structures, traffic infrastructure and hydraulic structures. Another, relatively new, field of interest to us is the segment involving challenging reconstructions of listed buildings.

Basic technologies, which we execute by our own capacity, include in particular the execution of earth structures, construction of tunnels and shafts, execution of reinforced concrete monolithic structures, masonry, manufacturing and delivery of reinforced concrete precast and wooden structures, delivery and assembly of steel structures and execution of water conduits, hot water piping systems and sewerage systems; within the building services area, these include mainly the technologies of low-voltage and high-voltage wiring and HVAC. The newly introduced technologies are those of city railway superstructures and biodegradation of contaminated soils within land remediation projects.

We also have the necessary machinery available. In case of execution of mainly underground structures we cooperated with one of the group companies, StreifBaulogistik. When the renewal of the basic equipment is needed, we prefer to acquire it in the form of operating leasing.

The investments in 2013 were aimed at the renewal of minor and middle-sized machinery, enhancement of the production bases and development of IT infrastructure.

Machinery, however, is merely a tool. The key factor for success of the technology is the technical and technological expertise and experience of the workers and cost optimization of the processes. We do promote special programs aimed to enhance our technologies and continuously develop our information technology.

The joint-stock company HOCHTIEF CZ does not have its own technological and research base, therefore when executing the developmental programs we cooperate particularly with universities and external experts. Within the activities of the competence centre CESTI (Centre for Effective and Sustainable Transport Infrastructure) organized by the Faculty of Civil Engineering of the Czech Technical University in Prague the joint-stock company HOCHTIEF CZ takes part in four expert groups in the field of bridge construction, tunnels, roads and Lifecycle Management.

Year-over-year declines in the volume of work, which the construction market has experienced for several years, including their many negative effects, have not affected our basic goals, which are the high technical level, long-term quality and satisfaction of the client within all projects executed by the joint-stock company HOCHTIEF CZ.



# QUALITY MANAGEMENT SYSTEM

Integrated Management System (IMS) is based on the foundation of the area of quality and it also comprises the fields of occupational health and safety (OHS) and environmental protection. It forms a frame for a functioning management system of the joint-stock company HOCHTIEF CZ in its business activities.

At the beginning of 2013, the Executive Board of the company revised the IMS policy in accordance with the overall intentions and course of the joint-stock company HOCHTIEF CZ in connection to the quality, environmental profile and performance in the area of OHS.


In regular annual audits carried out by the certification authority we demonstrate that our quality management system is functional and meets the given requirements. We also present improvements in the management system we managed to achieve in the past period. Last year we confirmed that we were justifiably awarded the certificate for quality management system according to the standard ČSN EN ISO 9001:2009 in combination with ČSN EN ISO 3834-2:2006. The Special Activities Plant of Division Building Bohemia obtained the certificate for the process of manufacturing and installation of steel structures according to the standard ČSN EN 1090-2+A1:2012 for the EXC3 class.

In line with the strategy of the HOCHTIEF group, we have implemented the programme of Continuous Improvement Process – CIP. We apply measures from the selected relevant objectives connected to the mid-term and annual targets of HOCHTIEF CZ.

In relation to this, in 2012 the Executive Board set up a working team Innovation Group, the objective of which is to identify potential for finding and introducing new trends across the whole company, its activities, processes and construction industry segments. The Innovation Group is the main pillar of coordinated innovation management that is aimed at identification of new ideas, their description and implementation in practice. The primary goal of the Innovation Group is to find new business opportunities or new market segments in which the company can establish itself and further develop. Another aspect of its activity are innovations that can be developed for instance in the area of management of specific activities or in the area of technical innovations leading to strengthening of durability and to enhancement of quality of the provided products and services.

In the last months of 2013, an extensive change in the organization and management of the company was prepared, which entailed an increase in the number of members of the Executive Board. The objective of this change has been to make operation of the corporate headquarters more efficient, which in 2014 should create conditions for a better level of communication with the divisions of the company. It was also decided that a new division Asset Management would be established.





**We shorten  
the ways,  
save the time**

The metro tunnels ascend from the Dejvická Station under the Evropská Street in the maximum possible rising gradient of 39.5 per mil to Bořislavka, Veleslavín and from Veleslavín to Petřiny. That is where the line reaches the highest point and then descends slightly in the direction to Motol.

[Extension of the metro line V.A – Bořislavka Station, Prague](#)



## RELATION TO THE ENVIRONMENT

The construction industry directly influences and shapes the environment and that is how the two areas are closely interconnected. We respect the values that surround us; therefore we try to contribute with our activity to their renewal. Together with our employees, clients and suppliers we want to participate in their creation. We have performed land remediation projects, redevelopment of damaged areas and preparation of flood control measures.

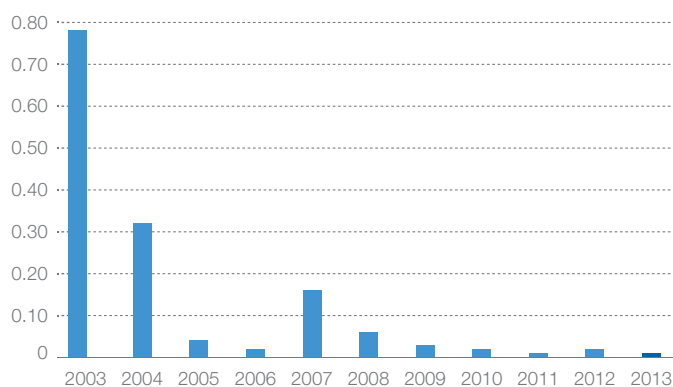
In the joint-stock company HOCHTIEF CZ, environmental protection is part of the Integrated Management System. In 2013, an EMS (Environmental Management System) audit in accordance with the revised standard ČSN ISO 14001:2005 was carried out and EMAS according to the regulation of the European Parliament and Council No. 1221/2009, which proved again that the system is implemented and effectively maintained.

We encourage our employees to assess the impact of their work on the environment in all their activities. We put emphasis on precautionary measures; these are in particular staff trainings, acquainting our suppliers with the principles of optimization of technological methods and responsible choice of plant and machinery.

We make use of suggestions from our employees for further development in the area of environmental protection. Such an approach has brought us reduction in the cost of raw materials and energy and contributes to effective waste management – it results in reduction of hazardous waste and leads to minimization of the risk of accidents and damage to the environment. Our consistent approach has made it possible to reduce the volume of hazardous waste to the minimum level ever.

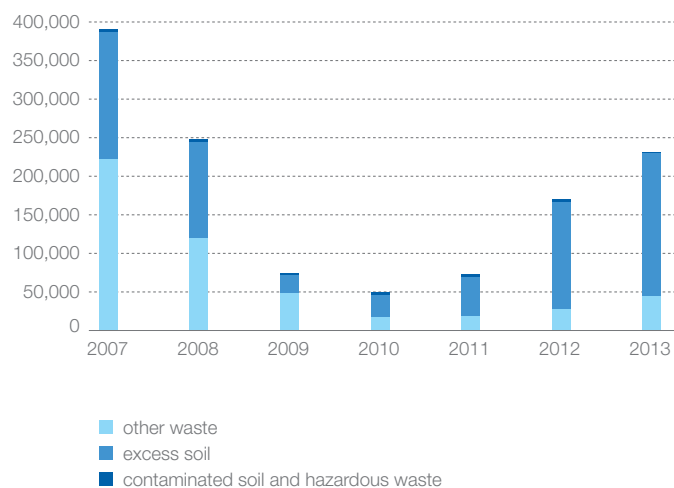
### Total volume of hazardous waste

in tons/1 mil. of own work done in main building operations



### Total structure of the waste volume

in tons







Residents of the town of Vlašim have a new footbridge over the Blanice River. The original footbridge was flooded several times and eventually it was pulled down by the flood. The lower edge of the footbridge structure is designed 0.5 m over the one-hundred-year flood level.

Capacity increase of the Blanice River, Vlašim







## We open new possibilities

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After termination of the manufacture of iron in the former industrial premises of the ironworks Vítkovické železářny it was decided that it would be preserved as a technical landmark. In 2012, Dolní oblast Vítkovice was declared a national listed district and in 2008 it was placed on the European Heritage List.

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[Dolní oblast Vítkovice – accompanying infrastructure, Ostrava](#)



# HUMAN RESOURCE MANAGEMENT

Care for the employees is an important part of corporate responsibility of the joint-stock company HOCHTIEF CZ. We appreciate hard work of our employees and we try to support them in their efforts and to reward them accordingly. We pay continuous attention to occupational health and safety. We regularly improve and perfect our established OHS system. By trainings and inspections we educate our own employees as well as subcontractors in safe performance of their work. We closely cooperate with Regional Labour Inspectorates, which the joint-stock company HOCHTIEF CZ views more as partners rather than inspection authorities. In the long term, we manage to keep the rate of work related accidents on half of the total number of accidents in the construction industry in the Czech Republic.

Education system is applied throughout the whole company. Workshops and both single and repetitive trainings enable the employees to actively develop their skills and to put them into practice. We support those employees who have qualifications for further growth by special preparation trainings for managers – HOCHTIEF Management Academy. In this two-year programme the employees become familiar with the work and duties of a manager. Only systematic and continuous development of knowledge and skills can ensure high quality of the work provided to our clients.

In May 2013, we launched the training project called HOCHTIEF Is Our Future. The project is implemented within the Operational Programme Human Resources and Employment that is funded from the European Social Fund and government budget of the Czech Republic. The objective of the project is to enhance the quality and increase effectiveness of the employee trainings outside Prague to improve their qualification and to strengthen competitiveness of the company.

The key project activities are:

- trainings in tender preparation and construction management,
- increasing qualification of blue-collar employees,
- introduction of mentoring,
- equal opportunities for women and men.

542 employees based outside of Prague will be supported within the project.

We evaluate our employees regularly. The evaluation system is focused on assessment of accomplishment of the assignments and competences; it endorses open communication at the workplace and helps to improve the HR management. Each year we announce and reward the best employees. This activity is an important incentive for achievement of excellent results.

We organize a number of events for our employees, in which their family members can also take part. From the Social Fund resources we attend to the welfare needs of our employees and spa treatments, we support cultural, educational and sports activities. If needed, the employees can make use of interest-free loans from the Social Fund.

Relationship and negotiations with the trade union were mutually correct and open. This resulted in concluding Attachment No. 3 to the Collective Agreement, which updates it for the upcoming period.

As of 31 December 2013, the joint-stock company HOCHTIEF CZ employed the total of 1 066 staff.



## Structure of staff



bricklayer	92
carpenter	49
steel fixer	33
welder	14
locksmith	47
electrician	29
construction worker	49
driver + driver/machine operator	47
other workers	94
foreman	73
site manager	94
other white-collar employees	445

## Achieved level of education

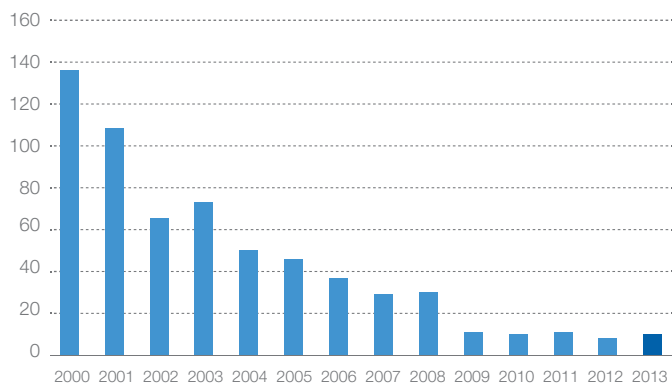


university degree	23%
high school leaving certificate	34%
vocational school certificate	38%
other	5%

## Number of employees by categories

Category	In total
<b>Total number of employees</b>	<b>1,066</b>
men	907
women	159
<b>Blue-collar employees in total</b>	<b>454</b>
men	451
women	3
<b>White-collar employees in total</b>	<b>612</b>
men	456
women	156

## Number of work accidents





# We think of your comfort



The new office building with a dominant black and white facade combined with wooden elements has become an interesting architectural increment to the fast developing commercial centre of Prague 4.

Tetris Office Building, Prague



# SHAREHOLDER STRUCTURE OF HOCHTIEF CZ a. s. AS OF 31 DECEMBER 2013

## Shareholder structure

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

## Corporate Bodies

Until 30 November 2013, the joint-stock company HOCHTIEF CZ was managed by a two-member Executive Board:

<b>Ing. Tomáš Bílek</b>	Chairman of the Executive Board and CEO
<b>Roberto Simoni</b>	Member of the Executive Board until 28 February 2013
<b>Jörg Mathew</b>	Member of the Executive Board and CFO since 1 March 2013

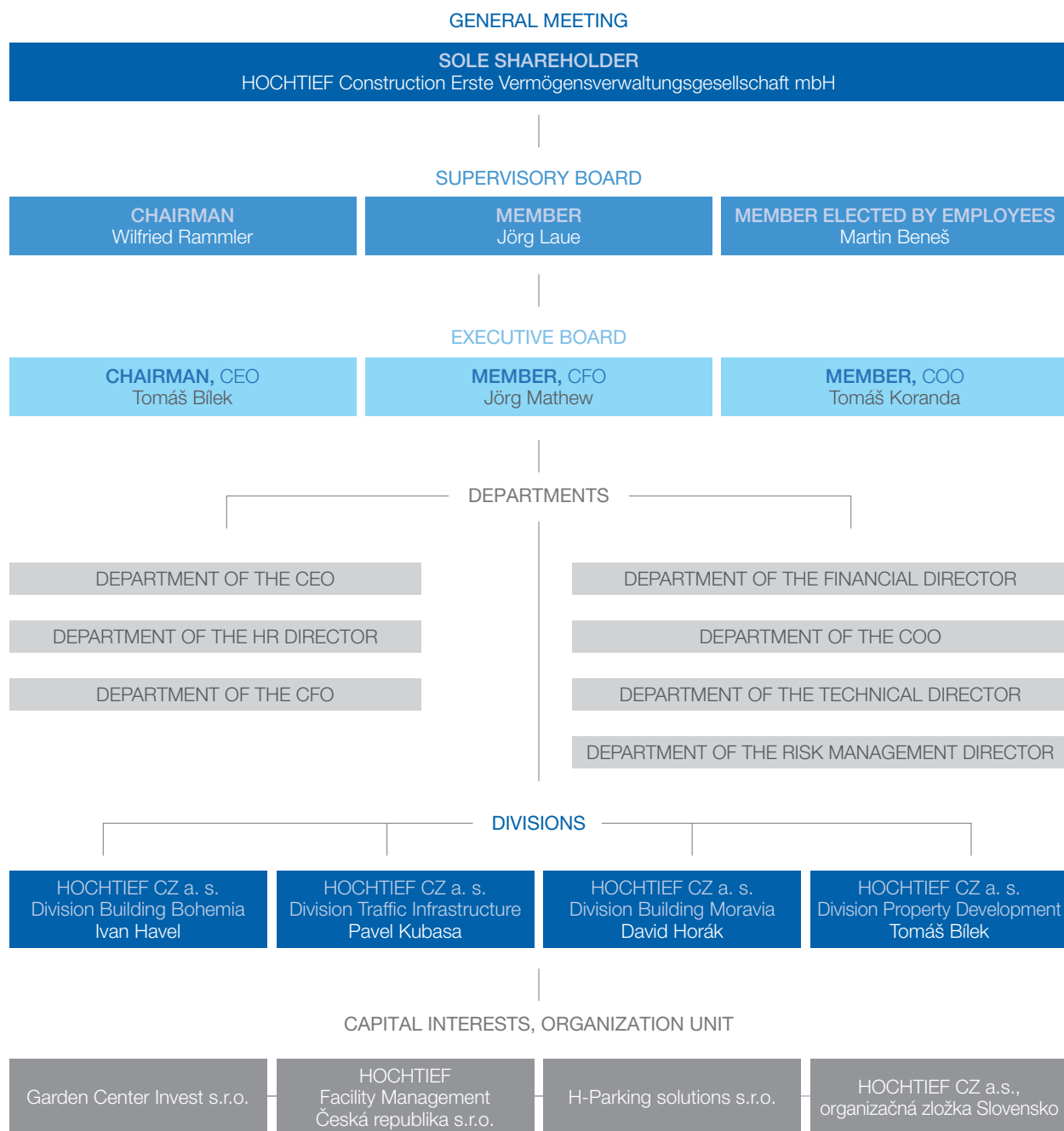
Since 1 December 2013, the joint-stock company HOCHTIEF CZ has been managed by a three-member Executive Board:

<b>Ing. Tomáš Bílek</b>	Chairman of the Executive Board and CEO
<b>Jörg Mathew</b>	Member of the Executive Board and CFO
<b>Ing. Tomáš Koranda</b>	Member of the Executive Board and COO

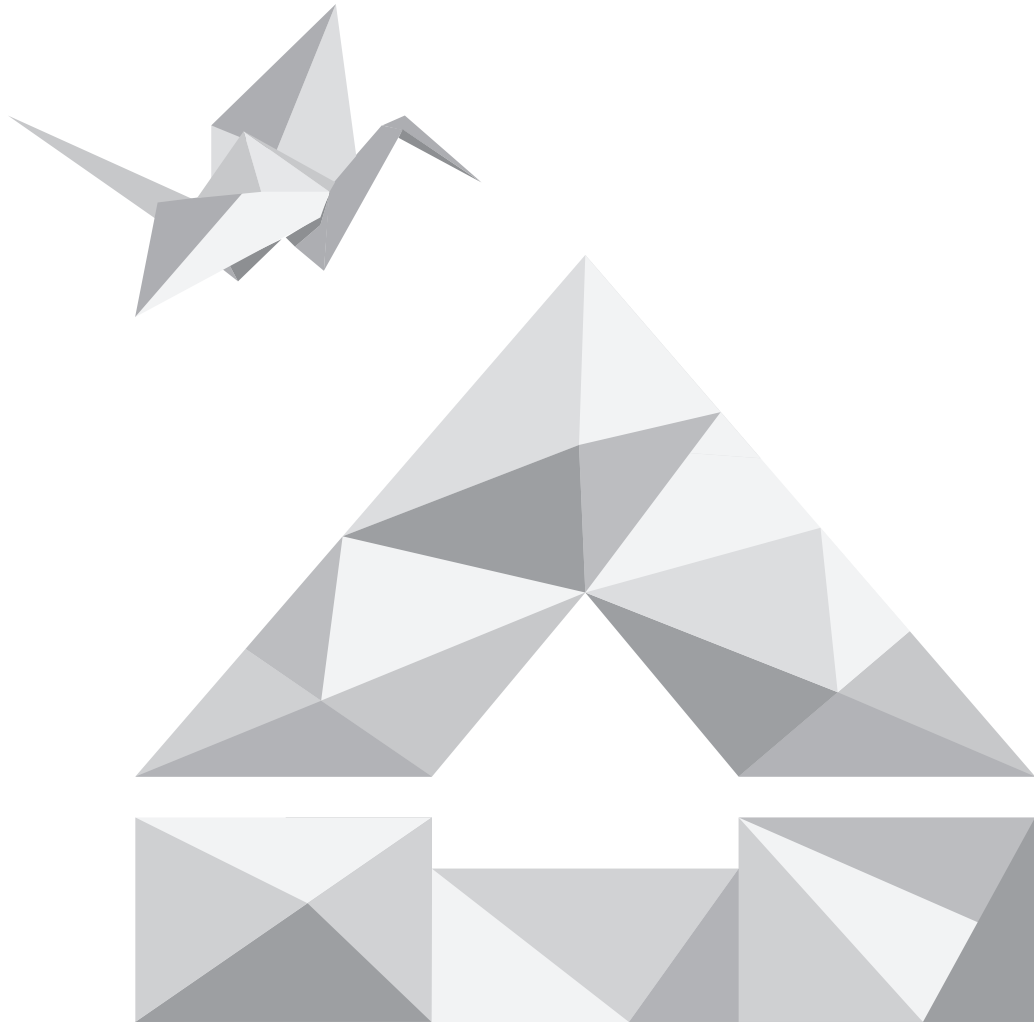
Supervisory Board of HOCHTIEF CZ a. s. still consists of three members:

<b>Eimert Los</b>	Chairman of the Supervisory Board until 28 February 2013
<b>Roberto Simoni</b>	Chairman of the Supervisory Board from 1 March 2013 to 25 November 2013
<b>Wilfried Rammner</b>	Chairman of the Supervisory Board since 25 November 2013
<b>Wolfgang Reining</b>	Member of the Supervisory Board until 25 November 2013
<b>Jörg Laue</b>	Member of the Supervisory Board since 25 November 2013
<b>Martin Beneš</b>	Member of the Supervisory Board

# ORGANIZATIONAL STRUCTURE OF THE COMPANY AS OF 31 DECEMBER 2013







**Turning Vision into Value**

## FINANCIAL PART – CONTENT

<b>34</b>	<b>Report on Related Parties</b>
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<b>Basic Information on the Company for 2013</b> (back page of the cover)	



# 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 2013 to 31 December 2013

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 5, 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 2013 to 31 December 2013.

## 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 Engliš 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	Metro Motol Project
	Cooperation contract	Filing of a proposal for the 3rd and 4th block of the Temelín nuclear power station
HOCHTIEF Solutions AG, organizační složka	Contract for work	SOKP 514 Lahovice-Slivenec
	Contract for association	Drive through the Ústí nad Orlicí railway junction
	Cooperation contract	Flood barriers- Bardejov and Košice
	Cooperation contract	Work on flood barriers
HOCHTIEF Construction Slovakia s.r.o.	Contract for the lease of employees	Metro Motol project
	Contract for work	Metro Motol project
	Contract for technical advisory	Metro Motol project
HOCHTIEF Development Czech Republic s.r.o.	Contract for bookkeeping and payroll services	Bookkeeping and payroll services
ACL Investments, a.s.	Contract for bookkeeping	Bookkeeping
Euripus, s.r.o.	Contract for bookkeeping	Bookkeeping
Inserta, s.r.o.	Contract for bookkeeping	Bookkeeping
Valentinka, a.s.	Contract for bookkeeping	Bookkeeping

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

## V. Paid Dividends

In 2013, the Company paid dividends from the profit to the parent company, HOCHTIEF Construction Erste Vermögensverwaltungsgesellschaft mbH, for the year ended 31 December 2012 in the amount of CZK 15,000 thousand.

## VI. Income with Related Parties

(CZK thousand)

Entity	Relation to the Company	Products	Services	Fin. income	Total
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	43	841	0	884
HOCHTIEF Solutions AG, organizační složka Praha	Fellow subsidiary	0	523	0	523
Garden Center Invest s.r.o.	Subsidiary	0	380	1,283	1,663
HOCHTIEF Facility Management Česká republika s.r.o.	Subsidiary	0	6,784	161	6,945
HOCHTIEF Solutions AG	Parent	0	577	0	577
VLAVOTÝNSKÁ TEPLÁRENSKÁ a.s.	Financial investment	59	0	0	59
ACL Investment, a.s.	Related party	0	75	0	75
Euripus s.r.o.	Related party	0	38	0	38
Valentinka a.s.	Related party	0	10	0	10
Inserta s.r.o.	Related party	0	10	0	10
<b>Total</b>		<b>102</b>	<b>9,238</b>	<b>1,444</b>	<b>10,784</b>

## VII. Purchases from Related Parties

(CZK thousand)

Entity	Relation to the Company	Products	Services	Fin. expenses	Total
HOCHTIEF Solutions AG	Parent	0	18,653	895	19,548
Garden Center Invest s.r.o.	Subsidiary	0	165	0	165
HOCHTIEF Facility Management Česká republika s.r.o.	Subsidiary	774	25,193	1	25,968
HOCHTIEF Construction Slovakia s.r.o.	Fellow subsidiary	0	21,042	0	21,042
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	0	42	0	42
<b>Total</b>		<b>774</b>	<b>65,095</b>	<b>896</b>	<b>66,765</b>

The controlled entity purchased a receivable from the controlling entity for an agreed price of CZK 7,500 thousand.

## 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 31 March 2014 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 Company 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 31 March 2014

Representatives of the Executive Board of the controlled entity:



Ing. Tomáš Bílek  
Chairman of the Executive Board



Jörg Mathew  
Member of the Executive Board

# FINANCIAL STATEMENTS

Financial Statements as at 31 December 2013

**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  
Notes to the Financial Statements for 2013

Financial Statements were compiled on 9 April 2014.



Ing. Tomáš Bílek  
Chairman of the Executive Board



Jörg Mathew  
Member of the Executive Board



# BALANCE SHEET full version

As of 31. 12. 2013 (in CZK thousand), HOCHTIEF CZ a. s., Corporate ID 46678468, Plzeňská 16/3217, 150 00 Prague 5

		31. 12. 2013			31. 12. 2012
ASSETS		Gross	Adjustment	Net	Net
<b>TOTAL ASSETS</b>		<b>4,825,906</b>	<b>972,374</b>	<b>3,853,532</b>	<b>3,593,830</b>
<b>A.</b>	<b>Receivables for subscribed capital</b>				
<b>B.</b>	<b>Fixed assets</b>	<b>930,397</b>	<b>719,304</b>	<b>211,093</b>	<b>250,110</b>
<b>B.I.</b>	<b>Intangible fixed assets</b>	<b>143,222</b>	<b>62,693</b>	<b>80,529</b>	<b>96,373</b>
B.I.3.	Software	22,843	22,339	504	1,332
B.I.4.	Valuable rights	280	280		
B.I.6.	Other intangible fixed assets	99	74	25	41
B.I.7.	Intangible fixed assets under construction	120,000	40,000	80,000	95,000
<b>B.II.</b>	<b>Tangible fixed assets</b>	<b>669,523</b>	<b>557,796</b>	<b>111,727</b>	<b>134,060</b>
B.II.1.	Land	11,148	2,566	8,582	8,582
B.II.2.	Structures	216,976	138,798	78,178	82,116
B.II.3.	Individual movable assets and sets of movable assets	422,426	401,079	21,347	39,768
B.II.6.	Other tangible fixed assets	13,002	9,747	3,255	3,594
B.II.7.	Tangible fixed assets under construction	365		365	
B.II.8.	Prepayments for tangible fixed assets	5,606	5,606		
<b>B.III.</b>	<b>Non-current financial assets</b>	<b>117,652</b>	<b>98,815</b>	<b>18,837</b>	<b>19,677</b>
B.III.1.	Equity investments – subsidiary (controlled entity)	115,552	98,815	16,737	17,677
B.III.2.	Equity investments in associates	100		100	
B.III.3.	Other securities and investments	2,000		2,000	2,000
<b>C.</b>	<b>Current assets</b>	<b>3,865,217</b>	<b>253,070</b>	<b>3,612,147</b>	<b>3,295,588</b>
<b>C.I.</b>	<b>Inventories</b>	<b>898,536</b>	<b>24,220</b>	<b>874,316</b>	<b>773,197</b>
C.I.1.	Material	35,416	1,660	33,756	39,262
C.I.2.	Work in progress and semifinished goods	708,937	14,500	694,437	594,231
C.I.3.	Products	12,495		12,495	4,307
C.I.5.	Goods	141,688	8,060	133,628	135,397
<b>C.II.</b>	<b>Long-term receivables</b>	<b>330,315</b>		<b>330,315</b>	<b>352,349</b>
C.II.1.	Trade receivables	241,041		241,041	193,028
C.II.7.	Other receivables				88,300
C.II.8.	Deferred tax asset	89,274		89,274	71,021
<b>C.III.</b>	<b>Short-term receivables</b>	<b>2,201,015</b>	<b>228,850</b>	<b>1,972,165</b>	<b>1,962,234</b>
C.III.1.	Trade receivables	1,548,928	183,004	1,365,924	1,582,367
C.III.2.	Receivables – controlled or controlling entity	431,718		431,718	304,494
C.III.4.	Receivables from partners and association members	20,558		20,558	18,918
C.III.6.	State – tax receivables	35,253		35,253	9,339
C.III.7.	Short-term prepayments made	29,001	7,373	21,628	24,041
C.III.8.	Estimated receivables	1,060		1,060	18,071
C.III.9.	Other receivables	134,497	38,473	96,024	5,004
<b>C.IV.</b>	<b>Current financial assets</b>	<b>435,351</b>		<b>435,351</b>	<b>207,808</b>
C.IV.1.	Cash on hand	1,232		1,232	4,106
C.IV.2.	Cash at bank	434,119		434,119	203,702
<b>D. I.</b>	<b>Other assets</b>	<b>30,292</b>		<b>30,292</b>	<b>48,132</b>
D.I.1.	Deferred expenses	10,971		10,971	27,790
D.I.3.	Accrued income	19,321		19,321	20,342

LIABILITIES & EQUITY		31. 12. 2013	31. 12. 2012
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>3,853,532</b>	<b>3,593,830</b>
<b>A.</b>	<b>Equity</b>	<b>1,004,100</b>	<b>1,000,466</b>
<b>A.I.</b>	<b>Share capital</b>	<b>350,736</b>	<b>350,736</b>
A.I.1.	Share capital	350,736	350,736
<b>A.II.</b>	<b>Capital funds</b>	<b>585</b>	<b>585</b>
A.II.2.	Other capital funds	585	585
<b>A.III.</b>	<b>Statutory funds</b>	<b>86,831</b>	<b>88,928</b>
A.III.1.	Statutory reserve fund/Indivisible fund	75,792	75,792
A.III.2.	Statutory and other funds	11,039	13,136
<b>A.IV.</b>	<b>Retained earnings</b>	<b>544,731</b>	<b>535,302</b>
A.IV.1.	Accumulated profits brought forward	544 731	535 302
<b>A.V.</b>	<b>Profit or loss for the current period (+ -)</b>	<b>21,217</b>	<b>24,915</b>
<b>B.</b>	<b>Liabilities</b>	<b>2,845,683</b>	<b>2,589,484</b>
<b>B.I.</b>	<b>Reserves</b>	<b>71,380</b>	<b>91,373</b>
B.I.4.	Other reserves	71,380	91,373
<b>B.II.</b>	<b>Long-term liabilities</b>	<b>280,801</b>	<b>289,499</b>
B.II.1.	Trade payables	273,190	272,271
B.II.4.	Payables to partners and association members	7,611	17,228
<b>B.III.</b>	<b>Short-term liabilities</b>	<b>2,233,057</b>	<b>1,893,903</b>
B.III.1.	Trade payables	1,218,501	904,220
B.III.2.	Payables – controlled or controlling entity	23,232	4,413
B.III.4.	Payables to partners and association members	132,064	120,577
B.III.5.	Payables to employees	38,682	52,008
B.III.6.	Social security and health insurance payables	19,676	20,475
B.III.7.	State – tax payables and subsidies	18,086	13,790
B.III.8.	Short-term prepayments received	14,245	38,850
B.III.10.	Estimated payables	760,568	734,165
B.III.11.	Other payables	8,003	5,405
<b>B.IV.</b>	<b>Bank loans and borrowings</b>	<b>260,445</b>	<b>314,709</b>
B.IV.2.	Short-term bank loans	260,445	314,709
<b>C. I.</b>	<b>Other liabilities</b>	<b>3,749</b>	<b>3,880</b>
C.I.1.	Accrued expenses	1,520	2,575
C.I.2.	Deferred income	2,229	1,305





# PROFIT AND LOSS ACCOUNT

## structured by the nature of expense method

Year ended 31. 12. 2013 (in CZK thousand), HOCHTIEF CZ a. s., Corporate ID 46678468, Plzeňská 16/3217, 150 00 Prague 5

		Year ended 31. 12. 2013	Year ended 31. 12. 2012
I.	Sales of goods	10,500	1,464
A.	Costs of goods sold	10,283	
+	Gross margin	217	1,464
II.	Production	4,808,661	4,120,836
II.1.	Sales of own products and services	4,694,675	3,716,381
II.2.	Change in internally produced inventory	108,583	400,206
II.3.	Own work capitalised	5,403	4,249
B.	Purchased consumables and services	4,015,326	3,295,992
B.1.	Consumed material and energy	3,648,184	2,845,624
B.2.	Services	367,142	450,368
+	Added value	793,552	826,308
C.	Staff costs	661,483	691,318
C.1.	Payroll costs	476,847	500,033
C.2.	Remuneration to members of statutory bodies	7,521	10,241
C.3.	Social security and health insurance costs	163,214	168,256
C.4.	Social costs	13,901	12,788
D.	Taxes and charges	7,067	7,834
E.	Depreciation of intangible and tangible fixed assets	25,769	39,196
III.	Sales of fixed assets and material	35,285	40,123
III.1.	Sales of fixed assets	13,039	3,909
III.2.	Sales of material	22,246	36,214
F.	Net book value of fixed assets and material sold	22,929	34,815
F.1.	Net book value of sold fixed assets	1,383	256
F.2.	Book value of sold material	21,546	34,559
G.	Change in reserves and provisions relating to operating activities and complex deferred expenses	(22,901)	(27,405)
IV.	Other operating income	76,798	43,481
H.	Other operating expenses	137,484	62,078
*	Operating profit or loss	73,804	102,076
VI.	Proceeds from the sale of securities and investments	200	
J.	Cost of securities and investments sold	200	
M.	Change in reserves and provisions relating to financial activities	940	25,850
X.	Interest income	2,212	3,614
N.	Interest expenses	7,483	13,328
XI.	Other financial income	1,780	757
O.	Other financial expenses	29,463	26,068
*	Financial profit or loss	(33,894)	(60,875)
Q.	Income tax on ordinary activities	18 693	16 286
Q 1.	– due	36,946	23,596
Q 2.	– deferred	(18,253)	(7,310)
**	Profit or loss from ordinary activities	21,217	24,915
***	Profit or loss for the current period (+/-)	21,217	24,915
****	Profit or loss before tax	39,910	41,201

# STATEMENT OF CHANGES IN EQUITY

Year ended 31. 12. 2013 (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
<b>Balance at 31 December 2011</b>	<b>350,736</b>	<b>585</b>	<b>90,356</b>	<b>517,302</b>		<b>27,807</b>	<b>986,786</b>
Distribution of profit or loss				27,807		(27,807)	
Other				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
<b>Balance at 31 December 2012</b>	<b>350,736</b>	<b>585</b>	<b>88,928</b>	<b>535,302</b>		<b>24,915</b>	<b>1,000,466</b>
Distribution of profit or loss				24,915		(24,915)	
Other				(486)			(486)
Dividends paid				(15,000)			(15,000)
Payments from capital funds			(2,097)				(2,097)
Profit or loss for the current period						21,217	21,217
<b>Balance at 31 December 2013</b>	<b>350,736</b>	<b>585</b>	<b>86,831</b>	<b>544,731</b>		<b>21,217</b>	<b>1,004,100</b>



# CASH FLOW STATEMENT

Year ended 31. 12. 2013 (in CZK thousand), HOCHTIEF CZ a. s., Corporate ID 46678468, Plzeňská 16/3217, 150 00 Prague 5

		Období do 31. 12. 2013	Období do 31. 12. 2012
P.	Opening balance of cash and cash equivalents	207,808	581,765
	<b>Cash flows from ordinary activities</b>		
Z.	Profit or loss from ordinary activities before tax	39,910	41,201
A.1.	Adjustments for non-cash transactions	(11,263)	46,133
A.1.1.	Depreciation of fixed assets	25,769	39,196
A.1.2.	Change in provisions and reserves	(30,161)	513
A.1.3.	Profit/(loss) on the sale of fixed assets	(11,656)	(3,653)
A.1.5.	Interest expense and interest income	5,271	9,714
A.1.6.	Adjustments for other non-cash transactions	(486)	363
A.*	<b>Net operating cash flow before changes in working capital</b>	<b>28,647</b>	<b>87,334</b>
A.2.	Change in working capital	392,682	(26,872)
A.2.1.	Change in operating receivables and other assets	206,519	1,062,702
A.2.2.	Change in operating payables and other liabilities	305,755	(613,816)
A.2.3.	Change in inventories	(119,592)	(475,758)
A.**	<b>Net cash flow from operations before tax and extraordinary items</b>	<b>421,329</b>	<b>60,462</b>
A.3.	Interest paid	(7,483)	(13,328)
A.4.	Interest received	2,212	3,614
A.5.	Income tax paid from ordinary operations	(17,744)	(33,444)
A.***	<b>Net operating cash flows</b>	<b>398,314</b>	<b>17,304</b>
	<b>Cash flows from investing activities</b>		
B.1.	Fixed assets expenditures	(4,043)	(10,789)
B.2.	Proceeds from fixed assets sold	13,039	3,909
B.3.	Loans provided to related parties	(127,225)	(226,007)
B.***	<b>Net investment cash flows</b>	<b>(118,229)</b>	<b>(232,887)</b>
	<b>Cash flow from financial activities</b>		
C.1.	Change in payables from financing	(35,445)	(146,946)
C.2.	Impact of changes in equity	(17,097)	(11,428)
C.2.5.	Payments from capital funds	(2,097)	(1,428)
C.2.6.	Dividends paid	(15,000)	(10,000)
C.***	<b>Net financial cash flows</b>	<b>(52,542)</b>	<b>(158,374)</b>
F.	<b>Net increase or decrease in cash and cash equivalents</b>	<b>227,543</b>	<b>(373,957)</b>
R.	<b>Closing balance of cash and cash equivalents</b>	<b>435,351</b>	<b>207,808</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

## 1. GENERAL INFORMATION

### 1.1. Incorporation and Description of the Business

HOCHTIEF CZ a. s. (hereinafter the "Company") was formed by a Deed of Association as a joint stock company on 1 May 1992 and was incorporated following its registration in the Register of Companies on the same date. The principal activities of the Company include the construction of industrial, engineering, residential, civil and transport structures.

The Company's registered office is located in Prague 5, Plzeňská 16/3217, 150 00.

The Company's issued share capital amounts to CZK 350,736 thousand.

The Company's financial statements have been prepared as of and for the year ended 31 December 2013.

The reporting period is the calendar year from 1 January 2013 to 31 December 2013.

Shareholder/Owner	Ownership percentage
HOCHTIEF Construction Erste Vermögensverwaltungsgesellschaft mbH, Germany	100%
<b>Total</b>	<b>100%</b>

#### Companies over which HOCHTIEF CZ a. s. has controlling influence:

- HOCHTIEF Facility Management Česká republika s.r.o., Prague 5, Plzeňská 16/3217; and
- Garden Center Invest s. r. o., Prague 5, Plzeňská 16/3217.

### 1.2. Year-on-Year Changes in and Amendments to the Register of Companies

#### Changes in the Composition of the Executive Board and the Supervisory Board

In the year ended 31 December 2013, there were changes in the member of the Executive Board and member of the Supervisory Board, as detailed in Note 1.3. In addition, there was a change in the proxy when Vilém Tvrdek and Jaroslav Jakubec were removed from the Register of Companies on 20 June 2013.

### 1.3. Executive Board and Supervisory Board

Executive Board	
Chairman	Tomáš Bílek
Member	Jörg Mathew
Member	Tomáš Koranda
Supervisory Board	
Chairman	Wilfried Rammner
Member	Martin Beneš
Member	Jörg Laue

#### Changes in the Executive Board in 2013

Position	Original member	New member	Change date
Member	Roberto Simoni	Jörg Mathew	1 March 2013
Member		Tomáš Koranda	1 December 2013

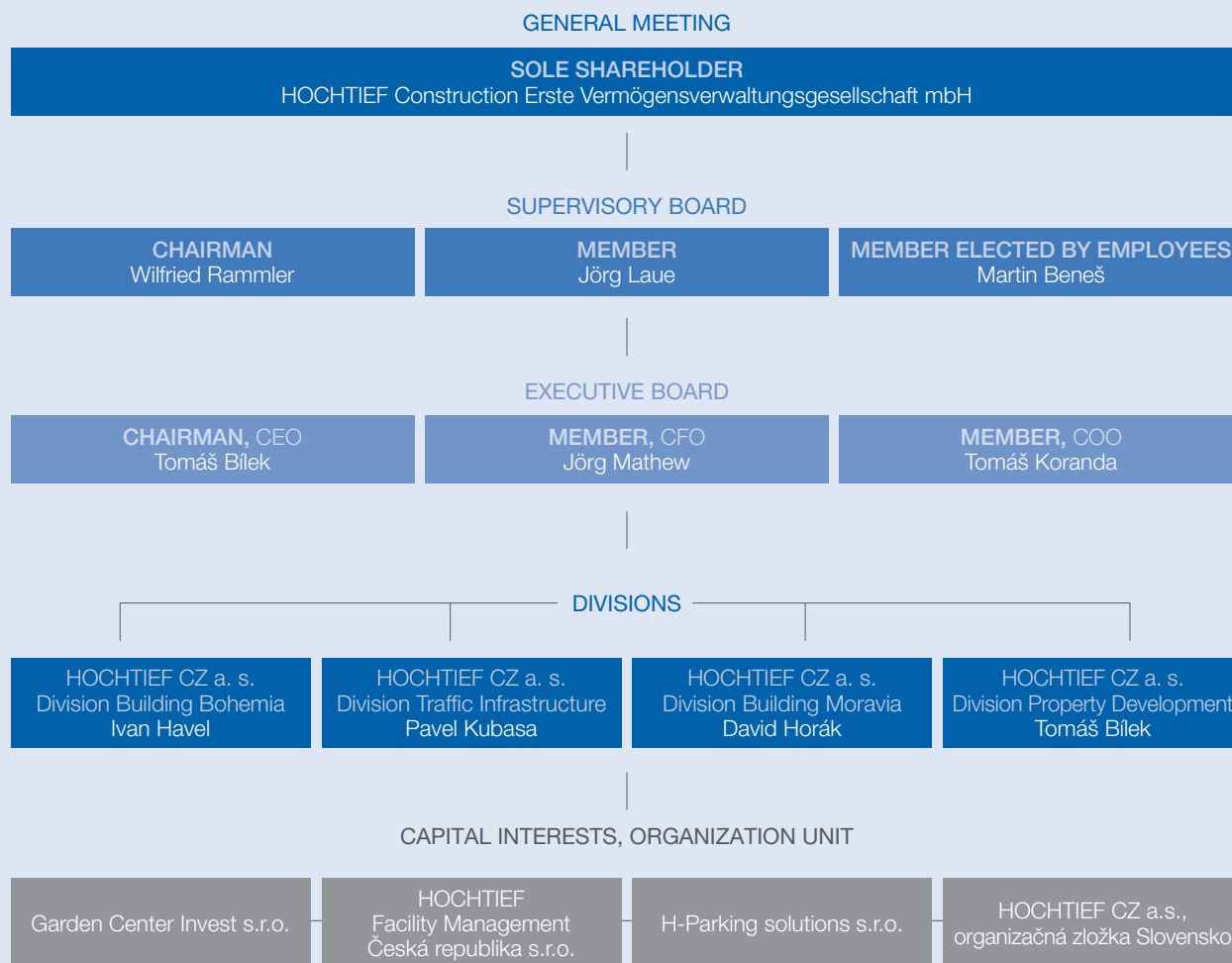
#### Changes in the Supervisory Board in 2013

Position	Original member	New member	Change date
Chairman	Eimert Maurits Alexander Los	Roberto Simoni	28 February 2013
Chairman	Roberto Simoni	Wilfried Rammner	25 November 2013
Member	Wolfgang Reining	Jörg Laue	25 November 2013





#### 1.4. Organisational Structure



### 1.5. Group Identification

HOCHTIEF CZ a.s. is included in the multinational construction group HOCHTIEF AG registered at Opernplatz 2, 45128 Essen.

## 2. BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with Accounting Act 563/1991 Coll., as amended; Regulation 500/2002 Coll., which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended; and Czech Accounting Standards for Businesses, as amended.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis with the exception of derivative instruments which are measured at fair value as of the balance sheet date as described in Note 3.4, the accruals principle, the prudence concept and the going concern assumption. These financial statements are presented in thousands of Czech crowns (CZK).

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1. Tangible Fixed Assets

Tangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 40 thousand on an individual basis.

Purchased tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment losses.

Tangible fixed assets developed internally are valued at direct costs, incidental costs directly attributable to the internal production of assets (production overheads), or, alternatively, incidental costs of an administrative character if the production period of the assets exceeds one accounting period.

The following tangible fixed assets are stated at replacement cost: tangible fixed assets acquired through donation; fixed assets recently entered in the accounting records (accounted for by a corresponding entry in the relevant accumulated depreciation account); and an investment of tangible fixed assets.

The cost of fixed asset improvements exceeding CZK 40 thousand for the taxation period increases the acquisition cost of the related tangible fixed asset.

Depreciation is charged so as to write off the cost of tangible fixed assets, other than land, works of art and assets under construction, over their estimated useful lives using the straight-line method on the following basis:

	Depreciation method	Number of years
Immovable assets – dormitories, administrative buildings	Straight-line	50
Immovable assets – other structures	Straight-line	30
Construction containers	Straight-line	10
Bridge cranes and tower cranes	Straight-line	10
Excavators	Straight-line	7
Freight transport; truck cranes	Straight-line	7
Medium-size machinery	Straight-line	6
Scaffold boarding	Straight-line	5
Tools; low-value machinery	Straight-line	5
Utility vehicles	Straight-line	5
Cars	Straight-line	5
Computers	Straight-line	4
Office equipment	Straight-line	4

In the year ended 31 December 2013, the Company applied the same depreciation policy as in the year ended 31 December 2012.



Assets held under finance leases are depreciated by the lessor.

Technical improvements on leasehold tangible fixed assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the net book value of the asset at the sale date and is recognised through the profit and loss account.

Low value tangible assets are other movable assets and sets of movable assets with

a useful life longer than one year which are not disclosed in fixed assets. These assets are considered inventory and are expensed upon acquisition. The Company also maintains an operating register of such assets.

### **Provisioning**

When an asset's net book value exceeds its estimated recoverable amount, the asset's net book value is reduced to its recoverable amount using a provision. In addition, provisions are recognised for redundant, damaged or rarely used assets, if such assets are identified.

### **3.2. Intangible Fixed Assets**

Intangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 60 thousand on an individual basis.

Intangible fixed assets also comprise development activities with an estimated useful life greater than one year. Assets arising from development activities are capitalised only if utilised for repeated sale. Intangible assets arising from research and development, software and valuable rights generated internally for the Company's internal needs are not capitalised. Internally generated intangible assets are stated at the lower of internal production costs and replacement cost.

Purchased intangible fixed assets are stated at cost less accumulated amortisation and any recognised impairment losses.

Expenditures on research activities are recognised as expenses in the period in which they are incurred.

The cost of fixed asset improvements exceeding CZK 60 thousand for the taxation period increases the acquisition cost of the related intangible fixed asset.

Amortisation of intangible fixed assets is recorded on a straight-line basis over their estimated useful lives. Software is amortised over 36 months.

### **3.3. Non-Current Financial Assets**

Non-current financial assets principally consist of loans whose maturity exceeds one year, equity investments, securities and equity investments available for sale and held-to-maturity debt securities with maturity over one year.

Upon acquisition, securities and equity investments are carried at cost. The cost of securities or equity investments includes the direct costs of acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges.

At the date the securities and equity investments are acquired, the Company categorises these non-current financial assets based on their underlying characteristics as equity investments in subsidiaries and associates or debt securities held to maturity, or securities and equity investments available for sale.

Investments in enterprises in which the Company has the power to govern the financial and operating policies so as to obtain benefits from their operations are dealt with as "Equity investment in subsidiaries".

Investments in enterprises in which the Company is in a position to exercise significant influence over their financial and operating policies so as to obtain benefits from their operations are dealt with as "Equity investments in associates".

At the balance sheet date, the Company records equity investments at cost less any impairment provisions.

### 3.4. Financial Derivative Instruments

The Company designates derivative financial instruments as either trading or hedging. The Company's criteria for a derivative instrument to be accounted for as a hedge are as follows:

- At the inception of the hedge, a decision was made regarding hedged items and hedging instruments, the risks to be hedged, the approach to establishing and documenting whether the hedge is effective, and the hedging relationship is formally documented.
- The hedge is highly effective (i.e., within a range of 80% to 125%).
- The effectiveness of the hedge can be measured reliably and is assessed on an on-going basis (the Company assesses the effectiveness at the derivative trade date and subsequently at the balance sheet date).

If derivative instruments do not meet the criteria for hedge accounting referred to above, they are dealt with as trading derivatives. The accounting treatment for hedging derivatives varies depending upon the hedging relationship, which is a cash flow hedge. A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a legally enforceable contract, a forecasted future transaction, groups of assets, groups of liabilities, legally enforceable contracts or forecasted future transactions with similar characteristics where the same type and category of risk is the subject of the hedge. Gains or losses arising over the term of the hedge from changes in fair values of hedging derivatives contracted under cash flow hedging that are attributable to the hedged risks are retained on the balance sheet. The gains or losses are charged to income or expenses in the same period in which the income or expenses associated with the hedged item are recognised. Gains or losses arising from changes in the fair values of hedging derivatives contracted under cash flow hedging that are attributable to unhedged risks are recorded as expenses or income from derivative transactions at the measurement date.

### 3.5. Inventory

Internally developed inventory, i.e. work in progress, is valued at the cost of producing the inventory (direct costs of production and production overheads). Long-term contracts include a portion of the administrative overheads. Received sub-supplies are charged to expenses and at the same time capitalised into work in progress. The sub-supplies are valued at the actual cost. Work in progress is reversed from the accounting records upon the issuance of the final invoice for the construction work or upon partial billing.

The inventory of material is valued at acquisition cost. The acquisition cost includes the purchase cost and costs attributable to the acquisition (freight costs and insurance charges). Inventory held in stock and inventory disposals are carried at average costs.

#### Provisioning

The Company recognised provisions against slow-moving stocks of material and goods with reference to an individual analysis of all inventory without movement for a period exceeding six months.

The Company recognises provisions against work in progress, if its net book value exceeds the recoverable value.

### 3.6. Receivables

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate provisions for doubtful and bad amounts.

#### Provisioning

Provisions against receivables are established on the basis of an aging analysis, an individual assessment of financial health of the debtor and/or an assessment of the time value of the receivables.

### 3.7. Trade Payables

Trade payables are stated at their nominal value.





### **3.8. Loans**

Loans are stated at their nominal value.

The portion of long-term loans/borrowings maturing within one year from the balance sheet date is included in short-term loans/borrowings.

### **3.9. Reserves**

Reserves are intended to cover future risks and expenditure, the nature of which is clearly defined and which are likely to be incurred, but which are uncertain as to the amount or the date on which they will arise.

The reserve for outstanding vacation days is created on the basis of an outstanding vacation days' analysis as of the balance sheet date and the average payroll costs including social security and health insurance expenses by employee.

The reserve for warranty repairs is calculated at 0.95% of the Company's construction work by reference to the actual costs of the warranty repairs based on the Company's historical experience and with a view to particular risks relating to individual projects.

### **3.10. Foreign Currency Translation**

Transactions denominated in foreign currencies during the year are translated using

a fixed rate determined as the exchange rate of the Czech National Bank at the beginning of the accounting period.

At the balance sheet date, the relevant assets and liabilities are translated at the Czech National Bank's exchange rate prevailing as of that date.

### **3.11. Finance Leases**

The cost of assets acquired under finance lease is not capitalised into fixed assets. The cost of such assets is expensed evenly over the lease period. Future lease payments which were not due as of the balance sheet date are disclosed in the notes to the financial statements but are not recognised on the face of the balance sheet. The initial lump-sum payment (advance payment) related to assets acquired under finance leases is posted to accruals and expensed over the lease period.

### **3.12. Taxation**

#### **3.12.1. Depreciation of Fixed Assets for Tax Purposes**

Depreciation of fixed assets is calculated using the straight-line method for tax purposes.

#### **3.12.2. Current Tax Payable**

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the tax rate that has been enacted by the balance sheet date.

#### **3.12.3. Deferred Tax**

Deferred tax is accounted for using the balance sheet liability method.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the related deferred tax is also dealt with in equity.

### **3.13. Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater of the net selling price and the value in use. In assessing the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

#### **3.14. Government Grants**

Grants received to offset costs are recognised as other operating income over the period necessary to match such grants with the related costs.

#### **3.15. Revenue Recognition**

Revenue is measured at the value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales-related taxes.

Construction work is invoiced on an on-going basis throughout the construction period and revenue is recognised upon a final or partial delivery of the work in compliance with the accounting regulations. Alternatively, advances are received in the course of the construction work and revenue is posted to the "Change in work in progress" account.

#### **3.16. Use of Estimates**

In the application of the accounting policies, the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant (appropriate). Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the change of the estimate is identified.

The current economic situation and the related market volatility heighten the risk that the actual results and outcomes may significantly differ from these estimates. Key areas with a potential for significant differences between the actual results and the estimates principally include the valuation of investments and provisions against receivables. The information on key assumptions relating to the future and other key sources of uncertainty in estimates as of the balance sheet date for which there is an increased risk that they will lead to significant adjustments in carrying amounts of assets and liabilities in the following reporting period, if any, are presented in individual notes (refer also to Notes 4.1., 4.3. and 4.6.).

#### **3.17. Accounting and Reporting Related to the Organization Unit Slovakia**

The bookkeeping of the Organization Unit Slovakia is provided by an external firm. The content of individual accounts in the chart of accounts is defined identically as in the chart of accounts of the Company. Balances and amounts of the organisational branch are regularly reconciled and included in the accounting books of the Company with the identical mapping to the lines of the financial statements.

#### **The Organization Unit Slovakia Reporting**

Cash investments in the Organization Unit Slovakia reported in the financial statements for the year ended 31 December 2013 are not offset, i.e. the investment made by HOCHTIEF CZ in the amount of CZK 7,374 thousand is reported in the line "Other receivables" and also as a payable of the Organization Unit Slovakia in "Other payables" (as of 31 December 2012: in the amount of CZK 4,998 thousand). The same treatment was applied in respect of the year ended 31 December 2012.

#### **3.18. Year-on-Year Changes in Valuation, Depreciation and Accounting Policies, Presentation of Information that is not Comparable**

In the year ended 31 December 2013, the Company did not make any changes in accounting policies, depreciation of assets or any other changes that would have an impact on the profit or loss of the Company.

#### **3.19. Consolidation**

As the Company is included in the consolidation of its parent company, HOCHTIEF AG, with its registered office at Opernplatz 2, 45128 Essen, no consolidated financial statements are prepared for the Company.



### 3.20. Presentation of Land and Prepayments for Purchased Land for Development Projects

The Company reports purchased land for development projects as part of “Goods”.

Prepayments for the purchase of the land and cash for the purchase of land deposited with the notary are presented as “Prepayments for inventory”.

### 3.21. Presentation of the Company's Participation in Association

#### The Company is the principal participant in the association

In its financial statements, the Company presents individual expenses and income not offset with the shares of other participants in the association. The aggregate amount of expenses and income is decreased by the shares and the result belonging to auxiliary participants in the line “Sales of own products and services” and the line “Consumed material and energy”.

#### The Company is a secondary participant in the association

In its financial statements, the Company decreases the line “Sales of own products and services” and the line “Consumed material and energy” by the value of work which it provided to the association and which is repeatedly included in the expenses and income resulting from the participation of the Company in the association as a secondary participant based on the allocation of the proportion of expenses and income. The Company reports the greater of these values for the particular year.

### 3.22. Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets easily convertible into cash in an amount agreed in advance. Cash and cash equivalents can be analysed as follows:

	(CZK thousand)	
	31 December 2013	31 December 2012
Cash on hand and cash equivalents	811	1,037
Cash in transit	421	4,822
Cash at bank	434,119	201,949
<b>Total cash and cash equivalents</b>	<b>435,351</b>	<b>207,808</b>

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

In addition, the Company treats balances from cash-pooling accounts contracted with the parent company HOCHTIEF Aktiengesellschaft, maintained with Citibank, as receivables and payables arising from financing. These receivables and payables are reported in the lines “Receivables – controlling entity” and “Payables – controlling entity”, as appropriate.

## 4. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

### 4.1. Fixed Assets

#### 4.1.1. Intangible Fixed Assets

In the year ended 31 December 2013, the Company recorded no significant additions to intangible assets.

Principal disposals of intangible fixed assets include the amortisation of software.

Low-value intangible assets charged directly to expenses amounted to CZK 5,169 thousand and CZK 3,784 thousand in the years ended 31 December 2013 and 2012, respectively. Amortisation charges amounted to CZK 863 thousand and CZK 1,457 thousand in the years ended 31 December 2013 and 2012, respectively.

Intangible fixed assets under construction represent purchased rights to development projects. The Company will continue to carefully monitor the recoverability and anticipated profitability of the relating projects on an ongoing basis in terms of their current valuation.

#### 4.1.2. Tangible Fixed Assets

Principal additions to tangible fixed assets include improvements to buildings of CZK 1,722 thousand, acquisition of machinery and equipment of CZK 657 thousand and acquisition of IT equipment of CZK 1,180 thousand.

Principal disposals of tangible fixed assets include the sale of machinery and equipment of CZK 51,305 thousand and portable buildings and scaffoldings of CZK 16,181 thousand.

Provisions against tangible fixed assets as of 31 December 2013 were as follows:

A provision against land in the amount of CZK 2,566 thousand, a provision against a structure (SFINX) in the amount of CZK 281 thousand, and a provision against investment prepayments in the amount of CZK 5,606 thousand.

Depreciation charges amounted to CZK 24,906 thousand (including the disposal of assets through liquidation) and CZK 37,738 thousand in the years ended 31 December 2013 and 2012, respectively.

In the years ended 31 December 2013 and 2012, the Company acquired low-value tangible assets charged directly to expenses in the amounts of CZK 8,326 thousand and CZK 7,599 thousand, respectively. The significant increase is attributable to the modernisation of IT equipment.

#### 4.1.3. Assets Held under Finance Leases

The Company holds no assets acquired under finance leases.

#### 4.2. Operating Leases

As of 31 December 2013, HOCHTIEF CZ a. s. held assets under operating leases. Specifically, this included leases of cars for five years and construction machinery with a lease term of a maximum of eight years. In the years ended 31 December 2013 and 2012, the payments made under leases amounted to CZK 36,138 thousand and CZK 36,586 thousand, respectively.

#### Set out below is an estimate of instalments in the following years

(in CZK thousand)

2014	28,188
2015	22,597
2016	15,775
2017	13,424
2018	5,155
2019	284
<b>Total</b>	<b>85,423</b>

The aggregate lease expenses of cars and machinery amounted to CZK 126,904 thousand and CZK 59,825 thousand, respectively. The above figures are net of VAT if input VAT recovery is possible.

The Company additionally leases the premises used as its the registered office.

#### 4.3. Non-Current Financial Assets

##### Cost

(in CZK thousand)

	Balance at 31 Dec 2011	Additions	Disposals	Balance at 31 Dec 2012	Additions	Disposals	Balance at 31 Dec 2013
Equity investments in subsidiaries	115,552	0	0	115,552	200	200	115,552
Equity investments in associates	0	0	0	0	100	0	100
Other non-current securities and equity investments	2,000	0	0	2,000	0	0	2,000
<b>Total</b>	<b>117,552</b>	<b>0</b>	<b>0</b>	<b>117,552</b>	<b>300</b>	<b>200</b>	<b>117,652</b>





#### 4.3.1. Equity Investments in Subsidiaries

2013

(CZK thousand)

Name of the entity	Registered office	Cost	Ownership percentage	Voting power in %	Equity	Profit or loss	Provision	Year-end valuation
Garden Center Invest s.r.o.	Prague	115,487	100	100	15,834	(940)	98,815	16,672
HOCHTIEF Facility Management Česká republika, s.r.o.	Prague	65	100	100	(3,081)	1,513	0	65
H-Parking solutions s.r.o.	Ostrava	100	50	50	179	(21)	0	100
<b>Total</b>		<b>115,652</b>			<b>12,932</b>	<b>552</b>	<b>98,815</b>	<b>16,837</b>

In 2014 the Company will continue to monitor the development and anticipated profitability of the projects implemented through its subsidiary, Garden Center Invest (hereinafter “GCI”). The aggregate exposure through the subsidiary includes the above-disclosed investment and receivables from projects that have already been implemented (refer to Notes 4.5 and 4.6). The valuation of the financial investment and collectability of the receivables are significantly dependent upon the development of sales of the subsidiary’s development projects during the year.

2012

(CZK thousand)

Name of the entity	Registered office	Cost	Ownership percentage	Voting power in %	Equity	Profit or loss	Provision	Year-end valuation
Garden Center Invest s.r.o.	Prague	115,487	100	100	17,936	(27,387)	97,875	17,612
HOCHTIEF Facility Management Česká republika, s.r.o.	Prague	65	100	100	(4,594)	(1,985)	0	65
<b>Total</b>		<b>115,552</b>			<b>13,342</b>	<b>(29,372)</b>	<b>97,875</b>	<b>17,677</b>

#### 4.3.2. Other Equity Investments

2013

(CZK thousand)

Name of the entity	Registered office	Cost	Nominal value	Ownership percentage	Equity	Profit or loss	Provision	Year-end valuation
VLTAOTÝNSKÁ TEPLÁRENSKÁ a.s.	Týn nad Vltavou	2,000	CZK 10,000 per share	2	181,159	155	0	2,000
<b>Total</b>		<b>2,000</b>			<b>181,159</b>	<b>155</b>	<b>0</b>	<b>2,000</b>

2012

(CZK thousand)

Name of the entity	Registered office	Cost	Nominal value	Ownership percentage	Equity	Profit or loss	Provision	Year-end valuation
VLTAOTÝNSKÁ TEPLÁRENSKÁ a.s.	Týn nad Vltavou	2,000	CZK 10,000 per share	2	181,073	828	0	2,000
<b>Total</b>		<b>2,000</b>			<b>181,073</b>	<b>828</b>	<b>0</b>	<b>2,000</b>

#### 4.4. Inventory

The net book value of inventory amounted to CZK 874,316 thousand and CZK 773,197 thousand as of 31 December 2013 and 2012, respectively. Provisions against inventory amounted to CZK 24,220 thousand and CZK 5,747 thousand as of 31 December 2013 and 2012, respectively. The balances of goods include the value of purchased land for development activities and purchased apartment units under the Apartmány Farské Lúky project and Modrá Růže residential building. Inventory is predominantly composed of work in progress – i.e. construction projects in progress the value of which is reported as work in progress in the amount of CZK 694,437 thousand. Major construction projects in progress are as follows: “Metro Dejvická-Motol” in the amount of CZK 372,160 thousand, “Tunel Blanka” in the amount of CZK 74,126 thousand, Multi-purpose building – JEDENÁCTKA VS, PRAGUE 11 in the amount of CZK 37,433 thousand, Ovocnářský výzkumný institut – Holovousy in the amount of CZK 34,672 thousand and the “Borská Pole – Zelený trojúhelník” development project in the amount of CZK 18,860 thousand.

#### 4.5. Long-Term Receivables

Long-term receivables include receivables with maturity exceeding one year at the balance sheet date, and a deferred tax asset. Other-than-intercompany long-term trade receivables amounted to CZK 238,757 thousand and CZK 190,744 thousand as of 31 December 2013 and 2012, respectively. These included retained fees on invoiced construction projects. The Company reported outstanding long-term trade receivables maturing within more than five years in the amounts of CZK 24,709 thousand and CZK 45,466 thousand as of 31 December 2013 and 2012, respectively.

##### 4.5.1. Long-Term Intercompany Receivables

Long-term trade intercompany receivables amounted to CZK 2,284 thousand as of 31 December 2013. These receivables involve retained fees from invoiced construction projects principally billed to Garden Center Invest s.r.o. As of 31 December 2012, long-term intercompany receivables amounted to CZK 2,284 thousand.

#### 4.6. Short-Term Receivables

##### 4.6.1. Aging of Trade Receivables

(CZK thousand)

Year	Category	Before due	Past due					Total past due	Total
			0–90 days	91–180 days	181–360 days	1–2 years	2 and more years		
2013	Gross	1,008,615	181,343	26,724	65,440	60,670	206,136	540,313	1,548,928
	Provisions	417	29		6,415	23,981	152,162	182,587	183,004
	Net	1,008,198	181,314	26,724	59,025	36,689	53,974	357,726	1,365,924
2012	Gross	1,024,147	174,443	69,309	131,668	112,489	295,217	783,126	1,807,273
	Provisions	346	2,272	660	17,018	24,005	180,605	224,560	224,906
	Net	1,023,801	172,171	68,649	114,650	88,484	114,612	558,566	1,582,367

Provisions are not established against trade receivables related to particular projects if these include intercompany receivables, receivables for which a payment schedule has been agreed, collateralised receivables or receivables in respect of which negotiations are being held regarding the compensation method with debtors, i.e. receivables that are anticipated to be collected by the Company. During 2014, the Company will continue to pay continuous attention to the developments in the negotiations with the debtors and, as and when needed, update the provisions to reflect compliance with the agreed repayment schedules, development in collateral values, market developments and the aggregate recoverability risk related to the relevant receivable.



#### 4.6.2. Intercompany Receivables

(CZK thousand)

Name of the entity	Relation to the Company	Balance at 31 Dec 2013	Balance at 31 Dec 2012
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	3,199	6,970
HOCHTIEF Solutions AG, organizační složka	Fellow subsidiary	7,339	7,812
HOCHTIEF Solutions AG	Parent company	317	6,537
Garden Center Invest s.r.o.	Subsidiary	4,347	4,143
HOCHTIEF Facility Management Česká republika s.r.o.	Subsidiary	791	1,665
VLTAOTÝNSKÁ TEPLÁRENSKÁ a.s.	Financial investment	0	0
ACL Investment, a.s.	Related party	18	0
Valentinka a.s.	Related party	12	0
Euripus s.r.o.	Related party	9	0
Inserta s.r.o.	Related party	12	0
<b>Total short-term intercompany receivables</b>		<b>16,044</b>	<b>27,127</b>
<b>Other than intercompany receivables</b>		<b>1,532,884</b>	<b>1,780,146</b>
<b>Total short-term trade receivables</b>		<b>1,548,928</b>	<b>1,807,273</b>

#### Receivables – Controlled or Controlling Entity

The balance of the provided loan of CZK 3,054 thousand as of 31 December 2013 includes the loan granted to Garden Center Invest s.r.o. (hereinafter "GCI") to finance residential development projects. The loan interest is established with reference to the development of the CNB's discount rate. The loan amounted to CZK 53,000 thousand as of 31 December 2012. The receivable arising from cash-pooling contracted with the parent company amounted to CZK 421,591 thousand and the cash-pooling receivable contracted with the Company's subsidiary, HOCHTIEF Facility Management Česká republika s.r.o., amounted to CZK 7,074 thousand as of 31 December 2013. These receivables were both reported under "Receivables – controlled and controlling entity".

#### Other Receivables

Other short-term receivables as of 31 December 2013 amounted to CZK 134,497 thousand and primarily include a receivable from the subsidiary Garden Centre Invest s.r.o. The remaining receivables are provided for in the amount of CZK 38,473 thousand. As of 31 December 2012, other receivables amounted to CZK 43,518 thousand and were provided for in the amount of CZK 38,514 thousand.

#### 4.7. Current Financial Assets

(CZK thousand)

	Balance at 31 Dec 2013	Balance at 31 Dec 2012
Cash at hand	124	577
Cash equivalents	687	460
Current accounts	434,119	201,949
Cash in transit	421	4,822
<b>Total current financial assets</b>	<b>435,351</b>	<b>207,808</b>

#### 4.8. Deferred Expenses and Accrued Income

As of 31 December 2013, the Company reported deferred expenses and accrued income in the amount of CZK 30,292 thousand. Deferred expenses amounted to CZK 10,971 thousand and accrued income amounted to CZK 19,321 thousand. Deferred expenses represent deferred expenditure realised in the current year, principally insurance paid for the Metro Motol project in the amount of CZK 8,139 thousand. Accrued income primarily included accrued invoices arising from invoices issued to customers and accrued proceeds from insurance claims.

As of 31 December 2012, deferred expenses and accrued income amounted to CZK 27,790 thousand and CZK 20,342 thousand, respectively.

## 4.9. Equity

### 4.9.1. Changes in Equity

In the year ended 31 December 2013, the Company paid out dividends from the profit for 2012 in the amount of CZK 15,000 thousand.

### 4.10. Reserves

(CZK thousand)

	Reserve for guarantees	Reserve for outstanding vacation days	Other reserves	Total reserves
Balance at 31 Dec 2012	56,819	9,004	25,550	91,373
Charge for reserves	10,929	9,266	8,603	28,798
Use of reserves	23,898	9,004	15,236	48,791
Release of redundant reserves	0	0	653	653
Balance at 31 Dec 2013	43,850	9,266	18,264	71,380

### 4.11. Long-Term Payables

Long-term payables generally comprise payables with maturity longer than one year as of the balance sheet date and a deferred tax liability (if any).

Long-term payables principally include retained fees relating to construction project sub-supplies.

The aggregate balance of long-term payables with maturity exceeding five years as of 31 December 2013 and 2012 was CZK 97,569 thousand and CZK 85,978 thousand, respectively. These payables are reported within long-term trade payables.

### 4.12. Short-Term Payables

#### 4.12.1. Aging of Short-Term Trade Payables

(CZK thousand)

Year	Category	Before due	Past due					Total past due	Total
			0–90 days	91–180 days	181–360 days	1–2 years	2 and more years		
2013	Short-term	868,607	262,392	23,436	15,751	30,113	18,202	349,895	1 218,501
2012	Short-term	689,594	147,004	11,828	30,467	12,784	12,543	214,626	904,220

#### 4.12.2. Intercompany Payables

##### Short-Term Trade Payables and Received Prepayments

(CZK thousand)

Entity	Relation to the Company	Balance at 31 Dec 2013	Balance at 31 Dec 2012
Garden Center Invest s.r.o.	Subsidiary	3	3
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	0	482
HOCHTIEF Solutions AG	Parent company	21,532	1,657
HOCHTIEF Facility Management Česká republika s.r.o.	Subsidiary	3,049	3,005
HOCHTIEF Construction Slovakia s.r.o.	Fellow subsidiary	3,506	1,881
Short-term trade payables and received intercompany advances		28,090	7,028
Other than intercompany payables and advances		1,204,656	936,042
Total short-term trade payables and advances		1,232,746	943,070





### Payables – Controlled and Controlling Entity

The payable arising from the cash-pooling contracted with the parent company and the subsidiary, HOCHTIEF Facility Management Česká republika s.r.o., amounted to CZK 22,579 thousand and CZK 653 thousand, respectively, as of 31 December 2013 and was reported in the line “Payables – controlling and controlled entity”.

#### 4.12.3. Payables to Partners and Association Members

Payables to partners and association members amounted to CZK 139,675 thousand and CZK 137,805 thousand as of 31 December 2013 and 2012, respectively (both long-term and short-term payables). The balances included retained fees granted to the association members and long-maturity invoices. The Company also entered into new association contracts in 2013. The balance referred to above also includes the payable to HOCHTIEF Solutions AG, organization unit Prague, arising from the participation in the association as of 31 December 2013 and 2012 in the amounts of CZK 7,713 thousand and CZK 26,075 thousand, respectively.

#### 4.12.4. Estimated Payables

Estimated payables as of 31 December 2013 and 2012 amounted to CZK 760,568 thousand and CZK 734,165 thousand, respectively. The estimated payables principally include work performed but unbilled by subcontractors during construction projects.

### 4.13. Short-Term Bank Loans and Financial Borrowings

2013

(CZK thousand)

Bank/Creditor	Balance at 31 Dec 2013	Balance at 31 Dec 2012	Interest rate 2013	Form of collateral in 2013
UniCredit Bank	156,319	212,459	1M Pribor + 1.55%	No collateral
Commerzbank	104,126	102,250	1.950%	No collateral
<b>Total</b>	<b>260,445</b>	<b>314,709</b>		

### 4.14. Income Taxation

#### 4.14.1. Deferred Taxation

The deferred tax asset/(liability) is analysed as follows:

Deferred Tax Arising from

(CZK thousand)

	Balance at 31 Dec 2013	Balance at 31 Dec 2012
Net book value of fixed assets (except for provisions)	(917)	(10,610)
Provisions against fixed assets	40,281	25,313
Provisions against inventory	16,160	1,387
Provisions against receivables	73,702	81,825
Estimated payable for management bonuses	14,712	2,697
Estimated payable for audit fees	550	604
Reserves	65,103	80,906
Other	257,272	191,673
<b>Total temporary differences</b>	<b>469,863</b>	<b>373,795</b>
<b>Total deferred tax</b>	<b>89,274</b>	<b>71,021</b>

(CZK thousand)

<b>Analysis of movements</b>	
1 January 2013	71,021
Current changes charged to the profit and loss account	18,253
Current changes charged to equity	
<b>31 December 2013</b>	<b>89,274</b>

#### 4.14.2. Income Tax Charge

The charge for the year can be reconciled to the profit according to the profit and loss account as follows (CZK thousand)

	<b>Balance at 31 Dec 2013</b>	<b>Balance at 31 Dec 2012</b>
Profit before tax	39,910	41,201
Income tax rate	19%	19%
Tax at the domestic income tax rate	7,583	7,828
Tax effect of permanent differences and deferred tax	6,699	5,913
Tax relief (handicapped people)	(306)	(288)
Additional taxes for prior years	4,717	2,833
<b>Total income tax on ordinary and extraordinary activities</b>	<b>18,693</b>	<b>16,286</b>

#### 4.14.3. Due Payables arising from Social Security and Health Insurance Contributions and Tax Arrears

As of 31 December 2013, the Company had no due payables arising from social security and health insurance contributions and contributions to the state employment policy.

As of 31 December 2013, the Company had no tax arrears to the relevant tax authorities.

All reported payables arising from the contributions and tax payables mentioned above were before their due dates as of 31 December 2013.

#### 4.15. Details of Income by Principal Activity

(CZK thousand)

	<b>Year ended 31 Dec 2013</b>			<b>Year ended 31 Dec 2012</b>		
	<b>In-country</b>	<b>Cross-border</b>	<b>Total</b>	<b>In-country</b>	<b>Cross-border</b>	<b>Total</b>
Sales of goods	10,500	0	10,500	1,464	0	1,464
<b>Sales of goods</b>	<b>10,500</b>	<b>0</b>	<b>10,500</b>	<b>1,464</b>	<b>0</b>	<b>1,464</b>
Sales of construction work	4,464,431	23,454	4,487,885	3,715,324	0	3,715,324
Sales of services	320,776	0	320,776	405,512	0	405,512
<b>Total sales</b>	<b>4,785,207</b>	<b>23,454</b>	<b>4,808,661</b>	<b>4,120,836</b>	<b>0</b>	<b>4,120,836</b>

The sales of goods principally included sales of plots of land for development projects.

Income from construction production does not include shares in profit from associations where the Company, as a secondary participant in the association, is not charged with the maintenance of the accounting records. This income amounted to CZK 49,042 thousand (2012: CZK 35,919 thousand). In addition, income from specific contracts under which the Company acts as a sub-supplier to other sub-suppliers amounted to CZK 123,803 thousand (2012: CZK 261,565 thousand).



## 4.16. Related Party Transactions

### 4.16.1. Income Generated with Related Parties

2013

(CZK thousand)

Entity	Relation to the Company	Products	Services	Financial income	Total
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	43	841	0	884
HOCHTIEF Solutions AG, organizační složka Praha	Fellow subsidiary	0	523	0	523
Garden Center Invest s.r.o.	Subsidiary	0	380	1,283	1,663
HOCHTIEF Facility Management Česká republika s.r.o.	Subsidiary	0	6,784	161	6,945
HOCHTIEF Solutions AG	Parent	0	577	0	577
VLTA VOTÝNSKÁ TEPLÁRENSKÁ a.s.	Fin. investment	59	0	0	59
ACL Investment, a.s.	Related party	0	75	0	75
Euripus s.r.o.	Related party	0	38	0	38
Valentinka a.s.	Related party	0	10	0	10
Inserta s.r.o.	Related party	0	10	0	10
<b>Total</b>		<b>102</b>	<b>9,238</b>	<b>1,444</b>	<b>10,784</b>

2012

(CZK thousand)

Entity	Relation to the Company	Products	Services	Financial income	Total
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	(15,820)*	843	0	(14,977)
HOCHTIEF Solutions AG, organizační složka Praha	Fellow subsidiary	6,154	1,027	0	7,181
Garden Center Invest s.r.o.	Subsidiary	(2,107)*	207	2,243	343
HOCHTIEF Facility Management Česká republika s.r.o.	Subsidiary	0	7,578	201	7,779
HOCHTIEF Solutions AG	Parent	0	6,588	0	6,588
HOCHTIEF Construction Slovakia s.r.o.	Fellow subsidiary	0	682	0	682
VLTA VOTÝNSKÁ TEPLÁRENSKÁ a.s.	Fin. investment	553	0	0	553
ACL Investment, a.s.	Related party	0	120	0	120
Euripus s.r.o.	Related party	0	60	0	60
MEDSKA, s.r.o.	Related party	0	36	0	36
<b>Total</b>		<b>(11,220)</b>	<b>17,141</b>	<b>2,444</b>	<b>8,365</b>

\* The amounts include corrective tax documents.

All related party proceeds were generated on an arm's length basis. Construction work is measured by reference to budgets and production calculations as with other customers.

### 4.16.2. Purchases from Related Parties

2013

(CZK thousand)

Entity	Relation to the Company	Products	Services	Financial costs	Total
HOCHTIEF Solutions AG	Parent	0	18,653	895	19,548
Garden Center Invest s.r.o.	Subsidiary	0	165	0	165
HOCHTIEF Facility Management Česká republika s.r.o.	Subsidiary	774	25,193	1	25,968
HOCHTIEF Construction Slovakia s.r.o.	Fellow subsidiary	0	21,042	0	21,042
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	0	42	0	42
<b>Total</b>		<b>774</b>	<b>65,095</b>	<b>896</b>	<b>66,765</b>

2012

(CZK thousand)

Entity	Relation to the Company	Products	Services	Financial costs	Total
HOCHTIEF Solutions AG	Parent	0	24,119	4,477	28,596
Garden Center Invest s.r.o.	Subsidiary	0	125	0	125
HOCHTIEF Facility Management Česká republika s.r.o.	Subsidiary	2,574	22,737	4	25,315
HOCHTIEF Construction Slovakia s.r.o.	Fellow subsidiary	0	44,194	0	44,194
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	0	178	0	178
<b>Total</b>		<b>2,574</b>	<b>91,353</b>	<b>4,481</b>	<b>98,408</b>

#### 4.17. Consumed Purchases

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Consumed material	530,979	510,296
Consumed energy	22,258	21,539
Sub-supplies	3,094,947	2,313,789
<b>Total consumed purchases</b>	<b>3,648,184</b>	<b>2,845,624</b>

The costs arising from associations in which the Company, as a secondary participant in the association, is not charged with the maintenance of the accounting records were excluded in the amount of CZK 49,042 thousand (2012: CZK 35,919 thousand) from the "Sub-supplies" item. The exclusion also relates to the costs related to specific contracts in which the Company acts as a sub-supplier to other sub-suppliers – in the amount of CZK 123,803 thousand (2012: CZK 261,565 thousand).

#### 4.18. Services

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Repairs and maintenance	19,908	18,915
Travel expenses	31,825	33,038
Representation costs	6,227	4,674
Telephone, fax, Internet	7,439	7,062
Low value intangible assets put into use	5,169	3,784
Rental and borrowing costs for construction projects	42,249	52,797
Audit, tax, legal and other consulting	6,734	8,741
Waste disposal	14,710	11,384
Operating leases	36,138	36,586
Transport costs	12,104	36,490
Advertising	7,638	10,073
Other construction services	62,735	80,951
Other	114,266	145,873
<b>Total</b>	<b>367,142</b>	<b>450,368</b>

#### 4.19. Depreciation of Intangible and Tangible Fixed Assets

2013

(CZK thousand)

Depreciation of Intangible and Tangible Fixed Assets	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Depreciation of IFA and TFA	25,769	39,196
<b>Total depreciation</b>	<b>25,769</b>	<b>39,196</b>





#### 4.20. Change in Reserves and Provisions Relating to Operating Activities and Complex Deferred Expenses

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Change in other reserves – vacation	261	(1,244)
Change in other reserves – guarantees and other	(16,064)	(41,004)
Change in the provisions under special legislation – against receivables; tax-deductible	(29,159)	43,585
Change in provisions – against receivables; tax non-deductible; and against assets	22,061	(28,742)
<b>Total</b>	<b>(22,901)</b>	<b>(27,405)</b>

#### 4.21. Other Operating Income

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Contractual penalties and default interest	7,989	9,127
Recoveries of receivables written off and transferred	25,000	5,853
Compensation for deficits and damage of operating assets; insurance company – damage claims etc	30,603	5,031
Sundry operating income	13,206	23,470
<b>Total</b>	<b>76,798</b>	<b>43,481</b>

#### 4.22. Other Operating Expenses

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Gifts	50	80
Contractual penalties and default interest	741	1,353
Other penalties and fines	212	721
Write-off of receivables and transferred receivables	76,844	21,793
Sundry operating expenses – principally insurance	59,637	38,131
<b>Total</b>	<b>137,484</b>	<b>62,078</b>

#### 4.23. Proceeds of the Sale of Securities and Investments, Securities and Investments Sold

As of 31 December 2013, the Company reported sales of securities of CZK 200 thousand. This is the sale of an equity investment of JAHKAP s.r.o.

#### 4.24. Change in the Reserves and Provisions relating to Financial Activities

In the year ended 31 December 2013, the Company updated the amount of the provision against a financial investment in GCI in the amount of CZK 940 thousand.

#### 4.25. Interest Income

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Interest on current bank accounts	768	1,165
Other interest received from other debtors	1,444	2,449
<b>Total</b>	<b>2,212</b>	<b>3,614</b>

#### 4.26. Interest Expenses

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Interest on bank loans and overdraft facilities	6,587	8,847
Interest on intercompany loans	896	4,481
<b>Total</b>	<b>7,483</b>	<b>13,328</b>

#### 4.27. Other Financial Income

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Foreign exchange rate gains	1,685	665
Sundry financial income	95	92
<b>Total</b>	<b>1,780</b>	<b>757</b>

#### 4.28. Other Financial Expenses

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Foreign exchange rate losses	3,359	1,953
Banking fees	26,104	24,115
<b>Total</b>	<b>29,463</b>	<b>26,068</b>

#### 4.29. Off-Balance Sheet Transactions

As of 31 December 2013, the Company reported no off-balance sheet transactions.

### 5. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

#### 5.1. Staff Costs and Number of Employees

The following tables summarise the average recalculated number of the Company's employees and members of management for the years ended 31 December 2013 and 2012:

##### 2013

(CZK thousand)

	Number of staff	Payroll costs	Social security and health insurance	Estimated payable for bonuses	Other costs	Total staff costs
Staff	1,068	446,837	159,549	13,492	13,901	633,779
Managers	7	15,298	3,665	1,220	7,521	27,704
<b>Total</b>	<b>1,075</b>	<b>462,135</b>	<b>163,214</b>	<b>14,712</b>	<b>21,422</b>	<b>661,483</b>

##### 2012

(CZK thousand)

	Number of staff	Payroll costs	Social security and health insurance	Estimated payable for bonuses	Other costs	Total staff costs
Staff	1,097	475,270	164,583	2,627	12,788	655,268
Managers	8	22,066	3,673	70	10,241	36,050
<b>Total</b>	<b>1,105</b>	<b>497,336</b>	<b>168,256</b>	<b>2,697</b>	<b>23,029</b>	<b>691,318</b>



The number of employees is based on the average recalculated headcount. The category of “managers” includes the CEO, directors of the individual departments at the headquarters and of the divisions.

The columns “Payroll costs” and “Social security and health insurance” include figures which have been entered in the payroll register. The estimated figures which have not been entered in the payroll register are included in “Estimated payables for bonuses” (including insurance).

“Other costs” include remuneration paid to the members of the Company’s bodies and other social costs.

## 5.2. Loans, Borrowings, and Other Benefits Provided

In the years ended 31 December 2013 and 2012, the members of the Company’s Executive Board, Supervisory Board and management received the following loans and bonuses in addition to their basic salaries:

2013				(CZK thousand)
	Executive Board	Supervisory Board	Members of management	
Life and pension insurance contributions	75	0	181	
Bonuses	7,401	120	0	
Cars/other movable and immovable assets to be used for private purposes (this figure increases the employees’ tax base )	416	0	986	
2012				(CZK thousand)
	Executive Board	Supervisory Board	Members of management	
Life and pension insurance contributions	75	0	174	
Bonuses	10,121	120	0	
Cars/other movable and immovable assets to be used for private purposes (this figure increases the employees’ tax base)	315	0	1,032	

## 6. OFF BALANCE SHEET COMMITMENTS

### Legal Disputes

As of 31 December 2013, the Company created a reserve for open legal disputes in the amount of CZK 5,000 thousand.

### Environmental Liabilities

In the year ended 31 December 2013, no environmental audit was carried out. The Company’s management anticipates no material future liabilities arising from damage caused by prior activities.

### Bank Guarantees

As of 31 December 2013, the Company used bank guarantees in the aggregate amount of CZK 2,869,474 thousand in relation to its activities and contractual relations.

## 7. POST BALANCE SHEET EVENTS

No events occurred subsequent to the balance sheet date that would have a significant impact on the financial statements.

In the year ended 31 December 2013, the Company decided to merge with the subsidiary Facility Management Česká republika s.r.o. on the effective date of 1 January 2014. The successor company will be HOCHTIEF CZ a.s. In this respect, the financial statements as of 31 December 2013 include no adjustments.

# BASIC INFORMATION ON THE COMPANY FOR 2013

## **HOCHTIEF CZ a. s.**

Plzeňská 16/3217, 150 00 Prague 5

Company ID No.: 46678468, Tax ID No.: CZ46678468

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