



Annual Report 2014

HOCHTIEF CZ a. s.



Turning Vision into Value



**Broumov, Renovation
of Monastery in
Broumov – Educational
and Cultural Centre**





work done

5,099

earnings before taxes

87

net profit

64

total assets

3,804

equity

1,048

employees

1,088

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Basic Information on the Company for 2014 (back cover flap)



Litomyšl, Renovation of 11 Buildings on the Castle Grounds

Opening Statement of the Executive Board Chairman



Dear Business Partners,

Let me present to you the Annual Report of the joint-stock company HOCHTIEF CZ for 2014.

We have made it through a period that was by no means lacking in events – both positive and negative. In any case I can state that 2014 ranks among the most successful years, since the beginning of the economic crisis in the construction industry seven years ago. The results presented in the financial part of this Annual Report show that in 2014 we slightly exceeded the planned turnover. As for the economic result, we fell short of our target, which had been planned at the beginning of 2014, by only 10%.

2014 brought with it a number of organizational changes to our company. We entered last year with a new composition to the Executive Board, in which a new member had joined – Tomáš Koranda. In parallel, powers of the Executive Board members were redistributed and, subsequently, some departments at the headquarters were reorganized and their activities were optimized. I find reinforcement of the Executive Board to be a step in the right direction. It was a step that significantly enhanced the capability and flexibility of the Executive Board in its cooperation with the divisions and in the adoption of decisions, many of which enabled us to resolve some issues more quickly than in the past. In the second half of the year, we made some changes in the top management of our biggest building division, Division Building

Bohemia. We found the new managers quite fast and from our in-house resources, which I consider a very positive development.

In 2014, we achieved success in the implementation of our business strategy set up in 2013. We expanded to the Slovak market in a significant way. Currently, we are working there on project D3, Žilina (Strážov) – Žilina (Brodno). Since we acquired further projects in Slovakia last year and we still consider expansion of our activities on the Slovak construction market a priority, we reinforced our teams there substantially. Our strategic goal of the next months is to transform the organizational unit in Slovakia to a self-contained subsidiary HOCHTIEF SK.

At the end of last year, we managed to increase work backlog for 2015 significantly. We acquired two major contracts – construction of a new Czech Institute of Informatics, Robotics and Cybernetics (CIIRC) for the Czech Technical University in Prague and construction of a new building for ČSOB. These, as well as other contracts, will entail many challenges. I believe that our experienced teams will deal with them successfully and will affirm that we are on top of the Czech construction market.

Dear Friends,

Allow me to thank you all for your cooperation in 2014 and to 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

HOCHTIEF Worldwide

HOCHTIEF Group Companies in 2014



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) – until 12 December 2014

Leighton Properties (Australia)
Leighton Asia, India and Offshore (China, Philippines, Hong Kong, India, Indonesia, Cambodia, Laos, Macao, Malaysia, Mongolia, 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 (Czech Republic, Denmark,

Finland, Chile, Qatar, Latvia, Germany, Netherlands, Norway, Oman, Peru, Poland, Austria, Romania, Greek, Saudi Arabia, Slovakia, Serbia, Sweden, Turkey, UK)

HOCHTIEF Engineering (India, Qatar, Germany)

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

HOCHTIEF ViCon (Qatar, Germany, UK)

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



Profile of HOCHTIEF CZ

In 1939, Jan Baťa opened a new factory in Sezimovo Ústí. Since he was an entrepreneur in 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 the 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, this company started performing one of the most complex and lengthy construction projects in the country’s history – construction of blocks 1 and 2 of the Temelín Nuclear Power Plant. The time after 1989 was marked by privatization and several changes to the company name, which, however, always referred to the historic brand Vodní stavby.

In post-revolutionary times, 1999 was one of the most important turning points – the owner changed and the international construction group HOCHTIEF became majority shareholder of 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 stock certificates of VSB a.s. was terminated.

This did not yet represent the end of changes. 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 more 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 sixteen years now, the joint-stock company HOCHTIEF CZ has been a part of a strong supranational construction group that operates all over the world. The company has a stable position on the Czech market, in particular in the area of building

construction and traffic engineering. By means of its five divisions it has performed a number of major projects, among others, the National Integrated Centre of Air Navigation in Jeneč near Prague, Multipurpose 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 also participated in construction of the Lochkov Tunnel and Bridge on the Prague Ring Road, in construction of the Blanka Tunnel or reconstruction of the TWY D apron at the Václav Havel Airport Prague. Last year, it completed construction of the New Theatre in Pilsen, the first theatre building in the post-revolutionary history of the Czech Republic, and reconstruction of eleven historic buildings in Litomyšl, a UNESCO heritage list site. Currently, it is finishing work on the project to extend the Prague metro line V.A, specifically in the Motol Hospital station and Bořislavka station. Among the company’s projects that are now in progress, there are for instance construction of the Czech Institute of Robotics, Cybernetics and Informatics in Prague, reconstruction and extension of the Vítkovice Stadium in Ostrava or construction of the Považský Chlmec Tunnel on the Slovak D3 Highway. Since 2000, it has also been engaged in the segment of development projects.

HOCHTIEF CZ does not draw upon its own past only, but it keeps the door open to the experience of its mother company as well. The HOCHTIEF Group has nearly 80,000 employees, which means that in the long term it has been one of the leading world companies engaged in the construction industry and related areas. For many years, it has been placed first with its turnover generated outside the home country.





Žilina, D3 Highway Žilina (Strážov) – Žilina (Brodno) – Považský Chlmec Tunnel

Organizational Unit Slovakia

Organizational Unit Slovakia was established upon decision of the Executive Board dated 1 February 2005 to develop business on the Slovak construction market. Since 6 March 2014, it has been managed by Tomáš Koranda, who is a statutory representative ensuring supervision over the unit's activities.

From the very beginning, the plan was that the organizational unit would do its business in the same segments as its founder HOCHTIEF CZ. At present, it takes part in construction of transport infrastructure, water mains and sewer systems, waste water treatment plants and flood control measures, earthworks and building construction projects.

One of the most significant projects of the organizational unit is the construction of the D3 Highway in the stretch Žilina (Strážov) – Žilina (Brodno).

Divisions of HOCHTIEF CZ

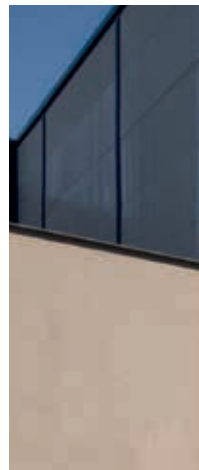
Division Building Bohemia

The division secures a comprehensive delivery of building contracts in the segments of ecology, industry and power engineering, of residential, office, public, water management and line projects. It offers its services to both external and in-house clients. The construction works it performs range from reconstruction of buildings, water supply systems and sewer systems, construction of office centres, manufacturing plants and apartments to reconstruction of historic and listed buildings.

The division renders its services via its plants South, West and Special Activities and independent project teams.

Division Building Moravia

The division provides all-round delivery of ecological projects, industrial buildings, residential and office complexes, public and water management constructions. From the beginning it has been active mainly in the area of the Northern Moravia and is one of the youngest divisions of HOCHTIEF CZ. It further expands its operations by means of its branches in Olomouc and Brno.



Division Traffic Infrastructure

It has been on the Czech market since 2006. It focuses on underground structures, bridges, roads, highways and railways, landfills and site reclamation projects, earthworks and water management projects. Division Traffic Infrastructure has a wide range of trucks and cranes, which it uses on its construction sites. In many cases these are special means of transport, for which the drivers have to have special licences and pass exams. The division also offers this machinery for lease.

Division Property Development

Development in the area of residential construction all around the Czech Republic is in the portfolio of Division Property Development. It has been active particularly in residential construction for middle-class and upper-class customers. It has had its development projects mainly in Prague and Pilsen. Currently, it participates in preparation of the project of construction of a new head office of ČSOB in Prague.

Division Asset Management

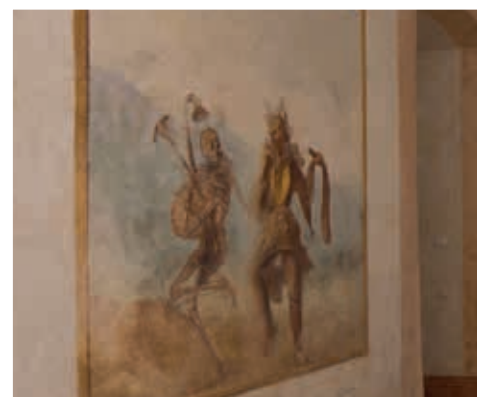
Division Asset Management provides comprehensive property management services across all segments. Besides the know-how and experience in the area of technical management it can also make use of the synergistic effects gained from close cooperation with the mother company. It can thus cover the entire project life cycle – from preparation, through construction to the subsequent operation of buildings.



Přelouč, Manufacturing Plant of KIEKERT



Kuks, Comprehensive Renovation of Kuks Hospital



Report of the Supervisory Board

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

In 2014, the Supervisory Board supervised the exercise of powers of the Executive Board and implementation of the company's business plan.

In accordance with Sec. 447 par. 3 of Act No. 90/2012 Coll., Business Corporations Act, and the Articles of Association of HOCHTIEF CZ a. s., the Supervisory Board of HOCHTIEF CZ a. s. reviewed the regular financial statements of HOCHTIEF CZ a. s. for 2014 and acknowledged their verification by auditors.

The Supervisory Board recommends the sole shareholder to approve the regular financial statements of HOCHTIEF CZ a. s. for 2014.

The Supervisory Board recommends the sole shareholder to approve the Executive Board's proposal for the distribution of profit of the company for 2014.

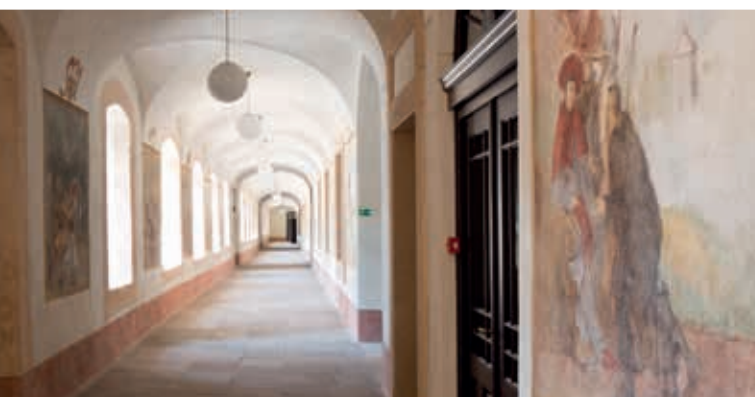
The Supervisory Board was submitted a report of the Executive Board on relations between HOCHTIEF AG and HOCHTIEF CZ a. s. as the controlling entity and the controlled entity and on relations between HOCHTIEF CZ a. s. and the entities controlled by HOCHTIEF AG.

The Supervisory Board reviewed the report of the Executive Board pursuant to the provisions of Sec. 3 par. 1 of Act No. 90/2012 Coll., Business Corporations Act, and has no comments or reservations thereon.

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



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





Prague, Extension of Metro Line V.A – Motol Hospital Station



Financial Management

Financial Management

As in 2013 the joint stock company HOCHTIEF CZ reached a stable result in 2014, despite the challenging market conditions. The measures adopted in 2013, focused on restructuring the auxiliary operations and plants, improved and stabilized our operative result. Our increased effort led to a new order exceeding the total sales.

Following the result of CZK 39.1 mil. in 2013, in 2014 the company generated earnings before taxes of CZK 87.4 mil. While the business in the traffic infrastructure segment again offered sound results, building construction was under pressure of contracts with extremely challenging pricing and a highly competitive environment.

HOCHTIEF CZ made additional investments 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.

In spite of the market environment and a continued conservative approach of acquiring solely profitable projects, HOCHTIEF CZ was able to increase the work done from CZK 4,809 mil. in 2013 to CZK 5,099 mil. in 2014. Like in 2013 new orders exceeded annual work done significantly. Order backlog with CZK 6,765 mil. gives theoretical certainty of work for the following 18 months.

Total equity reached the level of CZK 1,048 mil. in 2014, cash and cash equivalent decreased by

30% to CZK 307 mil. after the increase of 109% to CZK 435 mil. in 2013.

In 2014, total assets decreased by 1% to the value of CZK 3,804 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.

Technology and Investment

In 2014, significance of the core technologies and own resources in the production programme of the company increased. These were utilized mainly in the areas of transport engineering, water management, ecological and building construction projects including projects of reconstruction of listed buildings.

We use the mentioned technologies mainly for earth structures, construction of tunnels, load bearing reinforced concrete monolithic, precast and steel structures and piping. The newly developed technologies are railway superstructures, biological degradation of contaminated soil and site reclamation methods.

The expertise and quality of our own resources were tried and tested on technically demanding construction projects, such as the New Theatre in Pilsen, sports complex Jedenáctka VS, Extension of Metro Line V.A Dejvická–Motol and others. In 2014, the following technically challenging projects were prepared: CWWTP in Prague (Central Waste Water Treatment Plant Prague), Czech Institute of Informatics, Robotics and Cybernetics for the Czech Technical University in Prague or construction of a tunnel on the D3 Highway – Žilina in Slovakia and other new contracts.

To support our own resources, we renewed and extended our plant and equipment. We bought or leased machines and equipment with the total value of CZK 23 million. For the Slovak project of the D3 Highway we procured equipment for the tunnelling and tunnel fitting.

Development and support of the company's own resources are one of its long-term targets, the final result of which is the customer's satisfaction.



Business Environment

According to the Czech Statistical Office, building production increased in 2014 year-over-year by 2.3% in real terms. Building construction production stayed at the same level of 2013 and civil engineering registered a year-over-year growth in the building production of 7.5% (contribution +2.3 p. p.). Building production in 2014 dropped in comparison to 2008, a boom year, by 22.1%.

The number of building contracts of construction companies with 50 or more employees rose by 9.7% year-over-year in 2014; the firms concluded 45,714 contracts in the Czech Republic. The total value of these contracts increased year-over-year

by 23.3% and amounted to CZK 184.7 billion; in the building construction CZK 68.5 billion (increase of 2.0%) and in the civil engineering CZK 116.2 billion (increase of 40.6%). The average value of a newly concluded construction contract was CZK 4.0 million and year-over-year increased by 12.4%.

In the second half of 2014, the Czech Republic started recovering from the recession. Both industrial production and export grew. At the end of 2014, construction companies with 50 and more employees concluded 12.6 thousand contracts (increase of 23.6%), which represented a backlog of construction works not yet performed in the total value of CZK 162.4 billion (increase of 15.1%).

Building construction and civil engineering in 2014

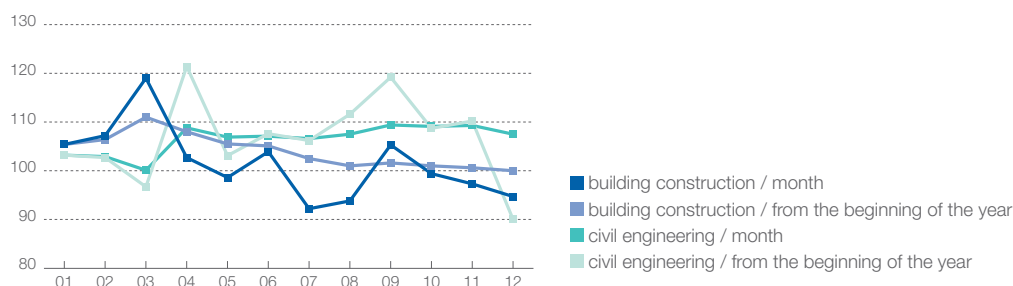
(YOY index – constant prices)

Building construction

	January	February	March	April	May	June	July	August	September	October	November	December
Month	105.4	107.2	119.0	102.7	98.6	103.9	92.2	93.8	105.3	99.4	97.3	94.7
From the beginning of the year	105.4	106.4	111.0	108.0	105.5	105.1	102.5	101.0	101.6	101.0	100.6	100.0

Civil engineering

	January	February	March	April	May	June	July	August	September	October	November	December
Month	103.2	102.7	96.7	121.4	103.1	107.6	106.2	111.6	119.2	108.7	110.2	90.0
From the beginning of the year	103.2	102.9	100.1	108.8	106.9	107.1	106.6	107.5	109.4	109.1	109.3	107.5



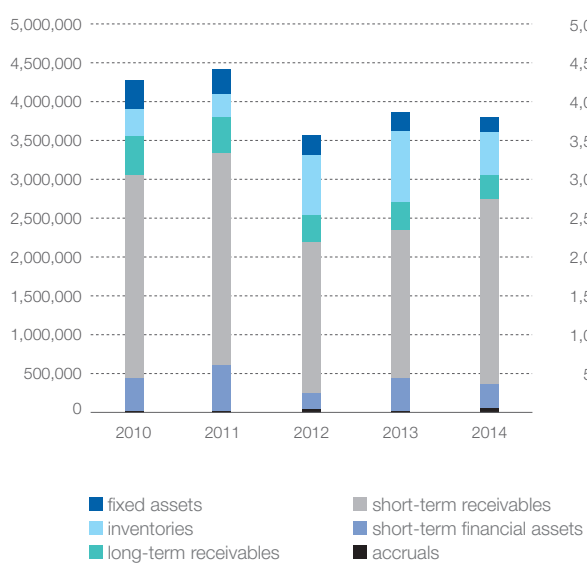
Source: Association of Building Entrepreneurs of Czech Republic

Main economic indicators (CZK million)

	2011	2012	2013	2014
Work done	5,053	4,121	4,809	5,099
Earnings before taxes	49	41	40	87
Net profit	28	25	21	64
Total assets	4,381	3,594	3,854	3,804
Equity	987	1,000	1,004	1,048
Employees – recalculated average	1,183	1,105	1,075	1,088

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

Assets



Liabilities



Main Events in 2014

January	February	March	April	May	June
<p>January</p> <p>For the biggest manufacturer of car locks in the world, the company KIEKERT AG, we finished a new three-story manufacturing plant in Přelouč. We have thus facilitated the plant to increase its annual production capacity to up to 35 million side door locks. The plant has 9,800 square metres of new manufacturing space, almost 1,000 square metres of storage space and sanitary facilities for more than 600 employees.</p>	<p>February</p> <p>The CEO Tomáš Bílek signed a contract for renovation of farm buildings housing the Centre for Building Heritage in Plasy. The objective of the project is to perform construction and restoration works and to ensure an optimal use of the national cultural site, premises of the former Cistercian monastery in Plasy.</p>	<p>March</p> <p>On the site of the New Theatre in Pilsen we cast the last cubic meter of the unique façade concrete. Red architectural concrete was tinted with an inorganic pigment based on red ferric oxide imported from the USA. During the concreting works, there were 250 workers on site at one time.</p>	<p>April</p> <p>Under full operation, we lifted a bridge on the D5 Highway. Side spans of the lifted bridge were 18 metres long and weighed 300 tonnes; the central span was 30 metres long and weighed 500 tonnes. Synchronous lifting of each span took a mere fifteen minutes.</p>	<p>May</p> <p>On 1 May 2014, a ceremony of the opening the first part of the project Extended Ruská Street in the premises of Dolní Vítkovice in Ostrava took place. During the execution of the project, we completed an extended branch of the Vítkovická Street, inclusive of an access road from the Místecká Street around the national cultural site Důl Hlubina.</p>	<p>June</p> <p>A ceremony of tapping on the foundation stone started off construction of a highway bypass around the city of Žilina. A new 4.25 kilometres long stretch of the Slovak D3 Highway Žilina (Strážov) – Žilina (Brodno) is a part of the highway network D1–D3 on the route Bratislava – Trenčín – Žilina – Skalité. It comprises a flyover over the reservoir Hričovská priehrada and Považský Chlmec Tunnel built by our company.</p>



July

August

September

October

November

December

August

We commenced construction of a new ATC tower and operating centre at the Leoš Janáček Ostrava Airport. At the airport, there are more than 21 thousand takeoffs and landings each year. The new centre and six-storey control tower will meet all high parameters that are necessary for this type of construction.

October

In less than two years we completed reconstruction of a basketball arena near Letenská pláň in Prague. The newly designed arena can be used not only for sports events but also for concerts and other cultural performances.



September

We completed and handed over the New Theatre in Pilsen. This architectural gem is the first theatre built in the Czech Republic after the revolution. The Bartered Bride by Bedřich Smetana was selected as the premiere performance and it was shown in the main theatre with a capacity of 460 seats.

December

In Pilsen we started reconstruction of the Postanesthesia Care Unit. This hospital department will be completely reconstructed and after that it will provide facilities to the doctors and support for a highly specialized postanesthesia recovery care to the patients from the Pilsen Region.

July

Works on the second stage of reconstruction of the Municipal Stadium in Ostrava-Vítkovice are in full swing. Our teams are building a roof over the North and South stands arch, renovating the sanitary facilities and snack kiosks and press centre facilities. After the overall reconstruction the stadium will have a capacity of 15,000 fully sheltered seats.



November

For the new Czech Institute of Informatics, Robotics and Cybernetics (CIIRC) that is under construction, which can be found on the campus of the Czech Technical University in Prague, we started building approximately 40,000 square meters of ultramodern premises. Once completed, the project will take pride in a façade made of ETFE cushions, car lift and unique rooms for 250 researchers from all over the world.

Management System

Integrated Management System consisting of the area of quality (ISO 9001), safety (OHSAS 18001) and environmental protection (ISO 14001) forms the foundation of HOCHTIEF CZ in all of its business activities.

In regular annual audits carried out by a certification authority we demonstrate that our management system is fully functional and meets the set requirements. We present measures leading to improvement in the management system, which we managed to achieve in the past period. Last year we reaffirmed that we had been justifiably awarded a certificate for the OHS management system pursuant to ČSN OHSAS 18001:2008 and that we were qualified to have the title Safe Enterprise, which is awarded by the State Labour Inspection Office on the basis of a time consuming and extensive check of the OHS management system.

To accomplish the intentions connected with the medium-term and annual targets of HOCHTIEF CZ, in particular to make our activities more efficient and to reduce the overhead cost, we implement the Continuous Improvement Process (CIP) programme in line with the HOCHTIEF Group's strategy.

Based on the conclusions and recommendations of a working group dealing with the in-house resources, at the end of 2014 the Executive Board of HOCHTIEF CZ decided on changes in organization and management of the selected centres and workshops in order to increase utilization of the company's own production resources.

Last year we introduced updated chance and risk management tools of the HOCHTIEF Group to increase efficiency of project management.

After a merger of the companies HOCHTIEF CZ a. s. and HOCHTIEF Facility Management Česká republika s.r.o. the facility management operations were transferred to a newly established division Asset Management.





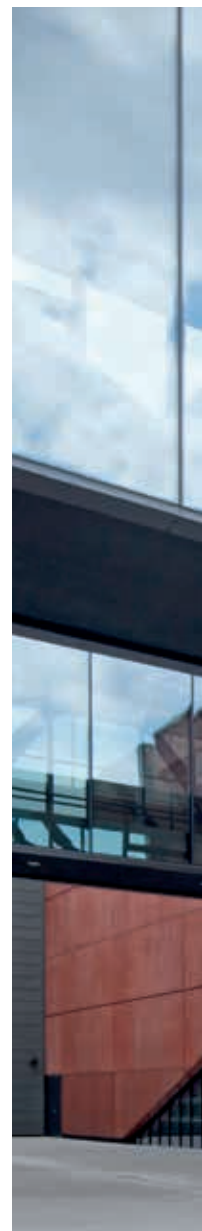
Ostrava, Faculty of Medicine of the Ostrava University

Research and Development

The joint-stock company HOCHTIEF CZ does not have its own research or development centre and that is why it cooperates on development of innovative business chiefly with technical universities in the Czech Republic and external specialists from various areas of the construction industry. We also make use of the knowledge and potential of the HOCHTIEF Group, especially of its technical units that are engaged in further development.

We supported some individual projects of applied research within notices of the Technological Agency of the Czech Republic. We are one of the active partners in activities of the competence centre CESTI (Centre for Effective and Sustainable Transport Infrastructure) that is coordinated with the Faculty of Civil Engineering of the Czech Technical University in Prague. In this centre we joined four specialized groups in the areas of bridge construction, tunnel construction, roads and life cycle management. We pay the closest attention to selected technical aspects of tunnel construction, development of suitable low-cost solutions for road surfaces with low traffic load or step-by-step implementation of Building Information Modelling (BIM) in transport engineering.

The BIM issues are one of the strengths of the HOCHTIEF Group, and therefore we also develop this area of modern construction management processes connected with information technology, in an active way, in the building construction segment. Currently, we are applying this method on two projects in progress – building of facilities for the Czech Institute of Informatics, Robotics and Cybernetics and extension of the head office of ČSOB.





Pilsen, New Theatre

Sustainable Development

We act Responsibly

Sustainable development and corporate responsibility have a long-standing tradition in the supranational group HOCHTIEF and they are integral parts of its business strategy. With this integrated approach we cover the entire life cycle of infrastructure, public and office construction projects.

For a construction company, responsible business and sustainability pose a significant challenge. Such an approach also gives us a unique opportunity to handle each project of ours with originality and consideration. We create space for living and thus assume responsibility for both an individual as well as the environment during the construction process and after its completion too.

We adhere to high standards in all areas of the sustainable development that apply to all regional branches of the company HOCHTIEF. The mother group HOCHTIEF AG is the only German provider of construction-related services listed in the prestigious list of responsible companies, Dow Jones Sustainability Index. The Czech branch, HOCHTIEF CZ, is a member of the platform Business for Society, which is the biggest professional association of companies for sharing and spreading the CSR (Corporate Social Responsibility) principles and sustainable business in the Czech Republic.

In the field of sustainable development we focus on six main areas, in which we have clearly defined targets:

- sustainable products and services
- active environmental protection
- efficient use of natural resources
- attractive working environment and occupational safety
- corporate social responsibility
- compliance

Sustainable Products and Services

HOCHTIEF CZ keeps a close watch on energy consumption of its own buildings as well as those it manages. For instance, the new Faculty of Electrical Engineering and Computer Science of the Technical

University in Ostrava is equipped with a range of modern technologies – top notch servers, smart elements of the interior distribution systems or solar panels. Geothermal energy is used for heating and air conditioning. All technologies can be monitored and controlled centrally and remotely in order to ensure economical operation of the whole building.

The new ČSOB building to be completed by HOCHTIEF CZ in 2018 will strive to be awarded the LEED Platinum certificate (the highest certification level in the area of green building).

Active Environmental Protection

Construction industry influences and shapes the living environment. It depends on reliable, safe and eco-friendly technologies. The joint-stock company HOCHTIEF CZ is fully aware of it and thus environmental protection is a part of its integrated management system. In 2014, an inspection EMS (Environmental Management System) audit as per the revised standard ČSN ISO 14001:2005 was carried out and it proved that the system is functional and efficiently maintained.

The company makes an effort to perform all processes with an emphasis on energy saving and on minimum negative effects on the environment. Our employees assess the impact of their work on the environment in all their activities. HOCHTIEF CZ lays emphasis on precautionary measures, e.g. training of employees, familiarizing our suppliers with the principles of optimization of technological processes or responsible selection of plant and equipment.





Prague, Ring Road – Blanka Tunnel

This approach brings to HOCHTIEF CZ a reduction in the cost of raw materials and energy, minimizes the risk of accidents or damage to the environment.

Another success of 2014 was defending the EMAS Program (system of company management and audit from the point of view of environmental protection) pursuant to Regulation No. 1221/2009 of the European Parliament and of the Council. The audit reviewed mainly the environmental management activities and keeping of environmental books (monitoring the key indicators).

An important tool is both internal and external communication, thanks to which the organization gets suggestions for further improvement in the area of environmental protection. Hence, the joint-stock company HOCHTIEF CZ is continuously enhancing its environmental profile.

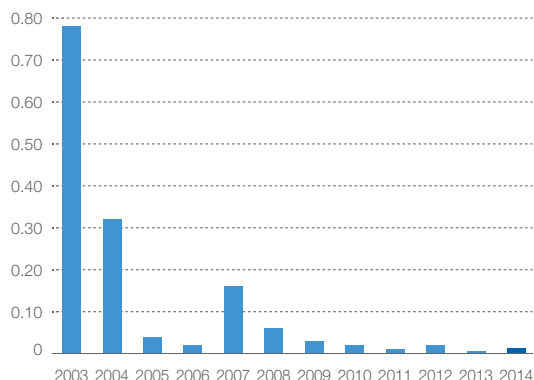
Efficient Use of Natural Resources

Protection and efficient natural resources management are of vital importance for HOCHTIEF CZ. We realize that large-scale infrastructure projects, especially those involving road, tunnel or bridge construction, have a massive impact on the environment and also affect lives of the people in their vicinity. HOCHTIEF CZ therefore implements effective measures even before the construction works start in order to interfere as little as possible with lives of the local residents and habitats of flora and fauna. During the finishing construction works we always contribute to restoration of the land to its original condition.

If feasible, HOCHTIEF CZ proposes to its clients ecological use of the excavated soil that can be used for example for flood control measures. We try to use the excavated material as close to the sites as possible to prevent dust nuisance, noise and unnecessary production of CO₂. The print of advertising materials of the company has the required FSC certificate.

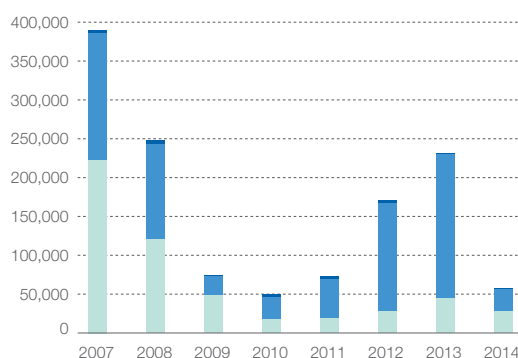
Total volume of hazardous waste

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



Total structure of the waste volume

in tons



■ other waste
■ excess soil
■ contaminated soil and hazardous waste

Attractive Working Environment and Occupational Safety

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

We pay permanent attention to the area of occupational health and safety. We regularly improve and perfect our established OHS system. In the long term, we manage to keep the rate of work accidents at half of the number of accidents in the construction industry in the Czech Republic. Set-up and functionality of the safe work system were confirmed in 2014 by the Safe Enterprise certificate, which was handed to the company for the fifth time.

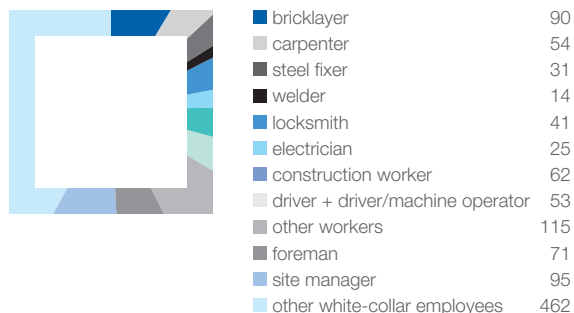
A training system is applied across the whole company. In 2014, a new employee training system was prepared and approved. Development of personnel reserves is ensured by means of HOCHTIEF Management Academy. Only systematic and continuous development of knowledge and skills can guarantee the high quality of the services provided to our clients.

We evaluate our employees. The evaluation system in HOCHTIEF CZ is focused on assessing the 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 award is an important incentive supporting achievement of excellent work results.

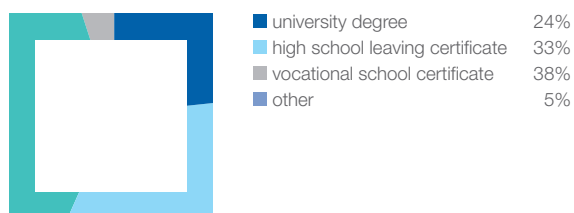
Number of employees by categories

Category	In total
Total number of employees	1,113
men	919
women	194
Blue-collar employees in total	485
men	463
women	22
White-collar employees in total	628
men	456
women	172

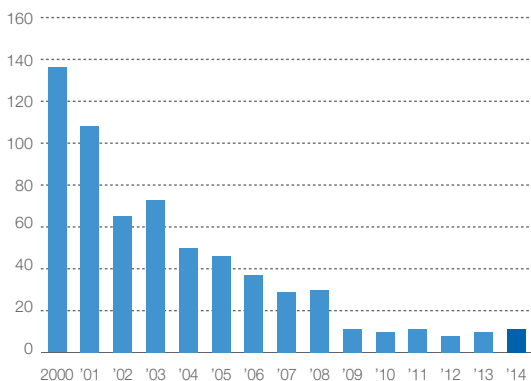
Structure of staff



Achieved level of education



Number of work accidents





Ostrava, Extended Ruská Street





For our employees we organize a number of events that can be attended also by their family members. From resources of the Social Fund we accommodate the welfare needs of our employees, spa treatments, support cultural, educational and sports activities.

Relations and negotiations with the company union were mutually correct and open. This resulted in concluding a new Collective Agreement valid from 1 April 2014 to 31 March 2017.

On 31 December 2014, the joint-stock company HOCHTIEF CZ had **1,113 employees**.

Corporate Social Responsibility

HOCHTIEF has had projects all around the world, as a company with social responsibility, however, it can also respond to the specific needs of individual regions. We take part in local social projects and support the local economy. Wherever possible, we cooperate with people and suppliers from the given locality.

In the area of corporate social responsibility, we focus on volunteering, donations and sponsorship.

We support in particular education of children and young people who we find an important investment for the future. HOCHTIEF CZ has been sponsoring the non-profit sector on a long term basis. Cooperation with non-profit organizations is an integral part of

corporate events; we are provided various services by social companies and our employees themselves organize fund-raising campaigns and hand in the proceeds to selected non-profit entities. In the event of floods, we provide our own machinery free of charge. We are a member of a platform of responsible companies Business for Society.

Compliance

In the whole HOCHTIEF Group, clear and binding rules apply. These are defined in the company's Code of Conduct and in our internal regulations. All employees are obligated to act in accordance with these rules, which emphasize honesty and fairness. We expect the same from our business partners and subcontractors. We are uncompromising when it comes to any violations. Since 1999, the mother company HOCHTIEF AG has been cooperating with the non-profit organization Transparency International.

The employees of HOCHTIEF CZ are regularly trained in the compliance issues. For instance, they confirm with their signatures that they have familiarized themselves with the Code of Conduct and that they agree to comply with it. They also have a special telephone line and an email address available, which they can use if they suspect unethical conduct to give notice of the problem – anonymously, if they prefer.

HOCHTIEF CZ as one of the few Czech construction companies is a holder of certificate of the National Security Authority of the Czech Republic for access to classified information at the level SECRET.



Shareholder Structure

as of 31 December 2014



From left: Jörg Mathew, Tomáš Bílek, Tomáš Koranda,

Shareholder Structure

As of 15 April 2006, the joint-stock company HOCHTIEF CZ has had a sole shareholder, which is a supranational construction group HOCHTIEF Aktiengesellschaft (via its subsidiaries).

Corporate Bodies

In 2014, the joint-stock company HOCHTIEF CZ was managed by a three-member Executive Board:

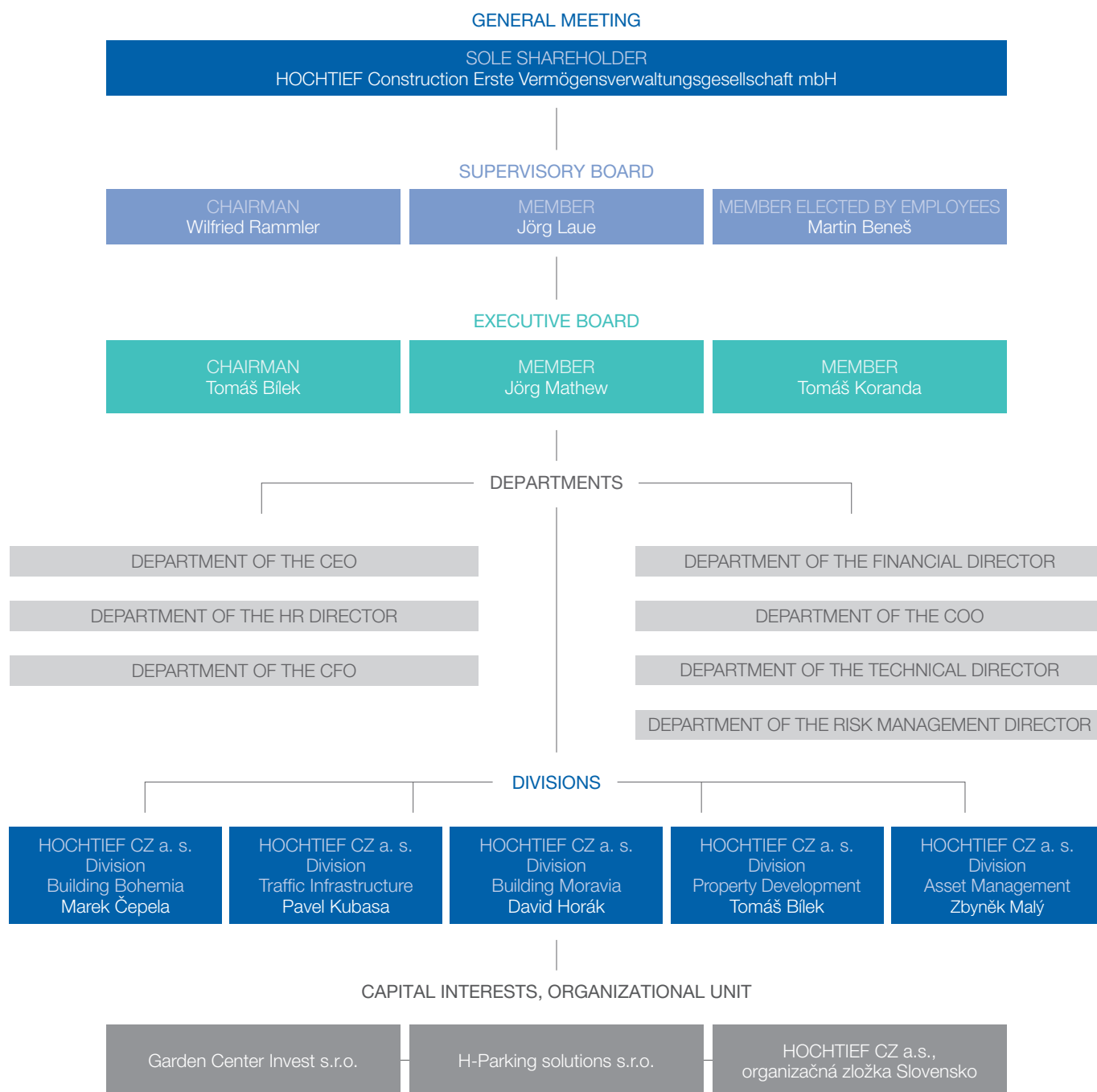
Tomáš Bílek	Chairman of the Executive Board
Jörg Mathew	Member of the Executive Board
Tomáš Koranda	Member of the Executive Board

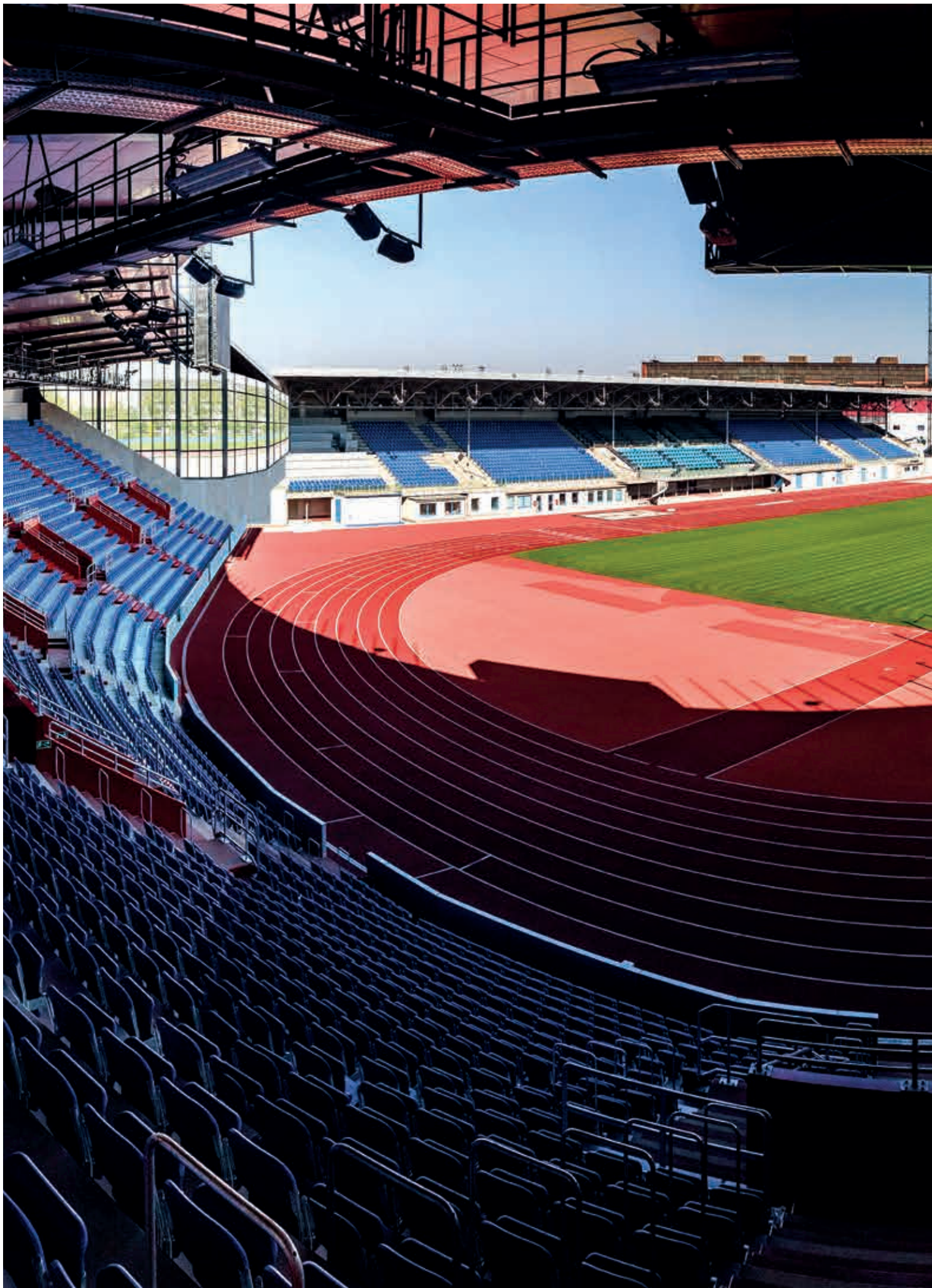
In 2014, the Supervisory Board of HOCHTIEF CZ a. s. still consisted of three members:

Wilfried Rammner	Chairman of the Supervisory Board
Jörg Laue	Member of the Supervisory Board
Martin Beneš	Member of the Supervisory Board

Organizational Structure of the Company

as of 31 December 2014







**Ostrava-Vítkovice
City Stadium**

Independent Auditor's Report

Deloitte.

Deloitte Audit s.r.o.
Nile House
Karolinská 654/2
186 00 Praha 8 - Karlín
Czech Republic

Tel.: +420 246 042 500
Fax: +420 246 042 555
DeloitteCZ@deloitteCE.com
www.deloitte.cz

To the Shareholders of HOCHTIEF CZ a. s.

Having its registered office at: Plzeňská 16/3217, 150 00 Praha 5

Identification number: 466 78 468

Registered at the Municipal Court in
Prague, Section C, File 24349
Id. Nr.: 49620592
Tax Id. Nr.: CZ49620592

Report on the Financial Statements

Based upon our audit, we issued the following audit report dated 10 April 2015 on the financial statements which are included in this annual report on pages 37 to 60:

"We have audited the accompanying financial statements of HOCHTIEF CZ a. s., which comprise the balance sheet as of 31 December 2014, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Statutory Body's Responsibility for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of these financial statements in accordance with accounting regulations applicable in the Czech Republic, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of HOCHTIEF CZ a. s. as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic."

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/cz/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Report on the Annual Report

We have also audited the annual report of the Company as of 31 December 2014 for consistency with the financial statements referred to above. This annual report is the responsibility of the Company's Statutory Body. Our responsibility is to express an opinion on the consistency of the annual report and the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the information included in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the information included in the annual report of the Company is consistent, in all material respects, with the financial statements referred to above.

In Prague on 20 April 2015

Audit firm:

Deloitte Audit s.r.o.
certificate no. 79

The Deloitte logo, consisting of the word "Deloitte" in a stylized, blue, handwritten-style font.

Statutory auditor:

Stanislav Staněk
certificate no. 1674

A blue handwritten signature, likely of Stanislav Staněk, written in a cursive style.

Report on Related Parties

in accordance with the provisions of Section 82 of Act No. 90/2012 Coll., on Business Corporations, as amended, for the reporting period from 1 January 2014 to 31 December 2014

In accordance with Section 82 of Act No. 90/2012 Coll., on Business Corporations, the Executive Board has issued the report on relations of HOCHTIEF CZ a.s., with its registered office at Plzeňská 16/3217, 150 00 Prague, Czech Republic, as the controlled entity and HOCHTIEF 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 2014 to 31 December 2014.

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 Municipal 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) which is controlled by ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. (with its registered office at Avenida de Pío XII, 102, Madrid, Spain; M-30221).

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

In accordance with Section 74 of the Act on Business Corporations, 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. The Role of the Controlled Entity in the Group

The controlled entity operates in the construction sector of the regional market in the Czech Republic. Its role is to develop HOCHTIEF Aktiengesellschaft's business activities in the construction sector in selected regions.

V. Manner and Means of Control

The Company is controlled through the Supervisory Board with all powers and responsibilities in compliance with the applicable legislation. The Supervisory Board also participates in all major decisions affecting the Company's operation.

VI. 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 3 rd and 4 th block of the Temelín nuclear power station
HOCHTIEF Solutions AG, organizační složka	Contract for work	SOKP 514 Lahovice–Slivenec
	Cooperation contract	Utilisation of technical and professional competencies
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
	Agreement on temporary secondment of employees	Žilina D3 Motorway project
HOCHTIEF Development Czech Republic s.r.o.	Contract for bookkeeping and payroll services	Bookkeeping and payroll services
ACL Investment, a.s.	Contract for bookkeeping	Bookkeeping
Euripus s.r.o.	Contract for bookkeeping	Bookkeeping
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.

VII. Paid Dividends

In 2014, the Company paid out dividends from the profit to the parent company, HOCHTIEF Construction Erste Vermögensverwaltungsgesellschaft mbH, for the year ended 31 December 2013 in the amount of CZK 15,000 thousand.

VIII. Income with Related Parties

(CZK thousand)

Entity	Relation to the Company	Services	Fin. income	Total
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	502	0	502
HOCHTIEF Solutions AG, organizační složka Praha	Fellow subsidiary	313	0	313
HOCHTIEF Construction Slovakia s. r. o.	Fellow subsidiary	176	0	176
Garden Center Invest s.r.o.	Subsidiary	533	166	699
HOCHTIEF Solutions AG	Parent	722	390	1 112
ACL Investment, a.s.	Related party	60	0	60
Euripus s.r.o.	Related party	30	0	30
Inserta s.r.o.	Related party	60	0	60
Total		2 396	556	2 952

IX. Purchases from Related Parties

(CZK thousand)

Entity	Relation to the Company	Services	Total
HOCHTIEF Solutions AG	Parent	6 740	6 740
Garden Center Invest s.r.o.	Subsidiary	248	248
HOCHTIEF Construction Slovakia s. r. o.	Fellow subsidiary	2 879	2 879
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	35	35
Total		9 902	9 902

X. 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.

XI. 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.

XII. 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.

XIII. Advantages and Disadvantages Arising from Related Party Relations

The controlled entity noted that the following advantages arise from the relation between the controlled entity and the controlling entity:

- Affiliation with a multinational company and utilisation of the internationally recognised HOCHTIEF brand;
- Opportunity to use global financial resources of the entire HOCHTIEF Group;
- Opportunity to use experience gained by the group companies by delivering various construction projects.

The controlled entity is not aware of disadvantages and risks resulting from the relation between the controlled entity and the controlling entity. The controlled entity suffered no detriment arising from related party relations.

XIV. Final Statement

The report was prepared by the Executive Board of the controlled entity HOCHTIEF CZ a. s. on 31 March 2015 and was presented to the Supervisory Board and the auditor that conducts the financial statements audit. Given its obligations resulting from the legislation, the controlled entity will issue an annual report which will include the report on Related Parties as its integral part.

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

In Prague on 31 March 2015

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 for the Year Ended 31 December 2014

Name of the Company: HOCHTIEF CZ a. s.
Registered Office: Plzeňská 16/3217, 150 00 Praha 5
Legal Status: 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 2014

Financial Statements were compiled on 10 April 2015.



Ing. Tomáš Bílek
Chairman of the Executive Board



Jörg Mathew
Member of the Executive Board

Balance Sheet Full Version

Year ended 31. 12. 2014 (in CZK thousand), HOCHTIEF CZ a. s., Corporate ID 466 78 468, Plzeňská 16/3217, 150 00 Praha 5

		31. 12. 2014			31. 12. 2013
ASSETS		Gross	Adjustment	Net	Net
TOTAL ASSETS		4,791,607	987,292	3,804,315	3,853,532
A.	Receivables for subscribed capital				
B.	Fixed assets	903,733	711,232	192,501	211,093
B.I.	Intangible fixed assets	144,335	73,272	71,063	80,529
B.I.3.	Software	23,613	22,778	835	504
B.I.4.	Valuable rights	425	403	22	
B.I.6.	Other intangible fixed assets	99	91	8	25
B.I.7.	Intangible fixed assets under construction	120,009	50,000	70,009	80,000
B.I.8.	Prepayments for intangible fixed assets	189		189	
B.II.	Tangible fixed assets	641,811	537,647	104,164	111,727
B.II.1.	Land	11,148	2,566	8,582	8,582
B.II.2.	Structures	216,976	144,312	72,664	78,178
B.II.3.	Individual tangible movable assets and sets of tangible movable assets	394,065	375,231	18,834	21,347
B.II.6.	Other tangible fixed assets	13,002	9,932	3,070	3,255
B.II.7.	Tangible fixed assets under construction	1,014		1,014	365
B.II.8.	Prepayments for tangible fixed assets	5,606	5,606		
B.III.	Non-current financial assets	117,587	100,313	17,274	18,837
B.III.1.	Equity investments – subsidiary (controlled entity)	115,487	100,313	15,174	16,737
B.III.2.	Equity investments in associates	100		100	100
B.III.3.	Other securities and investments	2,000		2,000	2,000
C.	Current assets	3,831,688	276,060	3,555,628	3,612,147
C.I.	Inventories	575,700	26,823	548,877	874,316
C.I.1.	Material	29,045	873	28,172	33,756
C.I.2.	Work in progress and semifinished goods	391,639	17,890	373,749	694,437
C.I.3.	Products	6,453		6,453	12,495
C.I.5.	Goods	148,563	8,060	140,503	133,628
C.II.	Long-term receivables	320,142		320,142	330,315
C.II.1.	Trade receivables	230,271		230,271	241,041
C.II.8.	Deferred tax asset	89,871		89,871	89,274
C.III.	Short-term receivables	2,629,010	249,237	2,379,773	1,972,165
C.III.1.	Trade receivables	1,735,377	204,206	1,531,171	1,365,924
C.III.2.	Receivables – controlled or controlling entity	698,188		698,188	431,718
C.III.4.	Receivables from partners	22,057		22,057	20,558
C.III.6.	State – tax receivables	14,967		14,967	35,253
C.III.7.	Short-term prepayments made	22,822	6,558	16,264	21,628
C.III.8.	Estimated receivables	8,563		8,563	1,060
C.III.9.	Other receivables	127,036	38,473	88,563	96,024
C.IV.	Current financial assets	306,836		306,836	435,351
C.IV.1.	Cash on hand	761		761	1,232
C.IV.2.	Cash at bank	306,075		306,075	434,119
D. I.	Other assets	56,186		56,186	30,292
D.I.1.	Deferred expenses	28,287		28,287	10,971
D.I.3.	Accrued income	27,899		27,899	19,321

LIABILITIES & EQUITY		31. 12. 2014	31. 12. 2013
TOTAL LIABILITIES & EQUITY		3,804,315	3,853,532
A.	Equity	1,048,265	1,004,100
A.I.	Share capital	350,736	350,736
A.I.1.	Share capital	350,736	350,736
A.II.	Capital funds	585	585
A.II.2.	Other capital funds	585	585
A.III.	Funds from profit	85,367	86,831
A.III.1.	Reserve fund	75,792	75,792
A.III.2.	Statutory and other funds	9,575	11,039
A.IV.	Retained earnings	547,718	544,731
A.IV.1.	Accumulated profits brought forward	547,718	544,731
A.V.1.	Profit or loss for the current period (+/-)	63,859	21,217
B.	Liabilities	2,735,435	2,845,683
B.I.	Reserves	82,852	71,380
B.I.4.	Other reserves	82,852	71,380
B.II.	Long-term liabilities	301,122	280,801
B.II.1.	Trade payables	288,936	273,190
B.II.4.	Payables to partners	12,186	7,611
B.III.	Short-term liabilities	2,178,428	2,233,057
B.III.1.	Trade payables	1,264,609	1,218,501
B.III.2.	Payables – controlled or controlling entity	42,150	23,232
B.III.4.	Payables to partners and association members	102,654	132,064
B.III.5.	Payables to employees	35,942	38,682
B.III.6.	Social security and health insurance payables	18,863	19,676
B.III.7.	State – tax payables and subsidies	11,120	18,086
B.III.8.	Short-term prepayments received	16,374	14,245
B.III.10.	Estimated payables	678,590	760,568
B.III.11.	Other payables	8,126	8,003
B.IV.	Bank loans and borrowings	173,033	260,445
B.IV.2.	Short-term bank loans	173,033	260,445
C. I.	Other liabilities	20,615	3,749
C.I.1.	Accrued expenses	2,040	1,520
C.I.2.	Deferred income	18,575	2,229

Profit and Loss Account

Structured by the Nature of Expense Method

Year ended 31. 12. 2014 (in CZK thousand), HOCHTIEF CZ a. s., Corporate ID 466 78 468, Plzeňská 16/3217, 150 00 Praha 5

	Year ended 31. 12. 2014	Year ended 31. 12. 2013
I. Sales of goods	67,113	10,500
A. Costs of goods sold	61,043	10,283
+ Gross margin	6,070	217
II. Production	5,098,639	4,808,661
II.1. Sales of own products and services	5,383,786	4,694,675
II.2. Change in internally produced inventory	(286,034)	108,583
II.3. Own work capitalised	887	5,403
B. Purchased consumables and services	4,179,915	4,015,326
B.1. Consumed material and energy	3,774,017	3,648,184
B.2. Services	405,898	367,142
+ Added value	924,794	793,552
C. Staff costs	709,678	661,483
C.1. Payroll costs	512,526	476,847
C.2. Remuneration to members of business corporation bodies	9,580	7,521
C.3. Social security and health insurance costs	172,841	163,214
C.4. Social costs	14,731	13,901
D. Taxes and charges	10,780	7,067
E. Depreciation of intangible and tangible fixed assets	15,182	25,769
III. Sales of fixed assets and material	11,019	35,285
III.1. Sales of fixed assets	8,721	13,039
III.2. Sales of material	2,298	22,246
F. Net book value of fixed assets and material sold	2,713	22,929
F.1. Net book value of sold fixed assets	10	1,383
F.2. Book value of sold material	2,703	21,546
G. Change in reserves and provisions relating to operating activities and complex deferred expenses	44,094	(22,901)
IV. Other operating income	28,491	76,798
H. Other operating expenses	58,753	137,484
* Operating profit or loss	123,104	73,804
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	1,498	940
X. Interest income	1,144	2,212
N. Interest expenses	7,327	7,483
XI. Other financial income	1,580	1,780
O. Other financial expenses	29,597	29,463
* Financial profit or loss	(35,698)	(33,894)
Q. Income tax on ordinary activities	23,547	18,693
Q 1. – due	23,289	36,946
Q 2. – deferred	258	(18,253)
** Profit or loss from ordinary activities	63,859	21,217
*** Profit or loss for the current period (+/-)	63,859	21,217
**** Profit or loss before tax	87,406	39,910

Statement of Changes in Equity

Year ended 31. 12. 2014 (in CZK thousand), HOCHTIEF CZ a. s., Corporate ID 466 78 468, Plzeňská 16/3217, 150 00 Praha 5

	Share capital	Capital funds	Funds from profit, reserve fund	Accumulated profits brought forward	Accumulated losses brought forward	Profit or loss for the current period	Total Equity
Balance at 31 December 2012	350,736	585	88,928	535,302		24,915	1,000,466
Distribution of profit or loss				24,915		(24,915)	
Change in share capital				(486)			(486)
Profit shares paid				(15,000)			(15,000)
Payments from capital funds			(2,097)				(2,097)
Profit or loss for the current period						21,217	21,217
Balance at 31 December 2013	350,736	585	86,831	544,731		21,217	1,004,100
Influence of the merger				(3,146)			(3,146)
Balance at 1 January 2014	350,736	585	86,831	541,585		21,217	1,000,954
Distribution of profit or loss				21,217		(21,217)	
Change in share capital				(84)			(84)
Profit shares paid				(15,000)			(15,000)
Payments from capital funds			(1,464)				(1,464)
Profit or loss for the current period						63,859	63,859
Balance at 31 December 2014	350,736	585	85,367	547,718		63,859	1,048,265

Cash Flow Statement

Year ended 31. 12. 2014 (in CZK thousand), HOCHTIEF CZ a. s., Corporate ID 466 78 468, Plzeňská 16/3217, 150 00 Praha 5

		Year ended 31. 12. 2014	Year ended 31. 12. 2013
P.	Opening balance of cash and cash equivalents	435,351	207,808
	Influence of the merger	60	
	Adjusted opening balance of cash and cash equivalents	435,411	
	Cash flows from ordinary activities		
Z.	Profit or loss from ordinary activities before tax	87,406	39,910
A.1.	Adjustments for non(cash transactions	56,864	(11,263)
A.1.1.	Depreciation of fixed assets	15,182	25,769
A.1.2.	Change in provisions and reserves	44,294	(30,161)
A.1.3.	Profit/(loss) on the sale of fixed assets	(8,711)	(11,656)
A.1.5.	Interest expense and interest income	6,183	5,271
A.1.6.	Adjustments for other non(cash transactions	(84)	(486)
A.*	Net operating cash flow before changes in working capital	144,270	28,647
A.2.	Change in working capital	137,684	392,682
A.2.1.	Change in operating receivables and other assets	(155,378)	206,519
A.2.2.	Change in operating payables and other liabilities	(29,774)	305,755
A.2.3.	Change in inventories	322,836	(119,592)
A.**	Net cash flow from operations before tax and extraordinary items	281,954	421,329
A.3.	Interest paid	(7,327)	(7,483)
A.4.	Interest received	1,144	2,212
A.5.	Income tax paid from ordinary operations	(48,120)	(17,744)
A.***	Net operating cash flows	227,651	398,314
	Cash flows from investing activities		
B.1.	Fixed assets expenditures	(7,098)	(4,043)
B.2.	Proceeds from fixed assets sold	8,721	13,039
B.3.	Loans provided to Related Parties	(273,544)	(127,225)
B.***	Net investment cash flows	(271,921)	(118,229)
	Cash flow from financial activities		
C.1.	Change in payables from financing	(67,841)	(35,445)
C.2.	Impact of changes in equity	(16,464)	(17,097)
C.2.5.	Payments from capital funds	(1,464)	(2,097)
C.2.6.	Profit shares paid	(15,000)	(15,000)
C.***	Net financial cash flows	(84,305)	(52,542)
F.	Net increase or decrease in cash and cash equivalents	(128,575)	227,543
R.	Closing balance of cash and cash equivalents	306,836	435,351

Notes to the Financial Statements for the Year Ended 31 December 2014

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 2014.

The reporting period is the calendar year from 1 January 2014 to 31 December 2014.

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

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

- 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

Merger of HOCHTIEF CZ a.s. and HOCHTIEF Facility Management Česká republika s.r.o.

All net assets of the dissolving company, HOCHTIEF Facility Management Česká republika s.r.o., corporate ID: 251 74 312, with its registered office at Plzeňská 16/3217, Prague 5, 150 00, were transferred by merger through amalgamation to the successor company, HOCHTIEF CZ a.s. The effective day of the merger was 1 January 2014. This change was recorded in the Register of Companies as of 1 September 2014.

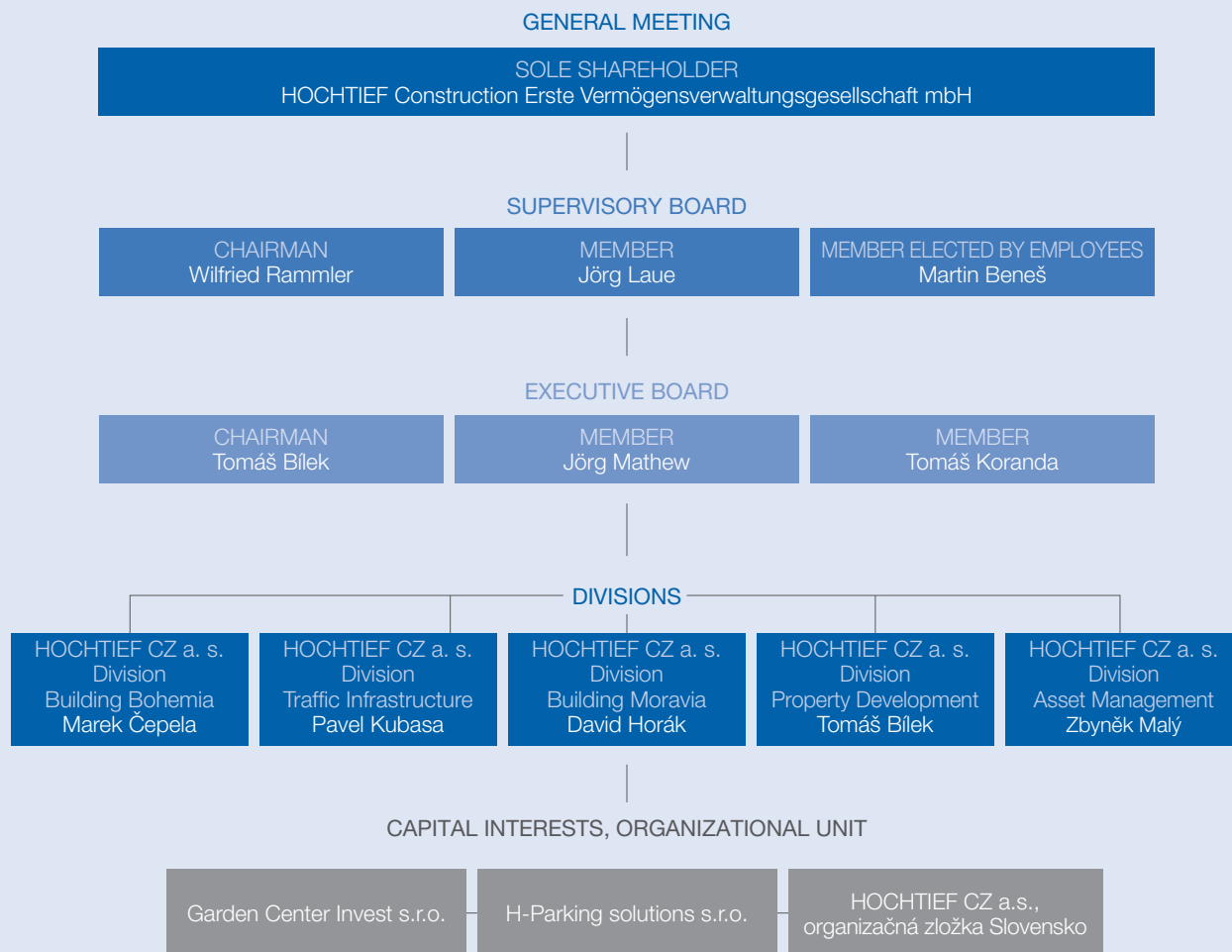
Changes in the Executive Board and the Supervisory Board

No changes in the Executive Board and the Supervisory Board were made in the year ended 31 December 2014.

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

1.4. Organizational Structure of the Company



The Company has an organisational branch in Slovakia.

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 2014, the Company applied the same depreciation policy as in the year ended 31 December 2013. 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 ongoing 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 Slovak Organisational Branch

The bookkeeping of the Slovak organisational branch 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 Slovak Organisational Branch Reporting

Cash investments in the Slovak organisational branch reported in the financial statements for the year ended 31 December 2014 are offset owing to the developing activities, i.e. the investment made by HOCHTIEF CZ of CZK 29,402 thousand is reported in the line "Other receivables" and also as a payable of the Slovak organisational branch in the line "Other receivables". A different treatment was applied in the year ended 31 December 2013 when the investments were not offset. The investment of HOCHTIEF CZ was reported in the line "Other receivables" and the payable of the organisational branch in the line "Other payables" amounting to CZK 7,374 thousand.

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 2014, 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 a 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 2014	31 December 2013
Cash on hand and cash equivalents	844	811
Cash in transit	(83)	421
Cash at bank	306,075	434,119
Total cash and cash equivalents	306,836	435,351

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 2014, 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 7,408 thousand and CZK 5,169 thousand in the years ended 31 December 2014 and 2013, respectively. Amortisation charges amounted to CZK 485 thousand and CZK 863 thousand in the years ended 31 December 2014 and 2013, 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 acquisition of machinery and equipment of CZK 4,257 thousand.

Principal disposals of tangible fixed assets include the sale of machinery and equipment of CZK 8,879 thousand and transportation vehicles of CZK 24,042 thousand.

Provisions against tangible fixed assets as of 31 December 2014 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 249 thousand, and a provision against investment prepayments in the amount of CZK 5,606 thousand.

Depreciation charges amounted to CZK 14,697 thousand (including the disposal of assets through liquidation) and CZK 24,906 thousand in the years ended 31 December 2014 and 2013, respectively.

In the years ended 31 December 2014 and 2013, the Company acquired low-value tangible assets charged directly to expenses in the amounts of CZK 7,185 thousand and CZK 8,326 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 2014, 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 2014 and 2013, the payments made under leases amounted to CZK 36,050 thousand and CZK 36,138 thousand, respectively.

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

(CZK thousand)

2015	28,613
2016	21,211
2017	18,696
2018	10,444
2019	3,137
2020	682
Total	82,783

The aggregate lease expenses of cars and machinery amounted to CZK 158,491 thousand and CZK 30,330 thousand, respectively.

The above figures are net of VAT if input VAT recovery is possible.

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

4.3. Non-Current Financial Assets

Cost

(CZK thousand)

	Balance at 31 Dec 2012	Additions	Disposals	Balance at 31 Dec 2013	Additions	Disposals	Balance at 31 Dec 2014
Equity investments in subsidiaries	115,552	200	200	115,552	0	65	115,487
Equity investments in associates	0	100	0	100	0	0	100
Other non-current securities and equity investments	2,000	0	0	2,000	0	0	2,000
Total	117,552	300	200	117,652	0	65	117,587

4.3.1. Equity Investments in Subsidiaries

2014

(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	16,369	(1,498)	100,313	15,174
H-Parking solutions s.r.o.	Ostrava	100	50	50	70	(109)	0	100
Total		115,587			16,439	(1,607)	100,313	15,274

In 2015 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.

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
Total		115,652			12,932	552	98,815	16,837

4.3.2. Other Equity Investments

2014

(CZK thousand)

Name of the entity	Registered office	Cost	Ownership percentage	Voting power in %	Equity	Profit or loss	Provision	Year-end valuation
VLTA VOTÝNSKÁ TEPLÁRENSKÁ a.s.	Týn nad Vltavou	2,000	CZK 10,000 per share	2	179,218	(1,892)	0	2,000
Total		2,000			179,218	(1,892)	0	2,000

2013

(CZK thousand)

Name of the entity	Registered office	Cost	Ownership percentage	Voting power in %	Equity	Profit or loss	Provision	Year-end valuation
VLTA VOTÝNSKÁ TEPLÁRENSKÁ a.s.	Týn nad Vltavou	2,000	CZK 10,000 per share	2	181,159	155	0	2,000
Total		2,000			181,159	155	0	2,000

4.4. Inventory

The net book value of inventory amounted to CZK 548,877 thousand and CZK 874,316 thousand as of 31 December 2014 and 2013, respectively. Provisions against inventory amounted to CZK 26,823 thousand and CZK 24,220 thousand as of 31 December 2014 and 2013, respectively. The balances of goods include the value of purchased land for development activities and purchased apartment units under the Apartmány Farské Lúky project, the Modrá Růže residential building and apartments at Kostelní náměstí in Ostrava. 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 373,749 thousand. Major construction projects in progress are as follows: “Metro Dejvická–Motol” in the amount of CZK 174,219 thousand, the Mondelez Plant in Opava of CZK 20,975 thousand and the “Borská Pole – Zelený trojúhelník” development project in the amount of CZK 18,500 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 230,271 thousand and CZK 238,757 thousand as of 31 December 2014 and 2013, 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 69,579 thousand and CZK 24,709 thousand as of 31 December 2014 and 2013, respectively.

4.5.1. Long-Term Intercompany Receivables

No long-term trade intercompany receivables were recorded as of 31 December 2014. 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.

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		
2014	Gross	1,317,644	36,993	21,521	28,176	95,424	235,619	417,733	1,735,377
	Provisions	748	1,877	935	1,302	22,807	176,537	203,458	204,206
	Net	1,316,896	35,116	20,586	26,874	72,617	59,082	214,275	1,531,171
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

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 2015, 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 2014	Balance at 31 Dec 2013
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	3,028	3,199
HOCHTIEF Solutions AG, organizační složka	Fellow subsidiary	86	7,339
HOCHTIEF Solutions AG	Parent company	406	317
Garden Center Invest s.r.o.	Subsidiary	6,404	4,347
ACL Investment, a.s.	Related party	0	18
Valentinka a.s.	Related party	0	12
Euripus s.r.o.	Related party	0	9
Inserta s.r.o.	Related party	18	12
Total short-term intercompany receivables		9,942	16,044
Other than intercompany receivables		1,725,435	1,532,884
Total short-term trade receivables		1,735,377	1,548,928

Receivables – Controlled or Controlling Entity

The balance of the provided loan of CZK 3,054 thousand as of 31 December 2014 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 balance amounted to CZK 3,054 thousand as of 31 December 2013.

The receivable arising from cash-pooling contracted with the parent company amounted to CZK 695,134 thousand as of 31 December 2014 and was reported under “Receivables – controlled and controlling entity”.

Other Receivables

Other short-term receivables as of 31 December 2014 amounted to CZK 127,036 thousand (gross) and primarily include a receivable from the subsidiary Garden Center Invest s.r.o. The remaining receivables are provided for in the amount of CZK 38,473 thousand. As of 31 December 2013, other receivables amounted to CZK 134,497 thousand (gross) and were provided for in the amount of CZK 38,473 thousand.

4.7. Current Financial Assets

(CZK thousand)

	Balance at 31 Dec 2014	Balance at 31 Dec 2013
Cash at hand	248	124
Cash equivalents	596	687
Current accounts	306,075	434,119
Cash in transit	(83)	421
Total current financial assets	306,836	435,351

4.8. Deferred Expenses and Accrued Income

As of 31 December 2014, the Company reported deferred expenses and accrued income in the amount of CZK 56,186 thousand. Deferred expenses amounted to CZK 28,287 thousand and accrued income amounted to CZK 27,899 thousand. Deferred expenses represent deferred expenditure realised in the current year, principally insurance paid for the Metro Motol project in the amount of CZK 8,125 thousand. Accrued income primarily included accrued invoices arising from invoices issued to customers and accrued proceeds from insurance claims.

As of 31 December 2013, deferred expenses and accrued income amounted to CZK 10,971 thousand and CZK 19,321 thousand, respectively.

4.9. Equity

4.9.1. Changes in Equity

In the year ended 31 December 2014, the Company paid out dividends from the profit for 2013 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 2013	43,850	9,266	18,264	71,380
Charge for reserves	30,387	9,511	1,430	41,271
Use of reserves	12,378	9,266	7,000	28,587
Release of redundant reserves	0	0	1,212	1,212
Balance at 31 Dec 2014	61,859	9,511	11,482	82,852

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 2014 and 2013 was CZK 97,803 thousand and CZK 97,569 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		
2014	Short-term	846,188	267,052	53,949	33,782	36,467	27,172	418,422	1,264,610
2013	Short-term	868,607	262,392	23,436	15,751	30,113	18,202	349,895	1,218,501

4.12.2. Intercompany Payables

Short-Term Trade Payables and Received Prepayments

(CZK thousand)

Entity	Relation to the Company	Balance at 31 Dec 2014	Balance at 31 Dec 2013
Garden Center Invest s.r.o.	Subsidiary	38	3
HOCHTIEF Solutions AG	Parent company	14,182	21 532
HOCHTIEF Construction Slovakia s. r. o.	Fellow subsidiary	332	3 506
Short-term trade payables and received intercompany advances		14,552	28,090
Other than intercompany payables and advances		1,266,431	1,204,656
Total short-term trade payables and advances		1,280,983	1,232,746

Payables – Controlled and Controlling Entity

The payable arising from the cash-pooling contracted with the parent company amounted to CZK 42,150 thousand as of 31 December 2014 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 114,840 thousand and CZK 139,675 thousand as of 31 December 2014 and 2013, 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 2014.

4.12.4. Payables

Estimated payables as of 31 December 2014 and 2013 amounted to CZK 678,590 thousand and CZK 760,568 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

2014

(CZK thousand)

Bank/Creditor	Balance at 31 Dec 2014	Balance at 31 Dec 2013	Interest rate 2014	Form of collateral in 2014
UniCredit Bank	137,586	156,319	1M Pribor + 1.55%	No collateral
Commerzbank	35,447	104,126	1.950%	No collateral
Total	173,033	260,445		

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 2014	Balance at 31 Dec 2013
Net book value of fixed assets (except for provisions)	682	(917)
Provisions against fixed assets	50,249	40,281
Provisions against inventory	18,763	16,160
Provisions against receivables	84,002	73,702
Estimated payable for management bonuses	22,638	14,712
Estimated payable for audit fees	833	550
Reserves	76,943	65,103
Other	218,897	260,272
Total temporary differences	473,007	469,863
Total deferred tax	89,871	89,274

(CZK thousand)

Analysis of movements

Balance as of 31 December 2013	89,274
Balance as of 1 January 2014 based on the opening balance sheet (taking into account the impacts of the merger)	90,130
Current changes charged to profit and loss account (rounded)	(258)
Balance as of 31 December 2014	89,871

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)

	Balance at 31 Dec 2014	Balance at 31 Dec 2013
Profit before tax	87,406	39,910
Income tax rate	19%	19%
Tax at the domestic income tax rate	16,607	7,583
Tax effect of permanent differences and deferred tax	971	6,699
Tax relief (handicapped people)	(288)	(306)
Additional taxes for prior years	6,257	4,717
Total income tax on ordinary and extraordinary activities	23,547	18,693

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

As of 31 December 2014, 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 2014, 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 2014.

4.15. Details of Income by Principal Activity

(CZK thousand)

	Year ended 31 Dec 2014			Year ended 31 Dec 2013		
	In-country	Cross-border	Total	In-country	Cross-border	Total
Sales of goods	67,113	0	67,113	10,500	0	10,500
Sales of goods	67,113	0	67,113	10,500	0	10,500
Sales of construction work	4,568,745	113,640	4,682,385	4,464,431	23,454	4,487,885
Sales of services	412,306	3,948	416,254	320,776	0	320,776
Total sales	4,981,051	117,588	5,098,639	4,785,207	23,454	4,808,661

The sales of goods principally included sales of plots of land for development projects and the sale of construction material.

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 34,066 thousand (2013: CZK 49,042 thousand). In addition, income from specific contracts under which the Company acts as a sub-supplier to other sub-suppliers amounted to CZK 229,256 thousand (2013: CZK 123,803 thousand).

4.16. Related Party Transactions

4.16.1. Income Generated with Related Parties

2014

(CZK thousand)

Entity	Relation to the Company	Services	Financial income	Total
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	502	0	502
HOCHTIEF Solutions AG, organizační složka Praha	Fellow subsidiary	313	0	313
HOCHTIEF Constructions Slovakia s. r. o.	Fellow subsidiary	176	0	176
Garden Center Invest s.r.o.	Subsidiary	533	166	699
HOCHTIEF Solutions AG	Parent	722	390	1,112
ACL Investment, a.s.	Related party	60	0	60
Euripus s.r.o.	Related party	30	0	30
Inserta s.r.o.	Related party	60	0	60
Total		2,396	556	2,952

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
VLAVOTÝNSKÁ 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
Total		102	9,238	1,444	10,784

* 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

2014

(CZK thousand)

Entity	Relation to the Company	Services	Total
HOCHTIEF Solutions AG	Parent	6,740	6,740
Garden Center Invest s.r.o.	Subsidiary	248	248
HOCHTIEF Construction Slovakia s. r. o.	Fellow subsidiary	2,879	2,879
HOCHTIEF Development Czech Republic s.r.o.	Fellow subsidiary	35	35
Total		9,902	9,902

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
Total		774	65,095	896	66,765

4.17. Consumed Purchases

(CZK thousand)

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Consumed material	702,496	530,979
Consumed energy	22,716	22,258
Sub-supplies	3,048,805	3,094,947
Total consumed purchases	3,774,017	3,648,184

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 34,066 thousand (2013: CZK 49,042 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 229,256 thousand (2013: CZK 123,803 thousand).

4.18. Services

(CZK thousand)

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Repairs and maintenance	25,069	19,908
Travel expenses	30,994	31,825
Representation costs	6,445	6,227
Telephone, fax, internet	6,114	7,439
Low value intangible assets put into use	7,408	5,169
Rental and borrowing costs for construction projects	50,298	42,249
Audit, tax, legal and other consulting *	7,997	6,734
Waste disposal	4,738	14,710
Operating leases	36,050	36,138
Transport costs	12,632	12,104
Advertising	5,025	7,638
Other construction services	51,861	62,735
Other	161,267	114,266
Total	405,898	367,142

* Note – The fee to the statutory auditor is specified in the parent company's consolidated financial statements.

4.19. Depreciation of Intangible and Tangible Fixed Assets

2013

(CZK thousand)

Depreciation of Intangible and Tangible Fixed Assets	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Depreciation of IFA and TFA	15,182	25,769
Total depreciation	15,182	25,769

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

(CZK thousand)

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Change in other reserves – vacation	68	261
Change in other reserves – guarantees and other	11,114	(16,064)
Change in the provisions under special legislation – against receivables; tax-deductible	8,603	(29,159)
Change in provisions – against receivables; tax non-deductible; and against assets	24,309	22,061
Total	44,094	(22,901)

4.21. Other Operating Income

(CZK thousand)

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Contractual penalties and default interest	14,981	7,989
Recoveries of receivables written off and transferred	1,037	25,000
Compensation for deficits and damage of operating assets; insurance company – damage claims etc.	4,737	30,603
Sundry operating income	7,736	13,206
Total	28,491	76,798

4.22. Other Operating Expenses

(CZK thousand)

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Gifts	198	50
Contractual penalties and default interest	1,214	741
Other penalties and fines	204	212
Write-off of receivables and transferred receivables	11,338	76,844
Sundry operating expenses – principally insurance	45,799	59,637
Total	58,753	137,484

4.23. Change in the Reserves and Provisions relating to Financial Activities

In the year ended 31 December 2014, the Company updated the amount of the provision against a financial investment in GCI in the amount of CZK 1,498 thousand.

4.24. Interest Income

(CZK thousand)

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Interest on current bank accounts	978	768
Other interest received from other debtors	166	1,444
Total	1,144	2,212

4.25. Interest Expenses

(CZK thousand)

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Interest on bank loans and overdraft facilities	7,717	6,587
Interest on intercompany loans	(390)	896
Total	7,327	7,483

4.26. Other Financial Income

(CZK thousand)

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Foreign exchange rate gains	1,485	1,685
Sundry financial income	95	95
Total	1,580	1,780

4.27. Other Financial Expenses

(CZK thousand)

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Foreign exchange rate losses	1,506	3,359
Banking fees	28,091	26,104
Total	29,597	29,463

4.28. Off-Balance Sheet Transactions

As of 31 December 2014, 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 2014 and 2013:

2014

(CZK thousand)

	Number of staff	Payroll costs	Social security and health insurance	Estimated payable for bonuses	Other costs	Total staff costs
Staff	1,081	469,807	168,719	18,259	14,731	671,516
Managers	7	2,081	4,122	4,379	9,580	38,162
Total	1,088	489,888	172,841	22,638	24,311	709,678

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
Total	1,075	462,135	163,214	14,712	21,422	661,483

The number of employees is based on the average recalculated headcount. The category of "managers" includes the Company's Chief Executive Officer, and the Directors of the individual departments and 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 2014 and 2013, the members of the Company's Executive Board, Supervisory Board and management received the following loans and bonuses in addition to their basic salaries:

2014 (CZK thousand)			
	Executive Board	Supervisory Board	Members of management
Life and pension insurance contributions	75	0	193
Bonuses	9,460	120	0
Cars / other movable and immovable assets to be used for private purposes (this figure increases the employees' tax base)	614	0	909

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

6. OFF-BALANCE SHEET COMMITMENTS

Legal Disputes

As of 31 December 2014, the Company created a reserve for open legal disputes in the amount of CZK 4,000 thousand.

Environmental Liabilities

In the year ended 31 December 2014, 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 2014, the Company used bank guarantees in the aggregate amount of CZK 2,639,182 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.

Basic Information on the Company for 2014

HOCHTIEF CZ a. s.

Plzeňská 16/3217, 150 00 Prague 5

Company ID No.: 46678468

Tax ID No.: CZ46678468

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Organizational unit

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Capital interests

Garden Center Invest s.r.o.

Plzeňská 16/3217, 150 00 Prague 5

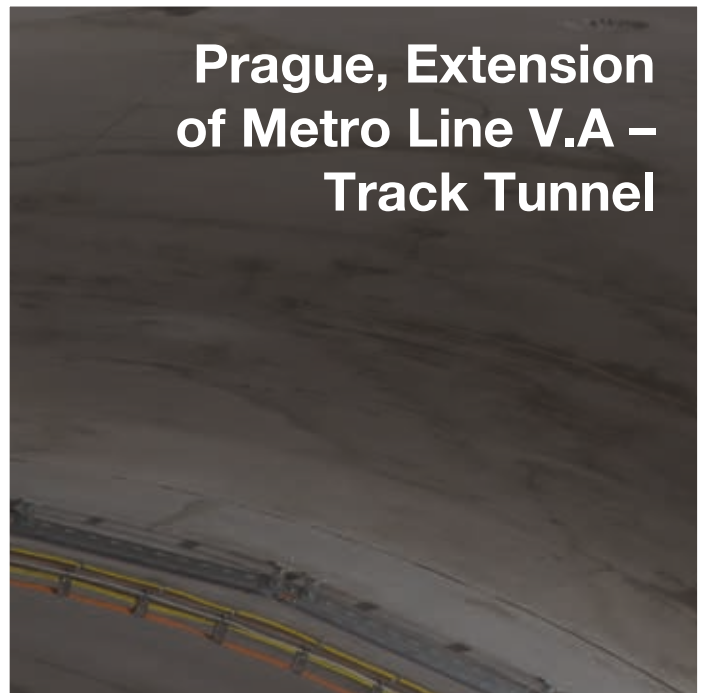
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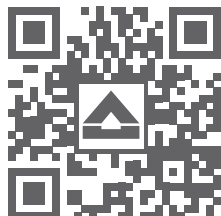
Havlíčkovo nábřeží 2728/38

702 00 Ostrava – Moravská Ostrava



**Prague, Extension
of Metro Line V.A –
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