



metr@stav

Member of the DDM Group



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Company Profile

Metrostav a.s. is a universal construction company that operates in every segment of the construction market throughout the Czech Republic and abroad. As the name of the Company indicates, it was originally established as a construction firm specialized to build the Prague underground. In the first half of the 1990s, the company changed into a universal construction firm. Despite its newly acquired universal role, Metrostav a.s. has maintained a key position in its original field of activity – it is the Czech Republic's leading company in both underground and reinforced concrete construction.

Despite its capital interest in other companies, Metrostav is also involved in the manufacture of construction materials and semi-finished products, construction-related testing and property development projects, primarily as a builder of hundreds of above-standard flats per year.

As a result of the capital entry of a Slovak investor in the Company, Metrostav a.s. succeeded in increasing its share of the promising Slovak market both in the area of underground construction works, and in the developing segment of community structures construction.

With a turnover totalling almost CZK 14 billion, the Company competes for second place on the Czech construction market. Its profit, particularly the profitability of its own output, is among the best and most efficient result achieved by a Czech construction company. Metrostav operates on the Czech and Slovak markets as part of the DDM Group which, in terms of turnover, is comparable with the second most important construction group in the Czech Republic – Skanska CZ.

Metrostav is a leading company on the construction market in terms of volume of construction work, cost-effectiveness and profit. It is also a leader in technical development, quality and reliability, as the following awards won by the Company in 2003 prove:

- 1st “fib” prize for the steel-concrete underwater tunnels below the Vltava River,
- the Building of the Year title for the reconstruction of the Nostic Palace,
- the Lord Mayor's of Prague award for the construction of the EURO Palace on Wenceslas Square in Prague,
- an award for the best industrial and technological structure for the unique steel double lined crude oil tanks for MERO ČR, a.s.
- “BRICK AWARD” for the tunnel below the Prašný most crossroads in Prague for the best brick structure.

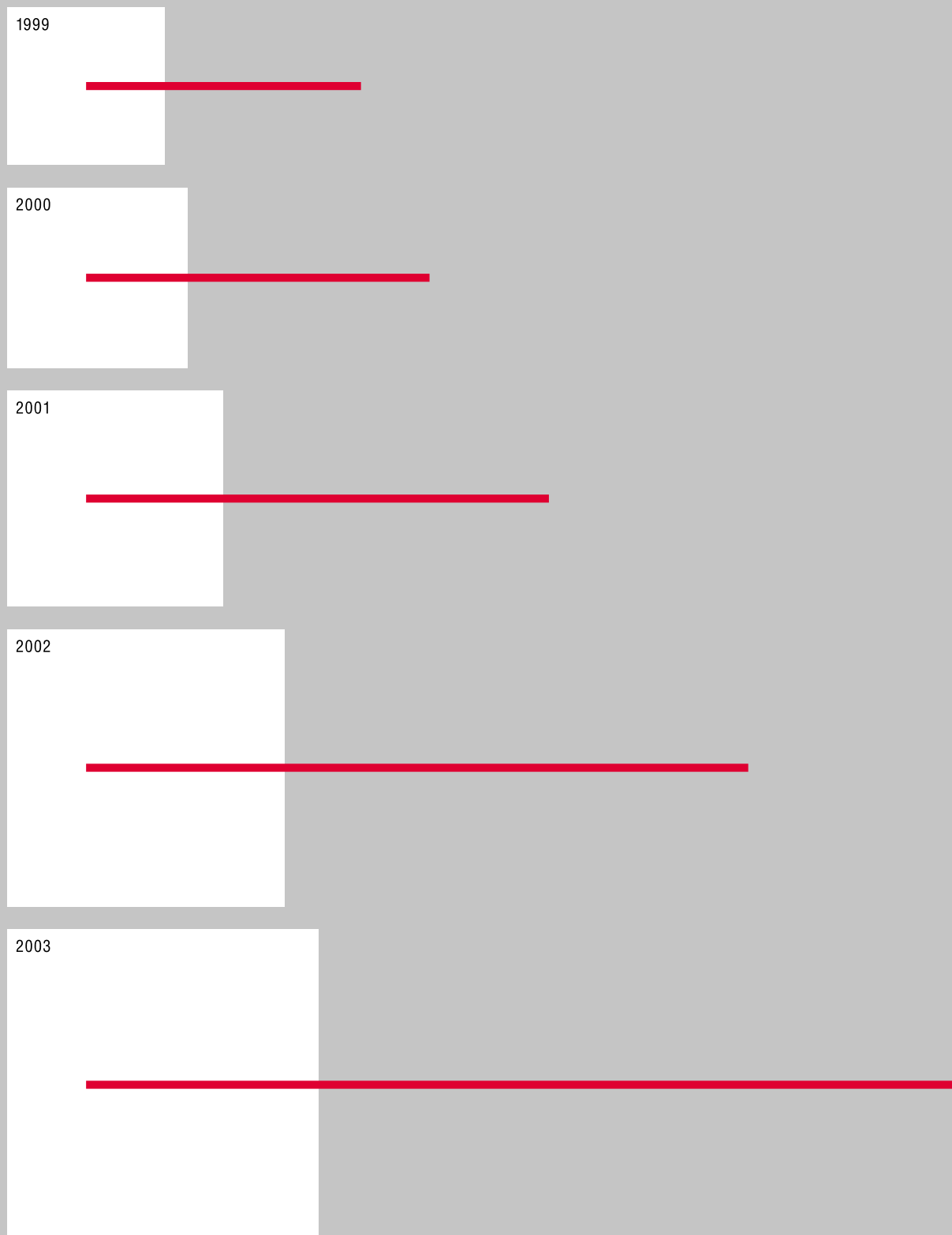
The listing is not complete, however, the variety of structures shows the Company's universality and its leading position in a variety segments: steel reinforced concrete structures, reconstruction of historical building, new buildings in frequented locations, perfectly mastered classical brick technology or a unique steel structure which is quite unique in the world.

All Metrostav's key technologies are certified and Metrostav also holds a security certificate from the National Security Office clearing the Company for work on orders containing classified information. The Company acquired an EMS certificate and, for the first firm in the sector, won and regularly maintains a certificate as general contractor.

Metrostav enters the year 2004 as a stable company with a fixed ownership structure, ready for the competitive environment after the Czech Republic's accession to the European Union.

— After-tax profit, 1999-2003 (CZK 000)

— Sales revenues, 1999-2003 (CZK 000)





DDM Group in 2003

Metrostav became a member of the DDM Group back in 2001 when the group, consisting of the Slovak companies DOAS, a.s., Doprastav, a.s. and the Czech company Metrostav a.s., was established. It was less than a year after Metrostav's share portfolio changed owners and the property connection of the new majority owner subsequently allowed a stable industrial grouping to form.

This resulted in a concern structure as described on page 7 as at 31 December 2003.

DDM Presidium was created in the framework of DOAS, a.s. to coordinate activities of the group. It is headed by a president and four vice-presidents.

The Presidium's mission is to intensify development of the companies associated in the group through:

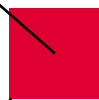
- determining and systematically updating the DDM Group's overall strategy,
- taking maximum advantage of the synergic effects of the companies' activities,
- coordinating a common business strategy,
- enabling higher cost-efficiency of the investment policy,
- using the references of individual group members to increase penetration into other segments of the construction market,
- applying the companies' know-how throughout the group,
- creating more joint guarantees for private investors and for the biggest projects, and
- expanding the property development side of business.

DDM Group is a major player on the construction market and the value of contracts it realized in 2003 (CZK 23 billion) makes it the second largest construction group in the Czech Republic and the biggest in the Slovak Republic. The individual companies are much stronger as members of the DDM Group: this is even more important with respect to the expected higher competition on the construction market as the accession of both Republics to the EU is approaching.

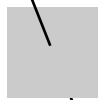


**Presidium
DDM Group**

DOAS, a.s.



Doprastav, a.s.



Doprastav Bohemia a.s.



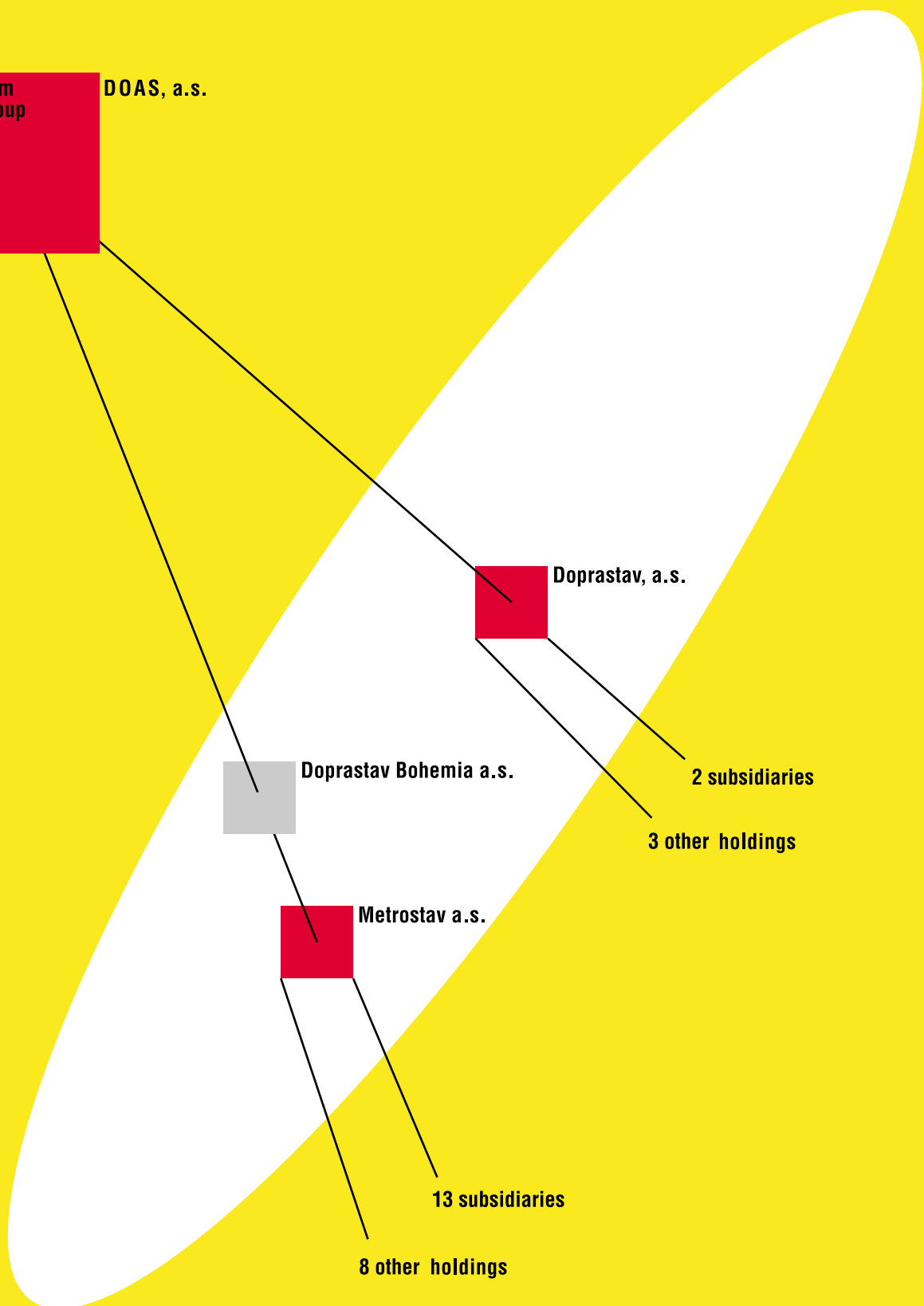
Metrostav a.s.

2 subsidiaries

3 other holdings

13 subsidiaries

8 other holdings





Key Indicators

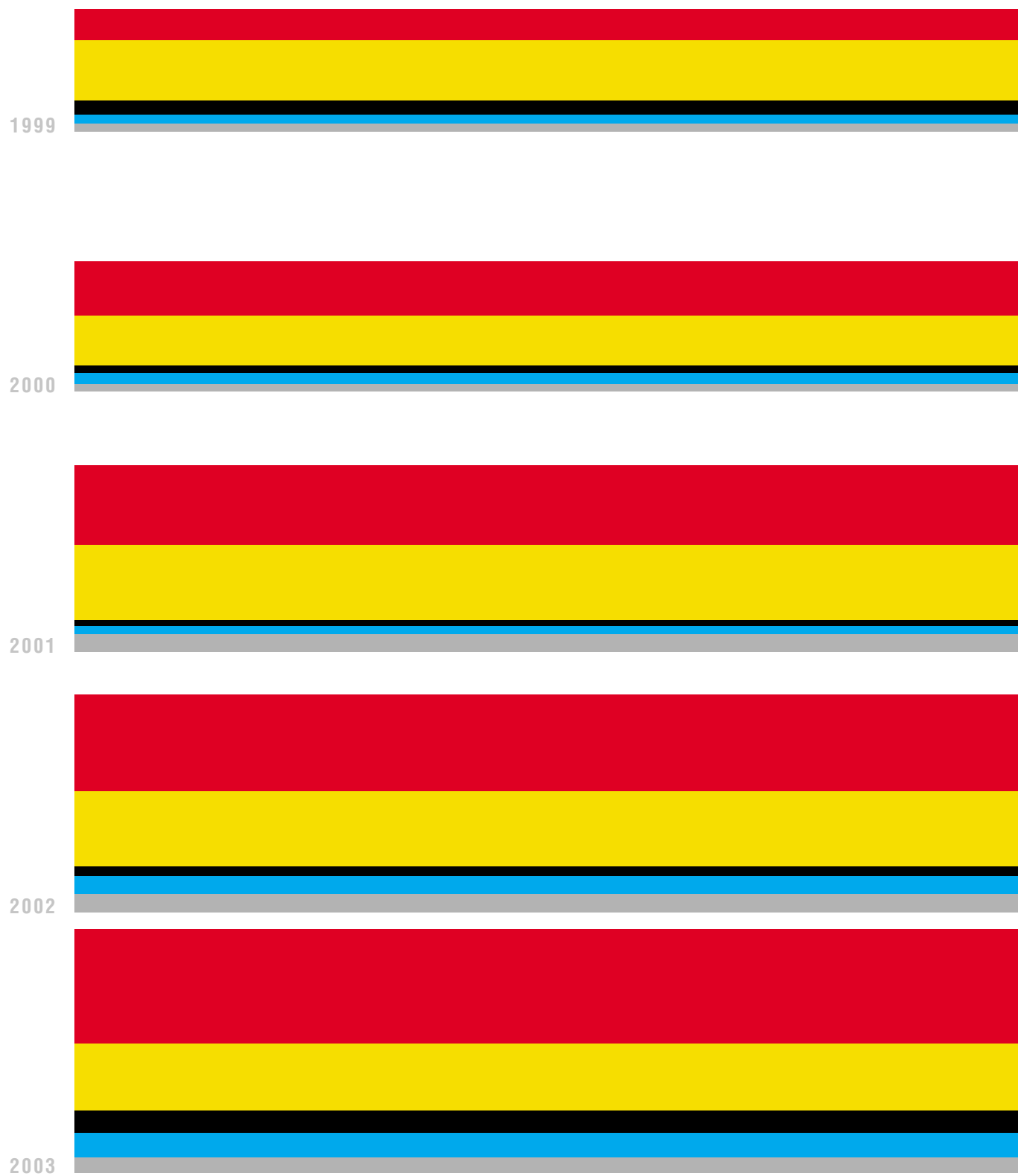
		1999	2000	2001	2002	2003
Annual turnover	CZK 000	7,113,551	7,470,266	10,525,346	12,227,744	13,939,364
Sales revenues	CZK 000	6,906,758	7,917,348	9,464,295	12,157,033	13,662,827
Added value	CZK 000	1,164,915	1,399,873	1,607,170	1,990,327	2,155,072
After-tax profit for the period	CZK 000	120,540	150,608	202,959	290,370	381,938
Total assets	CZK 000	3,573,239	4,043,263	5,717,763	6,616,831	8,021,316
– fixed assets	CZK 000	1,124,276	1,426,432	1,672,696	2,153,548	2,098,388
– current assets	CZK 000	2,386,789	2,556,276	3,972,587	4,370,981	5,833,088
Equity	CZK 000	1,240,980	1,339,077	1,352,772	1,688,971	2,016,809
Registered capital	CZK 000	790,667	790,667	790,667	790,667	790,667
Liabilities (outside capital)	CZK 000	1,925,907	2,168,726	3,769,522	4,292,602	5,893,641
Other liabilities	CZK 000	406,352	535,460	595,469	635,258	110,866
Average adjusted number of employees	persons	2,998	2,902	2,923	3,130	3,133
Monthly earnings	CZK	17,831	19,134	20,552	23,724	26,041
Added value per employee	CZK 000	389	482	550	636	688
Profit per employee	CZK 000	40	52	69	93	122
Dividend paid	CZK 000	58,619	71,162	79,067	79,067	*)

*) The General Meeting will decide on 7 May 2004.

Construction work including:

Roads, highways, bridges, tunnels, metro	CZK 000	1,718,812	2,947,055	4,264,882	5,203,430	6,177,422
Community buildings	CZK 000	3,235,911	2,685,481	4,062,928	4,069,608	3,583,541
Residential buildings	CZK 000	766,744	377,392	327,453	496,180	1,198,824
Industrial buildings	CZK 000	497,034	611,018	419,949	989,515	1,343,748
Other constructions	CZK 000	404,670	397,036	957,392	961,991	803,596
		1999	2000	2001	2002	2003

Construction work, 1999–2003 (CZK 000)





Opening Statement by the Chairman of the Board of Directors

Esteemed shareholders,

I am pleased to be able to report that 2003 was the most successful year in the Company's 33-year history. This confirms that the trend of growth continues and that the firm's position in the construction market has improved. This is also demonstrated by our earnings. The Company's turnover totalled CZK 13.94 billion, i.e. 14% more than the year before, and its profit increased by 31.5%.

These achievements are the result of the streamlined work of the Company's top management and especially of the good working atmosphere that has prevailed in the Company. They also result from strategic planning and fulfillment of strategic tasks contained in the Company's general business strategy, which is regularly updated for a four-year outlook. This allows the Board of Directors to respond to changes in the business environment. Continual open communication with our employees, who know the management's intentions and plans, identify with them and support them, is another significant factor that has contributed to our achievements.

Last year was marked by the preparations of the Company for the situation after the Czech Republic's accession to the European Union.

On 1 January 2003, the inovated integrated management system based on process management principles complying with the international standard ISO 9001:2000 came into effect. During the year, the system was further refined and adjusted.

The Company continued to develop in terms of technical equipment and technology employed because our management is well aware that to stand the test with the strong (in terms of capital) European firms on the EU market, it needs to offer the highest quality, good prices and something to top that: unusual technical solutions which will improve the parameters of the investors' projects.

The marketing system through which the Company achieved maximal results in the period under review was fully functional. A proof of our marketing success, I would like to mention that at the end of January 2004, we won contracts representing 85% of the value planned for 2004, including a significant number of contracts for future years.

Membership of the Company in the DDM Group is another major factor. It will become even more significant after the Czech market opens as part of the EU. Only very strong local companies will be able to successfully compete with strong European firms when they have the opportunity to engage in business on the Czech market. The DDM Group is such a company. Even today, its authority is growing and it is an ever more significant player on the construction work market.

Since 2000, companies associated in the DDM Group have coordinated their marketing activities and joint constructions on the Czech and Slovak market. They have thus achieved synergic effects, which have significantly lowered their own costs.

The main pillar of a successful company such as Metrostav is the ethical conduct of its workforce in various times and situations. The set of basic recognized values, symbols and principles of conduct is contained in the document "Our Corporate Culture". Our Company believes in the following basic values: professionalism, credibility and stability. Only a highly qualified and loyal workforce can abide by such principles.

An extensive study organized by PricewaterhouseCoopers surveyed the satisfaction of employees, their opinion of the communication in the Company and mutual cooperation. The results showed that the Company's thorough emphasis on work with human resources paid off. Almost 87% of our workforce stated their satisfaction with the Company. It is an unusually high percentage for a Czech company and it proves the effectiveness of our route. The Company's management will go on working with the results of the survey because good quality work with personnel never ends.

Last year, the Company was also preparing for the future in the area of human resources. It paid great attention to working with students of secondary schools, colleges and universities. We organized a special program for university graduates who had the opportunity to work for the Company while they were still studying. This will allow them to know the environment should they decide to join the Company after completing their studies and to begin in a more prestigious position than complete newcomers.

Last year, investors confirmed their satisfaction with our work. This has been proven not only by the contracts won by our Company, but also by several prizes awarded to us for technical excellence. The extraordinary technology of the underwater metro tunnels won several more prizes and the unique technology of double-lining for high capacity steel crude oil tanks was also awarded. The Company won a prize for the best brick building, the tunnel below Prašný most. The EURO Palace on Wenceslas Square in Prague also won a prize, and the reconstruction of the Nostic Palace won The Building of the Year title.

The year 2003 is now just a successful fragment of Metrostav's history. The year 2004 is coming and with it a change in the business environment. More growth on the construction market is expected, especially in the area of traffic-related structures and infrastructure. However, we also expect higher competition. We want to continue being successful, maintain our market position and continue this trend of growth.

In 2004, we will be faced with the extraordinary responsibility of making operational two key traffic-related structures of the Prague infrastructure that will contribute to the improvement of the environment and quality of life in the capital in general. In June, part IVC1 of the Prague metro will be opened and in August, the Mrázovka tunnel will be as well. Both projects are extremely important and closely followed both by professionals and the lay public. The construction of the Mrázovka tunnels, in particular, was appreciated at a number of world congresses with respect to its technical demands and unfavourable geological conditions. The public has already appreciated the structures during several visitor days organized during the construction.

In 2004, we will continue with several major projects, such as the Panenská tunnel on motorway D8, the Valík tunnel on the D5 motorway to Plzeň, the adjoining structure at the Ruzyně Airport, and the Masaryk Hospital in Ústí nad Labem.

Several projects will begin in 2004, for example the Nile house in Prague bridges on the D11 motorway and others.

Last year's excellent results are the result of the work of specific people – the Company's workers, management at all levels, and members of the Board of Directors and the Supervisory Board.

Let me therefore use this opportunity to thank all our employees and their families which allow them – by creating peace at home – to meet their demanding tasks at work. I would also like to thank our investors for the confidence they showed in us by entrusting their orders to the Company and to promise them that Metrostav will not disappoint them in the future. My thanks are also aimed at our designers for high quality projects, which serve as the basis of our work, at college and university staff for their share in our technical growth and at our subcontractors who helped us manage the volume of construction work. The Company's management deserves special thanks because the system work was the most important aspect of our success and helped the Company achieve the position that it did.

2003 is part of the Company's history and is one of the levels in its further successful development. We, the Company's staff and members of its bodies, will be challenged with making it grow further. I believe we have the chance to be successful again this year, and that we will do the maximum to make it happen.

Jindřich Hess, Chairman of the Board of Directors





Major Events of 2003

1

january

The new integrated process-based management system in compliance with the international ISO 9001:2000 came into effect.

2

february

Boring of the two-track railway tunnel Krasíkov on the Praha – Česká Třebová railroad began. Division 5 drives the tunnel for Division 4.

Another phase of the complete replacement of the vehicle fleet began (based on full-service leasing) – that of light utility vehicles, which followed replacement cars.

3

march

Division 1 began the construction of underground collectors in Brno.

“Methodical days” – during which the integrated management system was presented to managers at all levels began.

Ceremonial opening of the multi-functional Flora Palace built by Division 9.

4

april

Open house days at the Mrázovka tunnels, work of Division 5, were attended by many visitors.

Division 9 handed over the reconstructed Nostic Palace to the Ministry of Culture.

The new business center MoDo (“Modern Home”) opened, work of Division 3.

The founding stone was laid for the building City Point in Prague at Pankrác. It is being built by Division 9.

5

may

An accident occurred during the tunnelling on the Chomutov–Březno railroad.

The Company’s General Meeting was held; it approved the Company’s business results in the prior year and decided to cancel trading with its shares on public securities markets in the Czech Republic.

The hypermarket TESCO Most was approved for use; it was built by Division 3.

The Company obtained another certificate from the National Security Office confirming that Metrostav a.s. meets all requirements for work with information classified as “confidential”.

6

june

After legal conditions arising from the General Meeting’s resolution to cancel registration of shares were met, the Company began the leveraged buyout of shares from its shareholders.

The Aquadrom Most, completed by Division 5, opened.

Metrostav a.s. became a partner of CCE Praha, spol. s r.o.

The historical building in 15, Nerudova Street, reconstructed by Division 9, was approved for use.

The building is being used by the House of Deputies of the Czech Republic’s Parliament.

7

july

A contract for the construction of a building adjoining Terminal North 2 at the Prague-Ruzyně Airport was signed. It will be realized by Division 6.

8

august

Division 5 laid the last cubic meter of concrete to the final lining of the Mrázovka tunnels which are part of the municipal ring road.

At the Company's request, the RM-System – organizer of public securities' market ended trading with its shares.

9

september

The workforce of Division 5 began boring the first motorway tunnels (at Panenská) on the D8 motorway.

At the Company's request, the Prague Stock Exchange ended trading with its shares.

Division 7 handed two tanks over to the company MERO at the Central crude oil storage in Nelahozeves. These tanks are the biggest tanks with double lining in the world.

Division 5 – boring of the Krasíkov tunnel was completed.

10

october

The waste water treatment plant in Vsetín, the result of the work of Division 6, opened for trial operation. The supervisory audit of the quality management system carried out by BVQI was successfully completed.

The trackage of the part IVC1 of the Prague metro (section between the Holešovice railway station and Ládví) was completed. The contractor of this work was a special unit of Division 3.

Metrostav remained the sole owner of METROSTAV-INTERTRADE, KRUTEC spol. s r.o.

11

november

Division 6 handed over the reconstructed lock chamber at Roudnice nad Labem to the investor.

12

december

The reconstructed part of the Masaryk hospital – the biggest in the Ústí nad Labem region – opened. The reconstruction was carried out by Division 9.



Major Construction Projects

Completed in 2003

[worth up to CZK 100 million]

Rebuilding of a hotel house on Žitná Street, Prague
Intensification of the waste water treatment plant
at Vsetín – phase II
Logistics park Viterra – hall 11
Exchange of the roof top– hangar F, Ruzyně airport
Roofing of the winter stadium in Cheb – phase I
Eurotel Plzeň
Bypass Frýdek-Místek – Dobrá

[worth from CZK 100 million to CZK 500 million]

Business Park – Karlovarská Street
Lock chamber, Roudnice nad Labem
Reconstruction of the Nostic Palace – phase II
Villa Park Strahov
Reconstruction of the Aquacenter Most
TESCO hypermarket Most
TESCO Kladno
Railway corridor Kralupy–Bubeneč, 2nd part
KOSTAL Černín

[worth over CZK 1,000 million]

TESCO Letňany – phase II

Under construction in 2003

[worth up to CZK 100 million]

Reconstruction of the Czech embassy in Paris
Intensification of the waste water treatment plant
in Písek
Sewer system in Kolín II – Sendražice
Hospital “Milosrdných Bratří”
Road I/20 D5 – the street Ke dráze

[worth from CZK 100 million to CZK 500 million]

Mazanka residential complex
The Faculty of Electrical Engineering, Plzeň
Drainage system, Brno
Road D5 – Plzeň bypass
Waste water treatment plant – Kralupy nad Vltavou
Housing estate “Palouk” – phase IV
TPCA Kolín, Ovčáry
Completion of the IKEM cardiocenter

[worth from CZK 500 million to CZK 1,000 million]

Re-development of the waste dump at Chabařovice
Flora Palace – the above-ground structure –
phase II
Central Military Hospital

[worth over CZK 1,000 million]

Metro IVC
Prague ring road – the Mrázovka tunnels
Expansion of the Central oil storage at Nelahozeves

Started in 2003

[worth up to CZK 100 million]

Reconstruction of a waste water treatment plant
at Říčany
Biotechnological center, Nové Hradky
Reconstruction of the hydroelectric dam Kamýk

[worth from CZK 100 million up to CZK 500 million]

A House on the Sun Square
Housing estate, Brandýs nad Labem
Road I/13 – Ostrov bypass
Residential complex Nový Anděl
Prague ring road – construction 514, pilot gallery
Biological Protection Center of the Czech Academy
of Science
Flats at Bukov – center
Rebuilding and completion of the Eurotel building
Residential area Sylvan – I, J – Plzeň
Rebuilding of the community center Měšťanská
beseda, Plzeň – phase II
Czech railways – railway crossing station, Choceň
The bridge spanning the Úhlava river –
construction 0510/IV

[worth from CZK 500 million up to CZK 1,000 million]

Masaryk hospital, Ústí nad Labem
The Palace of Justice, Míčanky

[worth over CZK 1,000 million]

The Panenská tunnels – motorway D8
The Valík tunnel– motorway D5
The Ruzyně airport – a connecting structure
Strahov road tunnel 2A – Malovanka



Strategic Goals

The Company's strategic goals are based on a set of analyses and prognoses of the development of the national economy and EU markets in the context of developments on the local construction market. They are regularly updated according to the information acquired, and their validity is extended for another year.

The Company's long-term goal is to continue maintaining and further developing its position as a universal construction company that manages and realizes demanding construction projects in key areas of construction throughout the Czech Republic, the center of activity being its operations in Prague. The Company will continue to dominate the unique underground construction segment. It will be a leader in the area of reconstructing historical buildings and will build on its achievements in the industrial and community construction sector. All factors decisive for the Company's progressive growth in the transport-related construction segment will also be supported.

The Company plans to continue developing residential and community construction sectors. It will actively engage in major construction projects (BOT, PPP) financed in non-standard ways. It will also create conditions to expand activities to the facility management of buildings.

The Company's foreign activities will be expanded, especially in Slovakia and the central European region.

In the competitive struggle for orders, Metrostav's main assets will be its active communication with the customer, its attractive policy on prices and punctual observation of contractual terms combined with top quality of work. This policy is enabled by the Company's advanced technical and technological level, high corporate culture and long-term financial stability.

Metrostav will continue making every effort to support permanent development of the Company's workforce and will systematically build its reputation as the most prestigious employer in the building industry.

Metrostav's activities in the framework of the international DDM Group support its daring goals. Synergic effects arising from this capital union will dynamize the Company's growth and help it maintain its position on the highly demanding European market.



Board of Directors

AS AT 31 DECEMBER 2003

Jindřich Hess *1940

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

Ivan Šesták *1943

Vice-Chairman of the Board of Directors
Slovak Technical University, Bratislava – Faculty of Civil Engineering
President of the DDM Group Presidium

Jiří Bělohlav *1950

member of the Board of Directors
Czech Technical University, Prague – Faculty of Civil Engineering
Metrostav's General Director

Ján Dudáš *1943

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

František Klepetko *1937

Member of the Board of Directors
Slovak Technical University, Bratislava – Faculty of Civil Engineering
Vice-president of the DDM Group Presidium

Dušan Mráz *1954

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

Zdeněk Šinovský *1947

Member of the Board of Directors
University of Economics, Prague – Faculty of Economics and Public
Administration
Financial Director, Metrostav a.s.

Supervisory Board

AS AT 31 DECEMBER 2003

Daniel Janisch *1949

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

Daniel Knotek *1946

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

Pavel Pilát *1959

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

Viktor Karel *1942

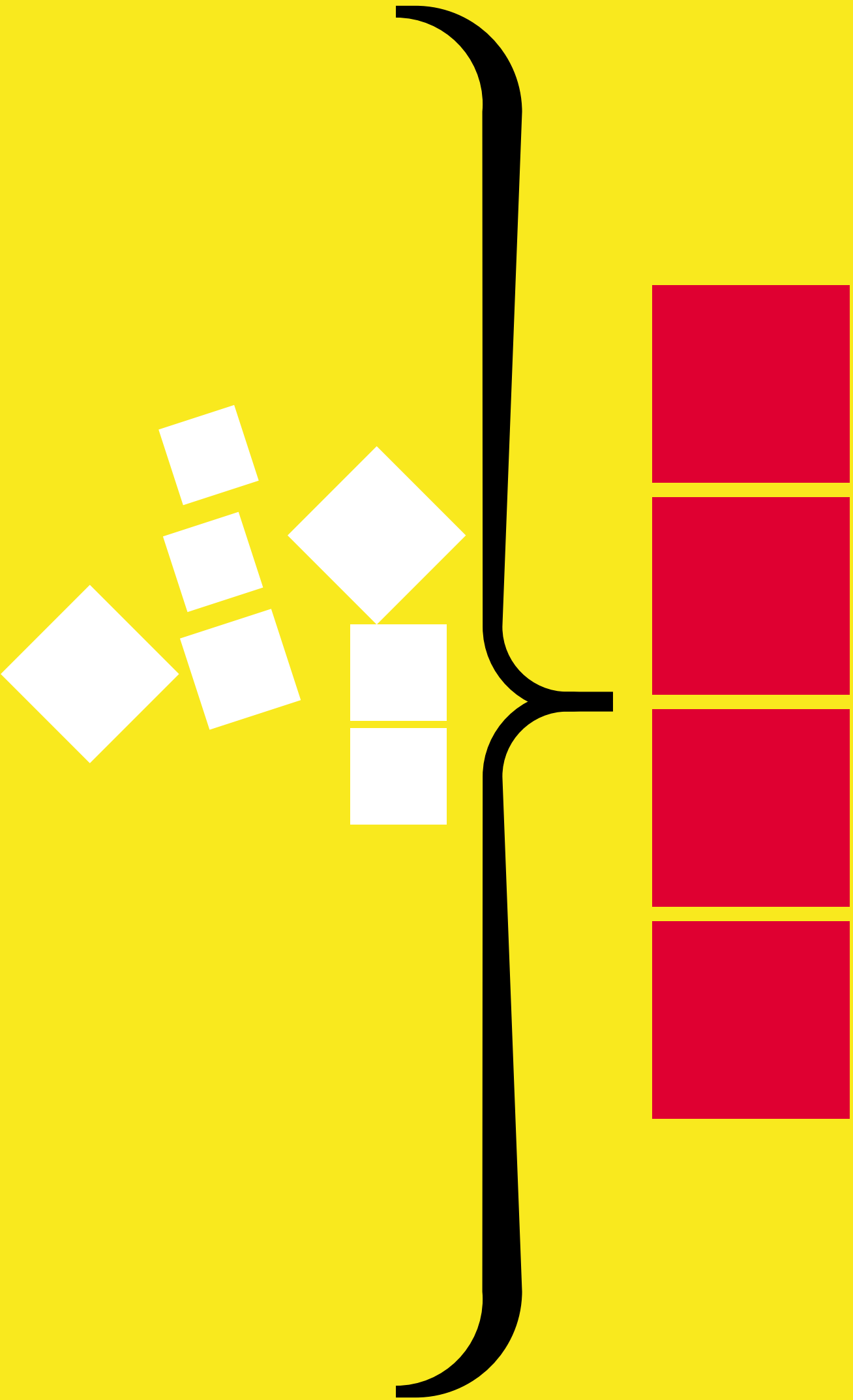
Member of the Supervisory Board
Slovak Technical University, Bratislava – Faculty of Civil Engineering
Technical Director, Doprastav, a.s.

František Kočí *1960

Member of the Supervisory Board
University of Economics, Prague, MBA – Faculty of Business
Administration
Production Economics Director, Metrostav a.s.

Pavel Meyer *1949

Member of the Supervisory Board
Secondary mining and metallurgical school
Chairman of the Construction Trade Union branch Stavba, Metrostav a.s.





General Director

Jiří Bělohlav

General Director

Executive Directors:

Zdeněk Šinovský

Financial Director

Ivan Hrdina

Production and Technology Director

Pavel Pilát

Commercial Director

František Kočí

Production Economics Director

Josef Škorpil

Personnel Director

Divisional Directors:

Vladimír Meitner

Development Projects Division Director

Milan Veselský

Director of Division 1

Luboš Rys

Director of Division 3

Josef Neuwirth

Director of Division 4

Václav Soukup

Director of Division 5

René Hermann

Director of Division 6

Jaromír Kunrt

Director of Division 7

Pavel Šrámek

Director of Division 8

Ivan Kajer

Director of Division 9

Vladimír Krfž

Director of the organizational unit – Division 10

Jan Richtr

Director of Division 11



Organizational Structure as at 31 December 2003

— DIRECT CONTROL
— INFLUENCE

