

Management Report

Principal activities

In 2002 the Company's business activity continued its focus on construction projects. Its activities as a property developer were no less important and continued to expand.

During the year Metrostav worked on projects in every segment of the construction market and fully met the requirements of investors in terms of quality and deadlines. Its work on major projects demonstrated its abilities.

The Company specialises in boring operations using mining methods, reinforced concrete projects and the challenging work of rebuilding historical monuments.

Its property development projects mainly involve the building of flats and the Company carries out this work mainly through subsidiary companies.

Metrostav's position on the construction market

The Company's construction output was worth CZK 11.7 billion in 2002, a year-on-year increase of 18% and about a 4.21% share of the Czech construction market. Compared with the conditions on the construction market, Metrostav's results were significantly better than those of its competitors and its market share rose year-on-year by 0.4%.

In the past year Company increased its volume of work, especially in the areas of flat building, industrial construction, road construction and underground construction. There was a modest decline in community projects and output in the water management segment stagnated. Countrywide, Metrostav maintained its dominant position in the Czech underground construction market and occupied a significant position in the market for community and flat building.

These successes were made possible by the coordinating role played by Doprastav, a.s. and DOAS, a.s. as part of the DDM Group.

Sales outlook

The Company's marketing plans for 2002 were successfully fulfilled and this laid a good basis for 2003. As far as market segments are concerned, growth is expected during the forthcoming year in road construction and industrial construction, while community projects are expected to decline. A higher volume of work will be carried out abroad, especially in the Slovak Republic. The order book is a balanced combination of public and private orders covering all segments of the construction market and in territorial terms is distributed throughout the Czech Republic.

We
increased
turnover
by 63%
in the last
two years

Regional activities

One of the strategic aims in 2002 was a further strengthening of the Company's position in the Czech regions. The Company had already established a network of representative offices in a number of regions and consolidated its presence not only through the construction projects it had completed but also with the significant help its workforce gave to regional development as a whole, its cooperation with local companies and its support for social and sporting activities.

Major projects were completed in Plzeň, Děčín and Brno and work continued on others in Most, Cheb, Chomutov, Karlovy Vary, Roudnice and other localities. All of these orders provide Metrostav with an opportunity to involve local firms through subcontracting work.

Activities abroad

Special attention was devoted to business abroad, since this represents a major element in the Company's expansion. In addition to the Company's special role in the Slovak construction market, its Board of Directors and senior management put special emphasis on preparing the Company for entry into EU markets as soon as the Czech Republic becomes a member.

New technology

The effort to improve its work means that Metrostav is constantly looking for new technology which will improve the quality of construction work, cut costs, shorten construction time and reduce any adverse environmental effects in the immediate vicinity of its building sites. During 2002 the Company introduced new technology in three areas: the Prague Metro extension, building work carried out for Czech Railways and enlargement of the oil storage facilities at Nelahozeves, near Kralupy nad Vltavou. In work on Stage IVC1 of the Prague Metro extension from Holešovice to Ládví a 220 sq.metre one-nave station at Kobylisy 148 metres long was excavated instead of the current practice of excavating a three-nave station. Self-compacting concrete was used at the Trója complex to install secondary brickwork. The same technology was also used in building a railway bridge in Prague as part of the Zlíchov–Radlická section of the city's ring road. Metrostav workers also used the experience they gained when building Stage I of the Seifertova bridges, part of the so-called "New Link" from Prague's Main Railway Station. The advantages of self-compacting concrete include faster concreting, the smaller number of workers required and a reduced energy requirement due to the fact that mechanical compactors are not needed, an improvement in the concrete's quality, less maintenance work, an improved on-site working environment, and above all less noise. During 2002 a two-track railway tunnel for the No. 1 Prague–Děčín railway corridor was completed for Czech Railways at the village of Nová Ves, near Kralupy nad Vltavou, the first tunnel in the history of Czech Railways to have been built using the New Austrian Tunnelling Method (NRTM). Another order the Company completed for Czech Railways was the Chomutov–Březno railway line, where in 2002 a one-track tunnel was bored using the circumferential trench method. A third innovation was the use of an automatic welding machine to carry out vertical and horizontal welding during construction of three 125,00 cu.metre double-jacketed roofed oil tanks with a diameter of 84.5 metres and 24 metres high. The welding was carried out in a protected

atmosphere and a fluxing agent was used. This required a high level of expertise, as did the one millimetre-accurate fixation of several tonnes of plates before the tacking and welding was started.

Quality management

The Company's quality management system is fully comparable to that found on the international construction market, as has been confirmed many times during our cooperation with experienced foreign partners. Our key technologies have all been awarded quality certificates. Individual certification of the Company's technology is covered by a general contracting quality management certificate issued by the renowned London-based transnational company BUREAU VERITAS INTERNATIONAL (BVQI), which is part of the transnational holding company BUREAU VERITAS.

Property development

The Company's role as a property developer became an ongoing feature of its business activities in 2002. Its specialist property development division directly or indirectly, through subsidiary companies, continued to work on, prepare and purchase property development projects. Building work and sales at the Villa Park Strahov and Stage I of the Gallery upon Vltava projects continued. In line with a decision of the Company's Board of Directors, preparatory work on other development projects continued. Preparation work on stage II of the Gallery upon Vltava development project is under way.

In line with the Property Development Division's development strategy, preparation of the building work and subsequent sales continued on the projects: the Nový Anděl Residential Housing Estate, the Krutec Housing Complex and the Hodkovičky Residence in Zátíší.

Two new projects were also purchased: the multi-purpose Nové Butovice apartment house in Prague 13 (consisting of 178 flats, 291 garages and 5,700 sq.metres of non-residential space) and Na Bučance Residential Housing Estate in Prague 4 (9 flats). Work on both projects will start in 2003.

All this confirms Metrostav a.s.'s role as one of the leading developers in the flat-building segment.

Investment policy

The Company continued its active investment policy in 2002, focusing on core technologies. During the year it invested three-quarters of its resources in developing its mechanised underground construction systems. It also invested heavily in its existing information systems, which will strengthen the role of control of individual processes and thus support increased efficiency and the profitability of its operations.

Organisation and management

The Company's management system and the shaping of its organisational structure are fundamental elements in its dynamic growth. Analyses carried out in 2002 confirmed the appropriateness of its current organisation into a head office-division-project or specialist

operation structure. It was not therefore necessary to make any permanent changes in the Company's organisational structure.

The process management system was combined with multi-project management of orders in order to optimise work on orders and the Company's highly successful business activities.

The new integrated management system was coordinated with the management systems used by DDM Group companies so that the synergic effects of their capital connection could be put to the best possible advantage.

Human resources

The recorded number of employees in the year under review rose by 5.6% to 3,220. There was an increase in the number of technical and administrative staff, especially technicians, line managers and foremen. During the year 75 new school-leavers joined the Company, including 46 university graduates, which had a positive effect on the technical and administrative staff's educational level.

Environmental protection

In all of the Company's activities its senior management paid considerable attention to the condition of the environment and, in line with EU philosophy on permanently sustainable development, it decided to develop its care and improve the natural environment in line with the provisions of the ISO 14 000 standard.

Throughout 2002 Metrostav observed all of the requirements of its ČSN EN ISO 14 001 environmental management certificate through "coordination and management activity related to manufacture and the management of property and property development at head office and in the divisions". This showed its readiness to meet the EU's global requirements in respect of the natural environment.

During the certificate's period of validity (i.e. up to 31 December 2004) the Company will undergo two control audits during which it must show that it is systematically fulfilling the certificate's requirements. The Company's organisational and control standard for ensuring protection of the environment became part of the management system.

Social activities and sponsorship

Metrostav is a traditional partner at a great many specialised, cultural, sporting and social events organised in the Czech Republic. Its approach to partnership is to support and give financial support to those projects and personalities whose contribution is notable and undisputed. The firm's philosophy in the area of sponsorship is at the same time not based purely on the need to be visible but is motivated by a desire to help noble and meaningful causes and to support talented personalities not only in the country's capital but also in the Czech Republic's regions. Culture played a major role in the Company's regional sponsorship plans – for example, it gave a donation to the Prácheňská Foundation for Citizens, supported the 15th annual Finále Plzeň film

**We bored
181,610 sq.
metres of
tunnels and
galleries**

festival – as it did support sport; it sponsored the Autodrom and Hypodrom events at Most and ice hockey leagues in Chomutov, Karlovy Vary and Pardubice.

In the three main areas of its sponsorship – culture, sport and charity – the Company gives preference to long-term and systematic cooperation. It has, for example, traditionally supported the training of the country's best cross-country skier, Kateřina Neumannová and the top volleyball team Dukla Liberec, and it is one of the main sponsors of the popular November 17 Run, organised by the Czech Technical University's Building Faculty. At the end of 2002 it extended its traditional support for Czech sport by becoming one of the main partners of the Czech Republic's Skiers' Union.

As for culture, the firm has for many years sponsored the Virtuosi di Praga orchestra, exhibitions and other events organised by the Municipal House in Prague and Prague City Council. The Company has supported the work of the Dagmar and Václav Havel Foundation VIZE 97 and the National Children's Foundation and helped the Children's Oncological Faculty at the Faculty Hospital at Motol, Prague to buy healthcare supplies. It has given financial and material support to the Handicap Club, which looks after physically handicapped sportspeople.

In public relations terms, Metrostav is an open firm and, so that the professional and lay public can judge the high quality of its work on public sector orders it organised open days. In 2002 a record number of visitors – 18,000 – were able to look round the unique Prague Metro tunnels under the River Vltava.

Auditor's Report



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Report of Independent Auditors to the Shareholders of Metrostav a.s.

We have audited the accompanying balance sheet of Metrostav a.s. as at 31 December 2002, the related income statement and the notes to financial statements, including statements of cash flows and changes in equity for the year 2002 ("the financial statements"). The company's management is responsible for compiling the financial statements and keeping of accounts. 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 the auditing guidelines of the Czech Republic's Chamber of Auditors. These regulations require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures contained in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the attached financial statements present fairly, in all material respects, the assets, liabilities and shareholders' equity of Metrostav a.s. as at 31 December 2002, and the results of its operations, its cash flows and changes in equity for the year 2002 in compliance with the Accounting Act and other relevant regulations applicable in the Czech Republic.

28 February 2003

PricewaterhouseCoopers

PricewaterhouseCoopers Audit, s.r.o.
represented by

H. Macurová Čadanová

Ing. Helena Macurová Čadanová
partner

P. Kulhavý

Ing. Pavel Kulhavý
auditor, Licence No. 1538

PricewaterhouseCoopers Audit, s.r.o., is registered in the Commercial Register with the Municipal Court in Prague, part C, section No. 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 21.

Auditor's Report on Consolidated Financial Statements



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Report of Independent Auditors to the Shareholders of Metrostav a.s.

We have audited the accompanying consolidated balance sheet of Metrostav a.s. group as at 31 December 2002, the related statements of income, changes in equity and cash flows for the year then ended ("the consolidated financial statements"). These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Metrostav a.s. group as at 31 December 2002, and the results of its operations, its changes in equity and its cash flows for the year then ended in accordance with International Accounting Standards.

4 April 2003

PricewaterhouseCoopers

PricewaterhouseCoopers Audit, s.r.o.
represented by

H. Macurová Čadanová

Ing. Helena Macurová Čadanová
partner

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Financial Statements

Balance Sheet

unabridged version as at 31 December 2002 (in CZK 000)

Item	Assets	Row	2002		2001	2000
			Gross	Correction	Net	Net
	Total assets	001	8,213,382	1,596,551	6,616,831	4,043,263
A.	Receivables for registered capital	002	-	-	-	-
B.	Fixed assets	003	3,593,540	1,439,992	2,153,548	1,426,432
B.I.	Intangible fixed assets	004	87,908	56,956	30,952	34,434
B.I.1.	Establishment costs	005	-	-	-	-
B.I.2.	Research and development	006	-	-	-	-
B.I.3.	Software	007	71,011	45,443	25,568	31,404
B.I.4.	Royalties	008	1,461	1,461	-	-
B.I.5.	Other intangible fixed assets	009	14,923	10,052	4,871	2,966
B.I.6.	Intangible assets in the course of construction	010	273	-	273	3,327
B.I.7.	Advances paid for intangible assets	011	240	-	240	200
B.II.	Tangible fixed assets	012	2,708,450	1,378,036	1,330,414	1,435,628
B.II.1.	Land	013	104,742	-	104,742	124,122
B.II.2.	Buildings, halls and structures	014	1,126,060	469,176	656,884	669,908
B.II.3.	Plant and equipment, sets of machinery and equipment	015	1,377,015	837,659	539,356	513,930
B.II.4.	Perennial crops	016	-	-	-	-
B.II.5.	Livestock	017	-	-	-	-
B.II.6.	Other tangible fixed assets	018	90,510	71,201	19,309	20,397
B.II.7.	Tangible fixed assets in the course of construction	019	3,273	-	3,273	15,352
B.II.8.	Advance paid for tangible fixed assets	020	6,850	-	6,850	91,919
B.II.9.	Adjustments to acquired assets	021	-	-	-	-
B.III.	Financial investments	022	797,182	5,000	792,182	198,658
B.III.1.	Investments in group undertakings	023	177,561	-	177,561	165,998
B.III.2.	Investments in associated companies in the group	024	454,766	5,000	449,766	27,160
B.III.3.	Other investments in securities	025	81,275	-	81,275	5,500
B.III.4.	Intragroup loans	026	-	-	-	-

		2002			2001	2000
Item	Assets	Row	Gross	Correction	Net	Net
B.III.5.	Other investments	027	-	-	-	-
B.III.6.	Long-term financial assets in-progress	111	-	-	-	-
B.III.7.	Advance payments for long-term financial assets	112	83,580	-	83,580	-
C.	Current assets	028	4,527,540	156,559	4,370,981	3,972,587
C.I.	Inventory	029	1,388,291	919	1,387,372	1,306,792
C.I.1.	Raw materials	030	137,011	919	136,092	78,024
C.I.2.	Work in progress and semi-finished goods	031	1,245,741	-	1,245,741	1,222,797
C.I.3.	Finished goods	032	-	-	-	-
C.I.4.	Livestock	033	-	-	-	-
C.I.5.	Goods for resale	034	-	-	-	-
C.I.6.	Advance paid for inventory	035	5,539	-	5,539	5,971
C.II.	Long-term receivables	036	221,731	-	221,731	294,185
C.II.1.	Long-term trade receivables	037	208,491	-	208,491	288,485
C.II.2.	Long-term receivables from shareholders/owners	038	-	-	-	-
C.II.3.	Long-term receivables from group undertakings	039	3,740	-	3,740	5,100
C.II.4.	Long-term receivables from associated companies of the group	040	-	-	-	-
C.II.5.	Other long-term receivables	041	9,500	-	9,500	600
C.III.	Short-term receivables	042	2,322,043	155,640	2,166,403	1,368,097
C.III.1.	Trade receivables	043	2,023,300	149,127	1,874,173	1,195,643
C.III.2.	Receivables from shareholders/owners	044	63,244	-	63,244	-
C.III.3.	Receivables from social security	045	-	-	-	-
C.III.4.	State - tax receivables	046	102,452	-	102,452	83,763
C.III.5.	Deferred tax receivables	048	44,848	-	44,848	72,174
C.III.6.	Receivables from group undertakings	049	-	-	-	-
C.III.7.	Receivables from associated companies of the group	050	88,199	6,513	81,686	16,517
C.IV.	Financial assets	051	595,475	-	595,475	1,003,513
C.IV.1.	Cash	052	1,734	-	1,734	1,735
C.IV.2.	Bank accounts	053	85,765	-	85,765	95,300
C.IV.3.	Short-term financial assets	054	507,976	-	507,976	906,478
C.IV.4.	Taxes - due to state	113	-	-	-	-
D.	Other assets	055	92,302	-	92,302	72,480
D.I.	Accruals and deferrals	056	20,275	-	20,275	65,435
D.I.1.	Prepaid expenses	057	19,673	-	19,673	50,034
D.I.2.	Accrued revenue	058	602	-	602	15,401
D.II.	Estimated receivables	060	72,027	-	72,027	7,045

Item	Liabilities	Row			
	Total liabilities and equity	061	6,616,831	5,717,763	4,043,263
A.	Equity	062	1,688,971	1,352,772	1,339,077
A.I.	Registered capital	063	790,667	672,565	790,667
A.I.1.	Registered capital	064	790,667	790,667	790,667
A.I.2.	Own shares	065	-	-118,102	-
A.I.3.	Changes in equity	114	-	-	-
A.II.	Capital contributions	066	10,953	-	-
A.II.1.	Share premium	067	-	-	-
A.II.2.	Other capital contributions	068	-	-	-
A.II.3.	Assets revaluation	069	10,953	-	-
A.II.4.	Gains or losses from investments	115	-	-	-
A.III.	Reserve funds	071	103,129	211,083	85,451
A.III.1.	Legal reserve fund	072	103,129	211,083	85,451
A.III.2.	Undistributable reserve	073	-	-	-
A.III.3.	Statutory and other reserve	074	-	-	-
A.IV.	Retained earnings	075	493,852	266,165	312,351
A.IV.1.	Retained profits	076	493,852	266,165	312,351
A.IV.2.	Accumulated losses	077	-	-	-
A.V.	Profit (loss) of current period	078	290,370	202,959	150,608
B.	Liabilities	079	4,292,602	3,769,522	2,168,726
B.I.	Provisions	080	304,719	285,683	210,915
B.I.1.	Tax-deductible provisions	081	43,097	33,718	22,397
B.I.2.	Provision for exchange-rate losses	082	-	-	-
B.I.3.	Other provisions	083	213,097	204,204	140,333
B.I.4.	Tax receivable - deferred	116	48,525	47,761	48,185
B.II.	Long-term payables	084	421,038	278,339	141,233
B.II.1.	Long-term payables to group undertakings	085	-	-	-
B.II.2.	Long-term payables to associated companies of the group	086	-	-	-
B.II.3.	Long-term advances received	087	-	-	-
B.II.4.	Bonds issued	088	-	-	-
B.II.5.	Long-term bills of exchange payable	089	-	-	-
B.II.6.	Other long-term payables	090	421,038	278,339	141,233

2002 2001 2000

Item	Liabilities	Row	2002	2001	2000
B.III.	Short-term payables	091	3,566,845	3,205,500	1,816,578
B.III.1.	Trade payables	092	3,308,400	3,031,181	1,594,986
B.III.2.	Payables to shareholders/owners	093	117,175	45,123	137,346
B.III.3.	Payables to employees	094	61,182	50,256	45,891
B.III.4.	Social security payable	095	35,359	29,986	27,270
B.III.5.	Taxes payable	096	37,141	36,327	9,488
B.III.6.	Deferred tax payable	098	-	-	-
B.III.7.	Payables to group undertakings	099	-	-	-
B.III.8.	Payables to associated companies of the group	100	7,588	12,627	1,597
B.IV.	Bank loans	101	-	-	-
B.IV.1.	Long-term bank loans	102	-	-	-
B.IV.2.	Current bank loans	103	-	-	-
B.IV.3.	Short-term overdrafts	104	-	-	-
C.	Other liabilities	105	635,258	595,469	535,460
C.I.	Accruals and deferred income	106	131,450	113,647	85,895
C.I.1.	Accruals	107	81,422	71,696	60,344
C.I.2.	Deferred income	108	50,028	41,951	25,551
C.II.	Estimated payables	110	503,808	481,822	449,565

Income Statement

in full format for the year ended 31 December 2002 (in CZK 000)

			2002	2001	2000
Item	Text	Row	Actual state in the accounting period		
I.	Sales of goods	01	305	728	4,014
A.	Cost of goods sold	02	297	685	3,905
x	Gross profit	03	8	43	109
II.	Sales of production	04	12,227,736	10,525,303	7,470,157
II.1.	Sale of own products and services	05	12,157,033	9,464,295	7,917,348
II.2.	Change in inventory of finished goods and work in progress	06	22,945	989,819	-612,065
II.3.	Own work capitalised	07	47,758	71,189	164,874
B.	Costs of sales	08	10,237,417	8,918,176	6,070,393
B.1.	Raw materials and consumables	09	9,005,641	7,891,271	5,318,621
B.2.	Services	10	1,231,776	1,026,905	751,772
x	Value added	11	1,990,327	1,607,170	1,399,873
C.	Staff costs	12	1,277,773	1,036,806	952,947
C.1.	Wages and salaries	13	917,330	742,787	687,001
C.2.	Emoluments of Board members	14	6,600	6,600	4,860
C.3.	Social security costs	15	320,282	259,147	239,919
C.4.	Other social costs	16	33,561	28,272	21,167
D.	Taxes and charges	17	27,489	21,351	27,294
E.	Depreciation of long-term assets	18	211,175	184,243	138,905
III.	Sale of long-term assets and raw materials	19	96,276	161,250	88,835
F.	Net book value of long-term assets and raw materials sold	20	82,597	96,695	67,116
IV.	Provisions written back to operating income	21	151,268	31,105	42,894
G.	Provisions for operating liabilities and charges	22	189,512	86,131	74,430
V.	Amounts written back to operating revenues	23	90,379	80,584	24,641
H.	Amounts written off operating assets	24	130,248	36,761	56,412
VI.	Other operating income	25	104,580	32,405	58,658
I.	Other operating charges	26	108,259	129,375	82,361
VII.	Adjustments to operating income	27	-	-	-
J.	Adjustments to operating expense	28	-	-	-
#	Operating result	29	405,777	321,152	215,436
VIII.	Income from sales of securities and shares	30	119,366	77	74,345
K.	Securities and shares sold	31	118,102	71	66,994
IX.	Income from long-term investments	32	-	-	-
IX.1.	Income from investments in subsidiaries	33	-	-	-
IX.2.	Income from investments in other participating interests	34	-	-	-
IX.3.	Income from other long-term investments	35	-	-	-
X.	Income from short-term investments	36	-	-	-

2002 2001 2000

Item	Text	Row	Actual state in the accounting period		
L.	Loss on investments	62	-	-	-
XI.	Gain on revaluation of securities	63	-	-	-
M.	Loss on revaluation of securities	64	-	-	-
XII.	Provisions written back to financial income	37	-	908	-
N.	Provisions for financial liabilities and changes	38	-	21,074	908
XIII.	Amounts written back on investments	39	-	-	34,900
O.	Amounts written off investments	40	5,000	-	-
XIV.	Interest income	41	11,359	12,087	5,254
P.	Interest expense	42	1,074	143	6,296
XV.	Other financial income	43	37,812	14,782	5,300
Q.	Other financial expense	44	57,619	25,510	29,580
XVI.	Adjustments to financial income	45	-	-	-
R.	Adjustments to financial expense	46	-	-	-
#	Financial result	47	-13,258	-18,944	16,021
S.	Income tax on ordinary activities	48	113,714	99,249	80,849
S.1.	Current	49	112,950	99,673	71,669
S.2.	Deferred	50	764	-424	9,180
		51	-	-	-
##	Profit/loss on ordinary activities	52	278,805	202,959	150,608
XVII.	Extraordinary income	53	32,640	-	-
T.	Extraordinary charges	54	21,075	-	-
U.	Tax on extraordinary profit or loss	55	-	-	-
U.1.	Current	56	-	-	-
U.2.	Deferred	57	-	-	-
#	Profit/loss on extraordinary items after taxation	58	11,565	-	-
W.	Profit (loss) share apportioned to partners (partnership only)	59	-	-	-
###	Net profit (loss) for the accounting period (+/-)	60	290,370	202,959	150,608
	Profit (loss) before taxation (+/-)	61	404,084	302,208	231,457

Cash Flow Statement

in full format as at 31 December 2002 (rounded to thousands)

	2002	2001	2000
CASH FLOW FROM OPERATING ACTIVITY			
Accounting profit (loss) on ordinary activity before taxation	392,519	295,186	216,679
A.1 Non-cash transactions	265,793	142,104	146,447
A.1.1 Depreciation of fixed assets	217,615	184,780	139,365
A.1.2 Change in adjustments	63,134	31,334	29,296
A.1.3 Profit (-) / loss (+) on sale of fixed assets	-4,671	-62,066	-23,256
A.1.4 Income from dividends and shares in profit	0	0	0
A.1.5 Interest paid (+) and interest received (-)	-10,285	-11,944	1042
A.1.6 Other non-cash transactions	0	0	0
A.* Net cash flow from operating activity before taxes changes in working capital and extraordinary items	658,312	437,290	363,126
A.2 Change in working capital	-326,139	449,581	567,678
A.2.1 Change in receivables and temporary accounts of assets (+/-)	-785,788	-153,352	-354,911
A.2.2 Change in operating payables (+/-)	539,975	1,586,037	330,322
A.2.3 Change in inventory	-80,326	-983,104	592,267
A.2.4 Change in short-term financial assets	0	0	0
A.** Net cash flow from operating activity before taxes and extraordinary items	332,173	886,871	930,804
A.3 Interest paid	-1,074	-143	-6,296
A.4 Interest received	11,359	12,087	5,254
A.5 Income tax paid on ordinary income	-113,714	-97,225	-67,262
A.6 Revenues and expenses from extraordinary accounting transactions, including extraordinary income tax paid	11,565	4,574	10,371
A.7 Dividends and shares in profit received	0	0	0
A*** Net cash flow from operating activity	240,309	806,164	872,871
CASH FLOW FROM INVESTMENT ACTIVITY			
B.1 Acquisition of fixed assets	-716,748	-488,867	-507,479
B.2 Proceeds from sale of fixed assets	33,526	119,892	124,114
B.3 Loans and credits to related persons	0	0	0
B*** Net cash flow from investment activity	-683,222	-368,975	-383,365
CASH FLOW FROM FINANCIAL ACTIVITY			
C.1 Change in long-term, or short-term liabilities	0	0	-19
C.2 Impact of change in equity on cash	-83,227	-71,162	-61,595
C.2.3 Other deposits of shareholders to equity	0	0	0
C.2.6 Dividends paid	-83,227	-71,162	-61,595
C*** Net cash flow from financial activity	-83,227	-71,162	-61,614
Net increase /decrease in cash and cash equivalents	-526,140	366,027	427,892
Cash and cash equivalents at the beginning of year	1,121,615	755,588	327,696
Cash and cash equivalents*), end of year	595,475	1,121,615	755,588

*) Cash equivalents consist of own shares and short-term financial assets.

Consolidated Financial Statements for 2002 according to International Accounting Standards (IAS)

Consolidated income statement

(in CZK thousands)

	Item	Year ended 31 December	
		2002	2001
Revenue	1	12,113,124	10,762,280
Change in internally produced inventories		-122,690	-35,238
Consumption of materials and supplies		10,320,751	9,067,586
Personnel expenses	2	1,294,568	1,052,809
Depreciation and amortization		211,987	185,119
Other operating expenses (revenues)		78,363	-70,277
Total operating costs		11,782,979	10,199,999
Operating profit/loss		330,145	562,281
Finance costs	3	25,888	11,121
Share in profit/loss by the equity method	10	55,439	5,014
Profit/loss before tax		359,696	556,174
Income tax	4	104,035	153,747
Net profit		255,661	402,427
Earnings per share (CZK)	5	32.33	50.90

Consolidated statement of changes in shareholders' equity

(in CZK thousands)

	Item	Registered capital	Own shares	Statutory reserve fund	Exchange rate differences and other funds	Cumulated profit/loss	Total
Balance at 1 January 2001		790,667		56,396	4,331	467,988	1,319,382
Dividends for 2000	6					-71,162	-71,162
Allocation to the reserve fund				36,585		-36,585	0
Other influence					787	-14,235	-13,448
Reserve fund for own shares*)				118,102		-118,102	0
Purchase of own shares	23		-118,102				-118,102
Profit from purchase of own shares					6		6
Net profit for the period						402,427	402,427
Balance at 31 December 2001		790,667	-118,102	211,083	5,124	630,331	1,519,103
Balance at 1 January 2002		790,667	-118,102	211,083	5,124	630,331	1,519,103
Dividend for 2001	6					-79,067	-79,067
Directors' fees for 2001						-4,159	-4,159
Allocation to the reserve fund				10,596		-10,596	0
Exchange rate differences					2,071		2,071
Other influence					13,052	15,136	28,188
Reserve fund for own shares*)				-118,102		118,102	0
Sale of own shares	23		118,102				118,102
Profit from purchase of own shares					1,258		1,258
Net profit for the period						255,661	255,661
Balance at 31 December 2002		790,667	0	103,577	21,505	925,408	1,841,157

*) Reserve fund for own shares is created in accordance with the relevant provisions of the Commercial Code.

Consolidated balance sheet

(in CZK thousands)

Assets	Item	31 December 2002	31 December 2001
Short-term assets			
Cash and cash equivalents	14	641,128	1,007,949
Receivables and other working capital	15	2,293,298	1,419,570
Inventory	16	211,310	180,435
Work-in-progress	16	207,053	84,351
Amounts not invoiced to customers	17	249,523	379,458
Total working capital		3,602,312	3,071,763
Long-term assets			
Intangible assets	7	30,968	38,467
Property, plant and equipment	8	1,045,553	1,122,704
Investment to real estate	9	308,640	317,974
Investment in associated and joint companies	10	579,802	45,648
Goodwill	11	-6,422	-8,563
Realizable financial assets	12	219,223	126,779
Receivables	13	221,731	294,768
Total long-term assets		2,399,495	1,937,777
Total assets		6,001,807	5,009,540

Equity and liabilities	Item	31 December 2002	31 December 2001
Short-term payables			
Payables and other liabilities	18	2,875,348	2,397,147
Income tax	18	26,485	26,396
Borrowings	19	96,567	36,870
Amounts due to customers	17	368,389	549,920
Provisions for liabilities	20	232,063	191,225
Total short-term liabilities		3,598,852	3,201,558
Long-term liabilities			
Other liabilities	21	560,709	278,339
Tax deferred	22	1,089	10,540
Total long-term liabilities		561,798	288,879
Share capital and funds			
Ordinary shares	23	790,667	790,667
Own shares	23	0	-118,102
Statutory reserve fund		103,577	211,083
Exchange rate differences and other funds		21,506	5,124
Cumulated profit/loss		669,746	227,904
Profit for the period		255,661	402,427
Total share capital and funds		1,841,157	1,519,103
Total liabilities		6,001,807	5,009,540

Consolidated cash flow statement

(in CZK thousands)

Item	Year ended 31 December	
	2002	2001
<i>Cash flow from operating activities</i>		
Profit before taxation	359,696	556,175
<i>Adjustments by non-cash operations</i>		
Share in profit/loss by the equity method	-55,439	0
Dividends received from a company in equity accounting	-13,132	0
Depreciation of tangible and intangible assets	211,987	185,119
Accounting for interest paid and received	-6,071	-8,049
Profit from the sale of tangible assets	-33,526	-74,003
Change in reserves	31,387	44,800
<i>Increase (or decrease) of cash related to changes in assets and liabilities</i>		
Receivables and amounts not invoiced to customers	-670,756	-309,665
Other assets (inventories)	-153,577	-49,413
Payables and other liabilities	584,584	578,213
Income tax paid	-113,960	-97,568
Interest paid	-5,636	-143
Net cash flow from operating activities	135,357	825,466
<i>Cash flow from investing activities</i>		
Purchase of tangible fixed assets	-180,877	-467,450
Disposal of tangible fixed assets	96,399	157,297
Interest received	11,707	12,049
Proceeds from financial investment	55,439	0
Cost of purchase of financial investment	-75,775	-134,583
Cost of purchase of ownership interest	-385,541	0
Net cash flow from investing activities	-478,648	-432,687
<i>Cash flow from financing activities</i>		
Sale / redemption of own shares	0	-118,102
Dividends paid and other distributions	-83,227	-71,162
Change in long-term payables resulting from loans	59,697	-9,314
Net cash flow from financing activities	-23,530	-198,578
Net increase (decrease) of cash and cash equivalents	-366,821	194,201
Cash and cash equivalents at beginning of accounting period	14	1,007,949
Cash and cash equivalents at end of accounting period	641,128	1,007,949

Additional Information

General Information

Company name:	Metrostav a.s.
Registered office:	Koželužská 2246, Praha 8
Legal form:	joint-stock company
Postal Code:	180 00
ID No.:	00014915
Tax ID No.:	008-000 14 915
Incorporated in:	the Commercial Register of Prague Municipal Court, Part B, File 758, on 23 May 1991
Founded:	on 31 December 1990 for indefinite period of time in accordance with the Czech legislation, Act No. 104/1990 Coll. on Joint-Stock Companies.

Main shareholders

AS AT 31 DECEMBER 2002

	Name	Address	Number of shareholders	Number of shares	Percentage in registered capital
1	Doprastav Bohemia a.s.	Koželužská 2246, Praha 8	1	5,357,632	67.76
2	LORAN ESTABLISHMENT	Meierhofstrasse 2, FL 9490 VADUZ	1	1,278,817	16.18
3	BLAVA, s.r.o.	Na Slupi 15, Praha 2	1	596,344	7.54
4	Other foreign companies		6	188,949	2.39
5	Other Czech companies		12	130,472	1.65
6	Other foreign individuals		88	9,608	0.12
7	Other Czech companies		6,476	344,846	4.36

Revenues from the sale of own products and services

Trends in sales revenues (CZK thousands)	2000	2001	2002
Sales revenues	7,917,348	9,464,295	12,157,033

Average number of employees (no. of persons)

	2000	2001	2002
Construction work	2,810	2,872	3,061
Other	86	67	59
Total	2,896	2,939	3,120

After-tax profit/loss per share (CZK)

	2000	2001	2002
profit per share	+19.05	+25.67	+36.72
consolidated profit per share	+15.10	+26.82	+32.33

Dividend in the past three periods

	2000	2001	2002
Number of dividend-bearing shares (units)	7,116,168	7,906,668	7,906,668
dividend (CZK)	10.0	10.0	will be decided by the General Meeting on 7 May 2003

Companies in whose registered capital the issuer has a direct holding exceeding 10%

Company	Registered office	ID No.	Registered capital	Percentage in registered capital
Metrostav Slovakia a.s.	Bratislava, Košická 52, 821 08	35721278	SKK 151,000,000	100
METROS, s.r.o.	Praha 9, Bystrá 2243, 193 00	45788430	CZK 24,000,000	100
SQZ, s.r.o.	Praha 8, Rohanský ostrov 1, 180 00	25743554	CZK 3,803,000	100
M – D recyklace, a.s.	Praha 8, Rohanský ostrov, 186 00	26131218	CZK 1,000,000	100
Metrostav Invest a.s.	Praha 5, Seydlerova 2451, 150 00	25060384	CZK 1,000,000	100
Metrostav Rezident a.s.	Praha 5, Seydlerova 2451, 150 00	26428288	CZK 1,000,000	100
Metrostav Alfa s.r.o.	Praha 5, Seydlerova 2451, 158 00	26723361	CZK 200,000	100
Metrostav Beta s.r.o.	Praha 5, Seydlerova 2451, 158 00	26728541	CZK 200,000	100
Metrostav Delta s.r.o.	Praha 5, Seydlerova 2451, 158 00	26728524	CZK 200,000	100
Metrostav Epsilon s.r.o.	Praha 5, Seydlerova 2451, 158 00	26728532	CZK 200,000	100
Metrostav Kappa s.r.o.	Praha 5, Seydlerova 2451, 158 00	26728567	CZK 200,000	100
METROSTAV INTERTRADE, a.s.	Praha 5, Seydlerova 2451, 150 00	25641182	CZK 1,000,000	51
TBG Metrostav s.r.o.	Praha 8, Rohanský ostrov, Rohanské nábřeží 68, 186 00	63992990	CZK 70,000,000	50
Metrostav–Navatyp a.s.	Praha 5, Seydlerova 2451, 150 00	26483581	CZK 41,960,000	50
Společnost Západního města, akciová společnost	Praha 5, Lýskova 1593, 155 00	60196793	CZK 1,003,000	35.09
ČKD-MTS, a.s.	Moskva, Vavilova 81, Russian Federation	5841.17 Russia	Rbl 20,500,000	34
EKOTUNEL Praha, s.r.o.	Praha 7, Dělnická 12, 170 04	62582470	CZK 140,000	28.57
Doprastav a.s.	Bratislava, Drieňová 27, 821 08	31333320	SKK 1,008,294,000	26.98
TBG PRAŽSKÉ BETONPUMPY s.r.o.	Praha 8, Rohanský ostrov, 186 00	26205424	CZK 33,061,000	16.64
Subterra a.s.	Praha 4, Bezová 1658, 147 14	45309612	CZK 546,229,000	12.45

Companies in whose registered capital the issuer has an indirect holding exceeding 10%:

Company	Registered office	ID No.	Registered capital	Percentage in registered capital
METROSTAV-INTERTRADE, Krutec spol. s r.o.	Praha 5, Naskové 1, 150 00	25799690	CZK 100,000	51
TBG Pražské malty s.r.o.	Praha 8, Rohanský ostrov, Rohanské nábřeží 68, 186 00	25799380	CZK 1,000,000	50
TBG PRAŽSKÉ BETONPUMPY s.r.o.	Praha 8, Rohanský ostrov, 186 00	26205484	CZK 33,061,000	33.36
DORG trubní systémy, spol. s r.o.	Česká Ves, U Zahradnictví 123, 790 81	25838792	CZK 300,000	20
Doprastav a.s.	Bratislava, Drieňová 27, 821 08	31333320	SKK 1,008,294,000	6.01

Contact Information

Board of Directors

Chairman of the Board of Directors tel: +420-266 709 172
Board of Directors' Secretary tel: +420-266 709 459

Head Office:

Telephone:	Management	+420-266 709 179
	Sales	+420-266 709 340
	Spokesman	+420-266 709 294
Fax:	Management	+420-266 709 183
	Sales	+420-266 709 187
	Management	belohlav@metrostav.cz
E-mail:	Sales	cuc@metrostav.cz
	Internet:	www.metrostav.cz

Divisions

Name of Division	Registered office
Division 1	Radlická 3, 150 00 Prague 5 – Smíchov tel.: +420-257 095 102, fax: +420-257 320 575
Division 3	Jablonského 2, 170 00 Prague 7 – Holešovice tel.: +420-284 002 103, fax: +420-220 875 773
Division 4	U Elektry 650, 180 00 Prague 9 – Hloubětín tel.: +420-266 708 503, fax +420-266 708 504
Division 5	Na Zatlance 1350/13, 150 00 Prague 5 tel.: +420-251 015 516, fax: +420-251 015 519
Division 6	Na Florenci 35, 110 00 Prague 1 tel.: +420-222 323 509, fax: +420-222 323 771
Division 7	Rohanský ostrov, 186 02 Prague 8 – Karlín tel: +420-222 245 435, fax: +420-222 324 296
Division 8	Prosecká 24, 180 00 Prague 8 tel.: +420-283 840 285, fax: +420-283 840 285
Division 9	Jablonského 2, 170 00 Prague 7 – Holešovice tel.: +420-284 002 403, fax: +420-266 710 777
Division 11	Bystrá 2243, 193 04 Prague 9 – Horní Počernice tel.: +420-281 922 550, fax: +420-281 920 618
Property Development Division	Seydlerova 2451, 158 00 Prague 5 tel.: +420-235 520 866, fax: +420-235 520 807

Metrostav Group Directory

Name of company	Registered office
METROS, s.r.o.	Bystrá 2243, 193 00 Prague 9 – Horní Počernice tel.: +420-281 923 789, fax: +420-281 923 790
METROSTAV Slovakia a.s.	Košická 52, 821 08 Bratislava, Slovak Republic tel.: +421-250 230 247, fax: +421-255 968 735
SQZ, s.r.o.	Rohanský ostrov 1, 180 00 Prague 8 tel.: +420-224 812 153, fax: +420-224 812 153
M – D recyklace, a.s.	Rohanský ostrov, 186 00 Prague 8 – Karlín tel.: +420-224 811 256
Metrostav Invest a.s.	Seydlerova 2451, 150 00 Prague 5 tel.: +420-235 520 866, fax: +420-235 520 807
METROSTAV INTERTRADE, a.s.	Seydlerova 2451, 158 00 Prague 5, Nové Butovice Contact address: Naskové 1, 150 00 Prague 5 tel.: +420-257 210 732, fax: +420-257 214 568
TBG METROSTAV s.r.o.	Rohanský ostrov, Rohanské nábřeží 68, 186 00 Prague 8 – Karlín tel.: +420-224 812 191, fax: +420-224 815 892
TBG PRAŽSKÉ BETONPUMPY s.r.o.	Rohanský ostrov, 186 00 Prague 8 – Karlín tel.: +420-222 241 395, fax: +420-222 241 396
Společnost Západního města, akciová společnost	Lýskova 1593, 155 00 Prague 5 tel. + fax: +420-251 625 211
EKOTUNEL Praha, s.r.o.	Dělnická 12, 170 04 Prague 7 – Holešovice Contact address: Koželužská 2264, Prague 8 tel.: +420-266 709 294, fax: +420-266 709 183
Metrostav Rezident a.s.	Seydlerova 2451, 150 00 Prague 5 tel.: +420-235 520 866, fax: +420-235 520 807
Metrostav–Navatyp a.s.	Seydlerova 2451, 150 00 Prague 5 tel.: +420-235 520 866, fax: +420-235 520 807
Metrostav Alfa s.r.o.	Seydlerova 2451, 150 00 Prague 5 tel.: +420-235 520 866, fax: +420-235 520 807
Metrostav Beta s.r.o.	Seydlerova 2451, 150 00 Prague 5 tel.: +420-235 520 866, fax: +420-235 520 807
Metrostav Delta s.r.o.	Seydlerova 2451, 150 00 Prague 5 tel.: +420-235 520 866, fax: +420-235 520 807
Metrostav Epsilon s.r.o.	Seydlerova 2451, 150 00 Prague 5 tel.: +420-235 520 866, fax: +420-235 520 807
Metrostav Kappa s.r.o.	Seydlerova 2451, 150 00 Prague 5 tel.: +420-235 520 866, fax: +420-235 520 807

