



METROSTAU

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.

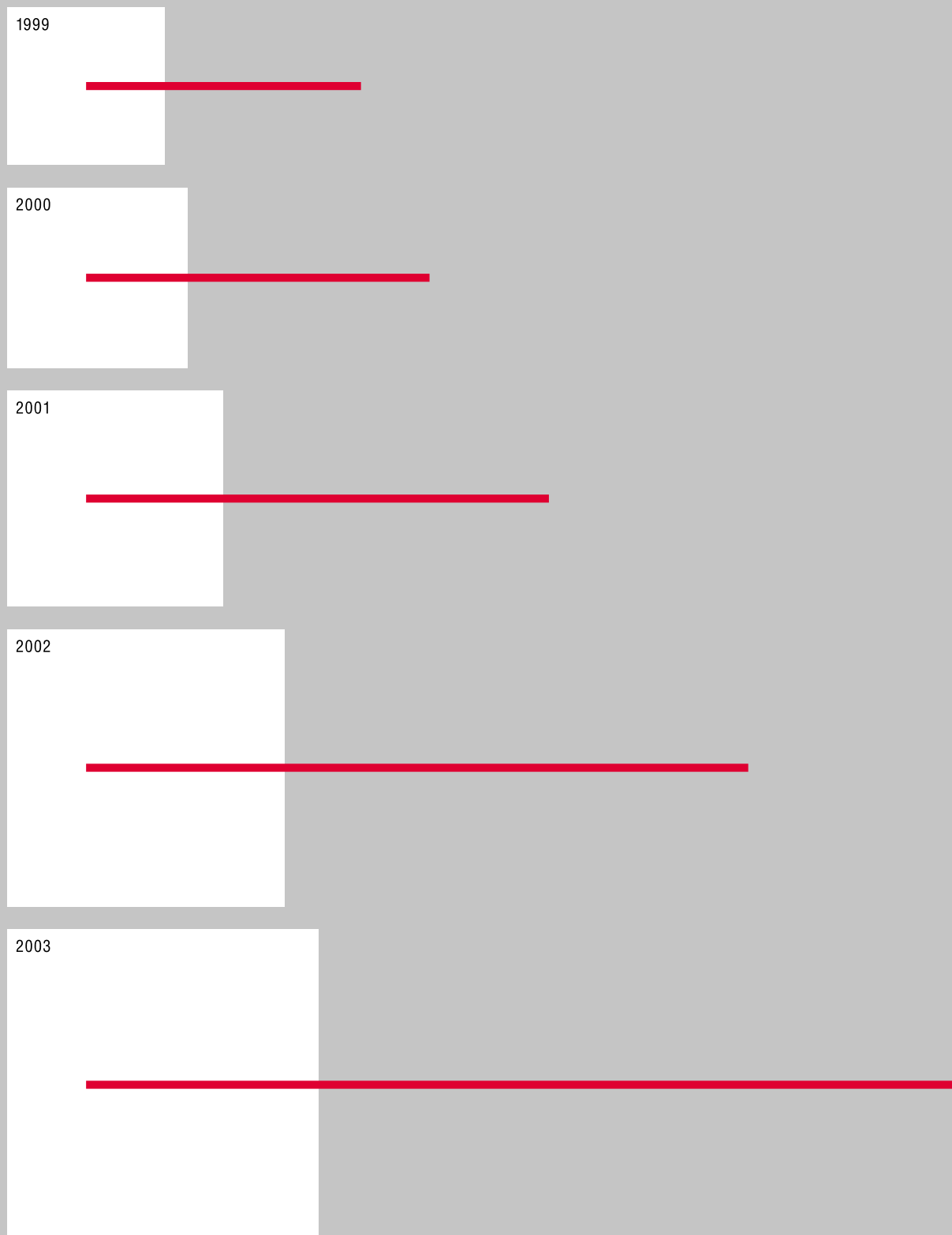
The listing is not complete, however, the variety of structures shows the Company's universality and its leading position in a variety segments: steel reinforced concrete structures, reconstruction of historical building, new buildings in frequented locations, perfectly mastered classical brick technology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

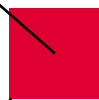
- determining and systematically updating the DDM Group's overall strategy,
- taking maximum advantage of the synergic effects of the companies' activities,
- coordinating a common business strategy,
- enabling higher cost-efficiency of the investment policy,
- using the references of individual group 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.

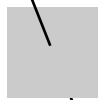


**Presidium
DDM Group**

DOAS, a.s.



Doprastav, a.s.



Doprastav Bohemia a.s.



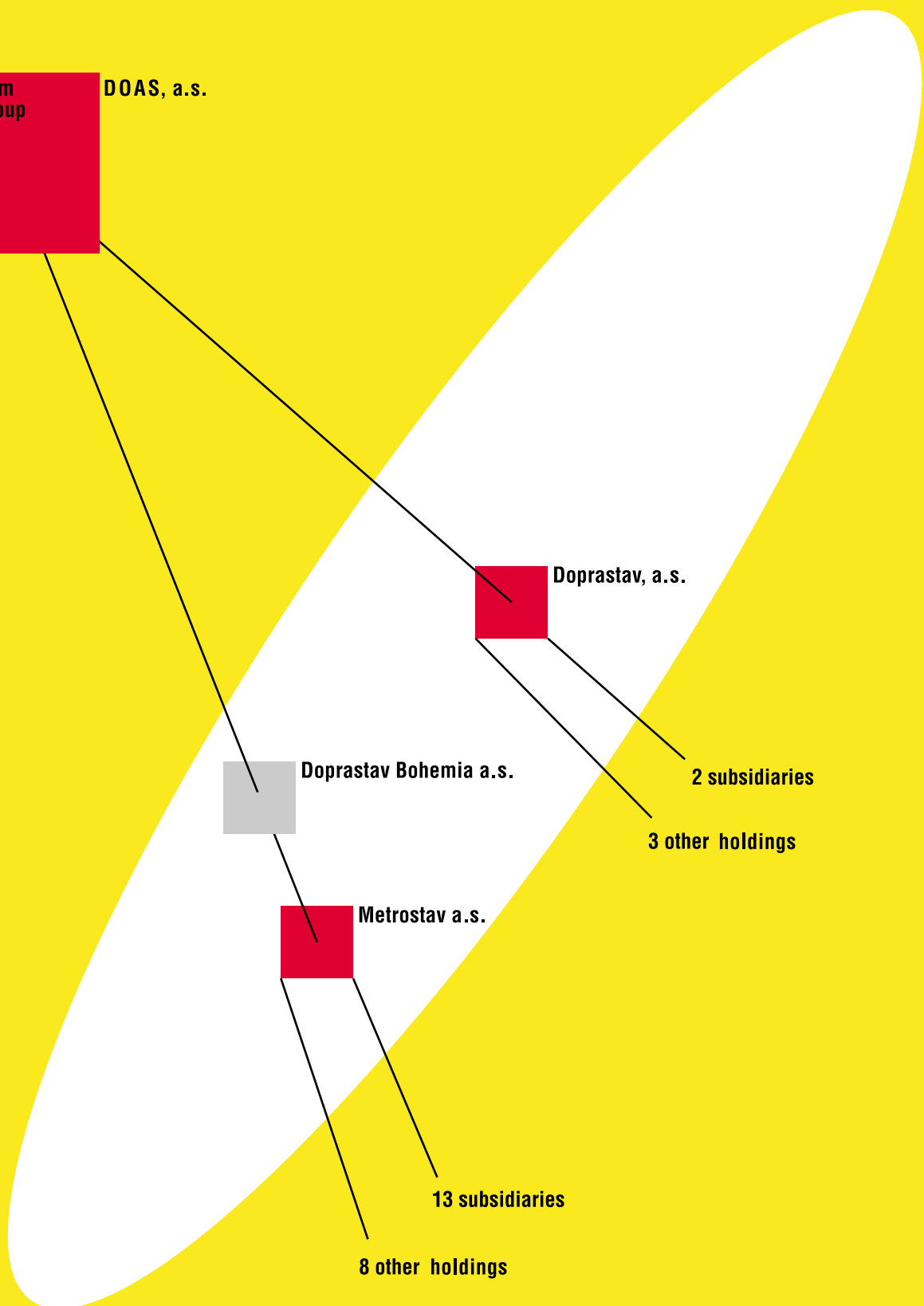
Metrostav a.s.

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

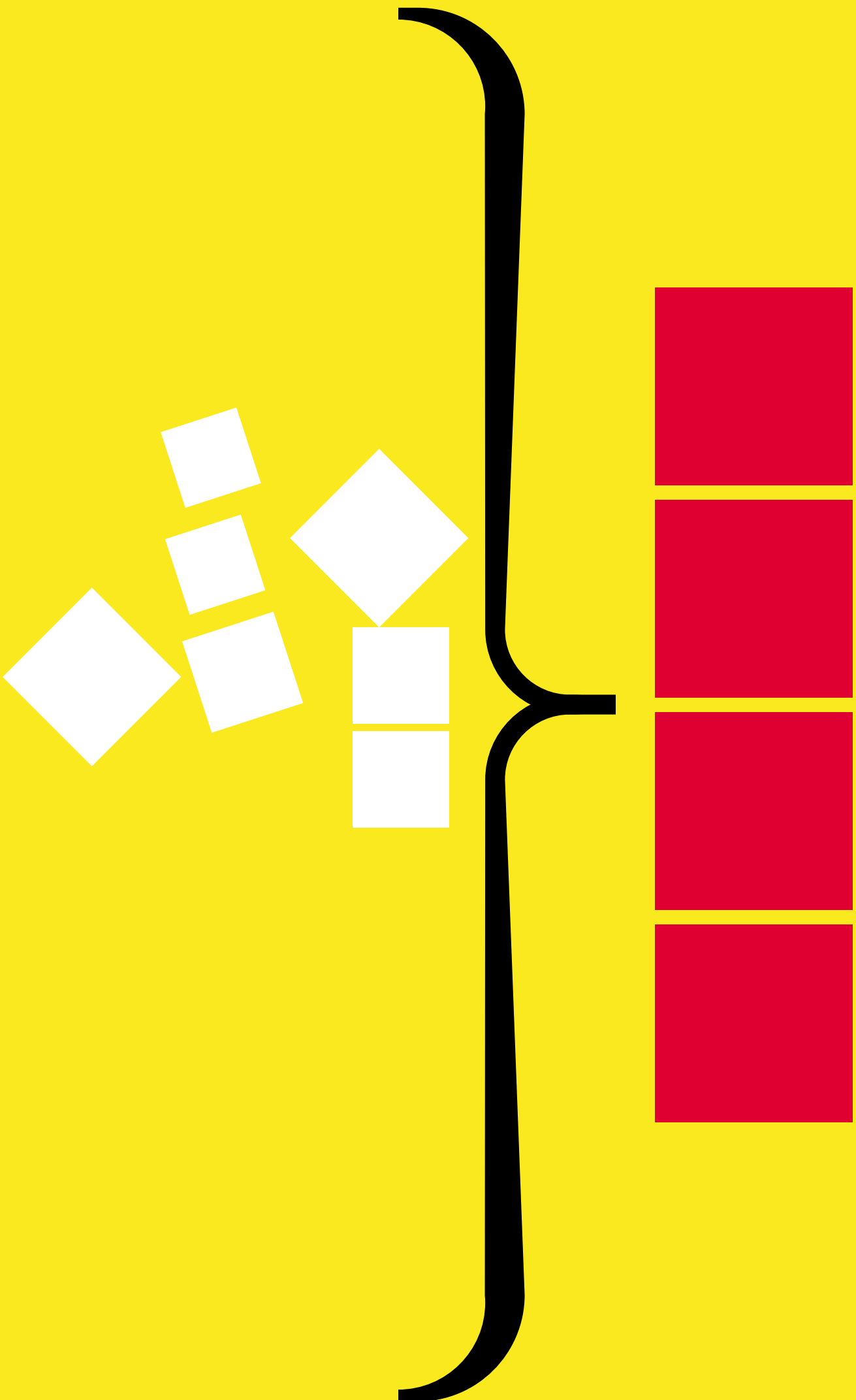
Member of the Supervisory Board
Slovak Technical University, Bratislava – Faculty of Civil Engineering
Technical Director, Doprastav, a.s.

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

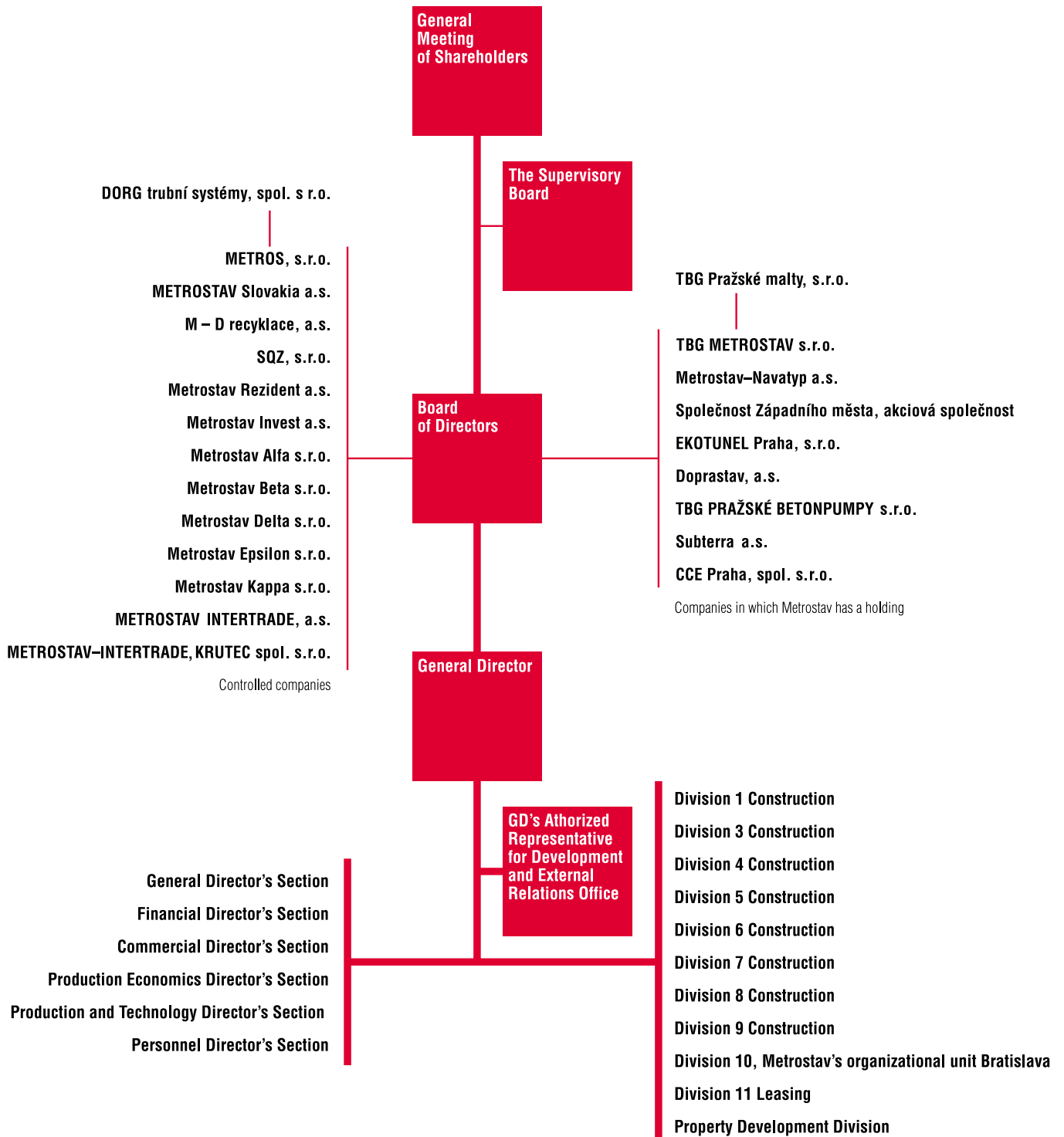
Jan Richtr

Director of Division 11



Organizational Structure as at 31 December 2003

— DIRECT CONTROL
— INFLUENCE



● Board of Directors' Report on the Company's Business

● Activities and Assets

Development of the Company in 2003

Metrostav's core business activities are various kinds of construction work. In 2003, the upward trend of its performance continued. The construction output of CZK 13.94 billion was the highest so far. This result represents a 14% year-on-year increase in the Company's performance value.

From 2000 until 2003, the volume of construction work increased substantially, namely by 97.9% in four years. Compared with previous years, the building of flats was markedly higher, as was industrial and transport-related construction.

In comparison with 2002, the volume of community building declined and the area of underground construction could also be described as slightly stagnating.

Construction production was equally divided between the state and the private sector.

Coordination of activities with Doprastav, a.s. within the DDM Group has contributed to successful development.

Description of the market, Metrostav's position on the construction market

A higher volume of construction in the transport and infrastructure segments can be expected as a result of the Czech Republic's accession to the EU. Economic growth (GDP) in the Czech Republic is estimated at 2.2–3.5% per year, while construction work is estimated to grow between 5–7%. Participation in major infrastructural projects, such as BOT or PPP, will become extraordinarily important, and we must prepare for it.

The Company's market share placed second among competing construction firms and, as a member of the DDM Group with a turnover of more than CZK 23 billion, it has ranked among the leaders.

The Company's goal is permanent growth of productivity, maintaining a competitive edge and growth of profit. At the same time, the Company aims to reinforce its position in all regions of the Czech construction market and in selected localities abroad. Keeping an equal share of state and private customers is a key prerequisite for maintaining stable turnover. Metrostav's priority is to maintain its dominant position in the underground construction segment and strengthen its position in transport-related and infrastructure segments.

Regional activities

The Company's largest building capacity is concentrated in Prague and the Central Bohemian region where it traditionally realizes a major part of its projects; however, the Company's simultaneously developing its representative offices in other parts of the Republic.

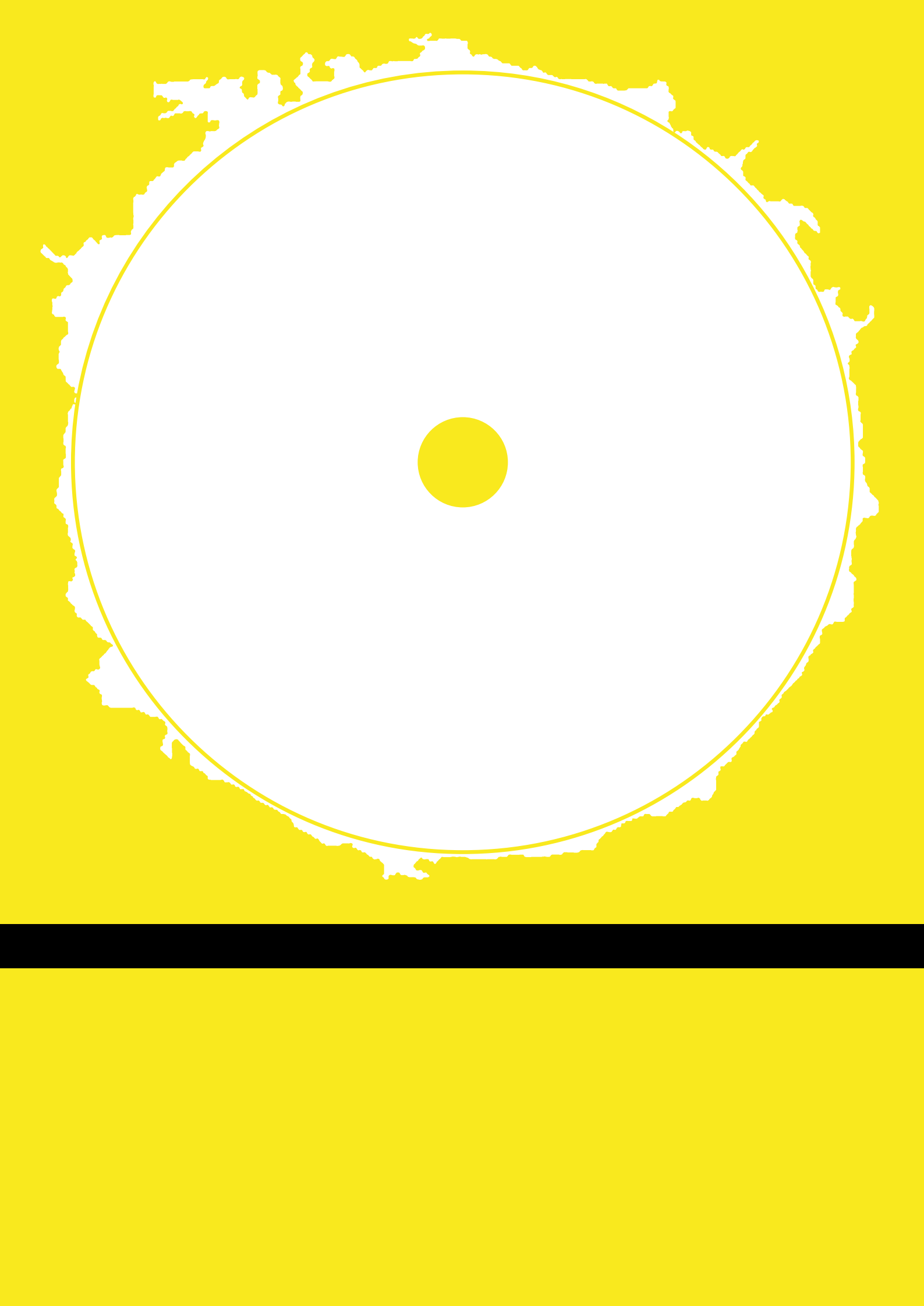
A growing number and total value of contracts realized outside Prague is proof of successful regional development: in 2003, major projects were under construction mainly in the Ústí nad Labem, Plzeň and Karlovy Vary regions.

The value of construction realized outside Prague and the Central Bohemian region totalled over CZK 3.5 billion, an increase of 40% over the previous year.

Activities abroad

In 2004, the Company substantially broadened its activities in the Slovak Republic, especially in cooperation with the DDM Group. Metrostav has established a representative office in Bratislava where its subsidiary METROSTAV Slovakia a.s., is also located.

In connection with the planned expansion of the European Union in 2004, the Company's Board of Directors and management has paid special attention to thorough preparation in terms of commerce and technology for entry into EU markets.



Joint activities within the DDM Group

Joint marketing activities involving Metrostav and Doprastav, a.s. are coordinated by the DDM Group Presidium and prepared by the Standing Committee for Strategic Marketing. Mutual use of specific references, technologies, equipment, certificates and special licences gives both partners the opportunity to participate in more tenders and have a better position in business negotiations – for Metrostav in the area of bridge and road construction in the Czech Republic and for Doprastav in structural engineering in Slovakia.

Production management

In 2003, the Company's organizational structure and production management system was key for its successful development. The organizational structure: Head Office – Division – Project, or specialized operation, proved its worth.

The efforts to increase the quality of work led to lowering the number of base technologies, and this, in turn, resulted in partial organizational changes in several divisions.

Constant improvements in the process and multi-task management led to higher success of sales activities and optimization of contracts.

Significant technologies and their innovation

The number of technologies used by the Company in the area of foundation engineering was extended last year within the special foundation center of Division 7. The development was supported by new machines for drilling piles up to 1500 mm. Modern drilling technology was also purchased for low-profile micro-pile drilling. New machine sets were added to facilitate tunnelling work on the D8 motorway – the Panenská tunnels, on the D5 motorway – the Valík tunnel and the railway corridor Přelouč–Krasíkov. Machine equipment for collectors and the sewer system in Brno also proved its worth, as did the baggage tunnel at the Prague-Ruzyně airport. High quality groundwork was identified at the construction site of TPCA Kolín. In six months, 450 thousand cu. m. of earth were excavated and removed by high-capacity dumpers. Experience gained during the construction of four steel oil tanks with a capacity of 125 thousand cu.m each for the company MERO ČR near Kralupy nad Vltavou was again used in the manufacturing of a steel lattice structure for the roof of the SAZKA ARENA multi-purpose hall. Production of the steel structure for a composite 540 m long bridge near Ostrov nad Ohří on welding automates began. Another innovation was introduced in 2003: the manufacture of supporting equipment for the laying of cables on structures. The technical solution ensures resistance against high temperatures of up to 750°C for 90 minutes. The Office of Industrial Property issued a certificate with respect to this solution – on the registration of the used sample.

The costs of research and development are not separately recorded in the Company.

Quality management

The Company's quality management system is fully comparable to that found elsewhere on the EU market, as confirmed many times during our cooperation with experienced foreign partners. All Metrostav's key technologies have been certified for quality. Individual certificates for the Company's technologies are covered by the quality management system for general contracting issued by the renowned London-based BUREAU VERITAS QUALITY INTERNATIONAL (BVQI), which is part of the transnational holding company BUREAU VERITAS.

At the end of 2003, all ISO 9002 and ISO 9001 standards from 1994, together with all certificates issued in line

with their requirements, expired. These two standards were replaced with one: ISO 9001 from 2000. The requirements of the new standard are based on process procedures and have a strong customer focus.

For this reason, all processes that influence the quality of the construction work and the satisfaction of the customer were identified at the beginning of 2003.

In May 2003, the new quality management system based on process management was certified in line with the ISO 9001:2000, and by the end of 2003 all base technologies in individual divisions were certified.

Investments

Investments made in 2003 again supported development of the Company's key technologies. As we said above, these developments included new tunnelling machines and equipment and modern equipment for special foundation works. Because of a growing number of contracts, we also purchased high quality RAN containers for construction sites.

Over 85% of total investments of CZK 218 million were used for the tunnelling work segment.

Work safety

The Company pays constant attention to the area of health and safety at work and fire protection in order to prevent possible dangers, near-accidents and the risks that accompany each building activity, especially assembly and underground work carried out using the mining method.

The established system of prevention helps keep the accident rate in the Company at a very low level. It consists mainly in acquainting employees with the organizational and management documents with the purpose of ensuring a safe environment at construction sites. The system focuses on reducing the incidence of work accidents and work-related diseases and particularly on the observance of the rules set by the Company's core employees and also by workers of our subcontractors who – as the practice demonstrates – interpret safety rules in a substantially different way than Metrostav's staff.

Metrostav continues to participate in the competition for the award "SAFE COMPANY", which was won by the Company in 2002 for the 2nd time (the only building company in the Czech Republic to be). Our initiative in this area is also proved by our effort to acquire accreditation for the OHSAS 18001:1999 standard by May 2004.

The Company is fully aware of the extraordinary tasks related to the Czech Republic's accession to the EU. A long process of harmonization with EU directives adopted by the Czech Republic will also be reflected in Metrostav's organizational and management documentation.

Property development

In 2003, the Company's development activities (realized by the Property Development Division and subsidiaries) concentrated on the construction of five major projects.

Construction and sale of flats in the Villa Part Strahov was completed. The construction and sale of flats built in the 1st phase of the Gallery above the Vltava River project continued. In agreement with the Board of Directors' resolution, the 2nd phase of the project began, as well as the construction of the Sun Square House, Villa House "Na Bučance" and the Residence "Nový Anděl". In 2003, a total of 558 flats were under construction, 711 garage places and 5,550 sq.m. of commercial areas.

The following development projects are prepared to begin in 2004: the 3rd phase of the Gallery above the Vltava River, the Housing estate Krutec (1st phase); the 2nd phase of the Krutec project is prepared for construction in 2005 – as a presentation of family villa architecture from the beginning of the 21st century.

Assessment of business results

The Company's business results for 2003 demonstrate that its position on the construction market is growing stronger. Turnover totalled CZK 13.939 million, i.e. it rose by 19.6% more than was planned and by 14% compared with the previous year. Performance productivity rose year-on-year by 13.9%, and productivity on added value by 8.2%. The Company's pre-tax profit of CZK 492.9 million is 20.8% higher than the plan and 22% higher than the 2002 figure. A positive development was also recorded in the return on assets and return on equity. There was also increase in an accounting value of shares and profit per share of the company.

Resolution of the Ordinary General Meeting

The ordinary General Meeting held on 7 May 2003 decided to cancel registration of the Company's shares – issue CZ0005006502. In order to meet the legal requirement of publishing a Public draft of contract for purchase of the Company's shares within 30 days from this decision, the Board of Directors submitted it to the Securities Commission (SeC) on 13 May 2003 and the SeC approved publication of the Public draft contract on 30 May 2003. By this act, the buyout – which in compliance with the draft lasted six weeks – began. In this period, the Company bought 389,564 of its own shares for the set price of CZK 315 per share. After the buyout closed, the Board of Directors, on behalf of the Company, asked organizers of the public securities market to end trading with Metrostav's shares. The RM-System ended the trading with the Company's shares on 15 August 2003 and the Prague Stock Exchange on 17 September 2003. According to law, registration of Metrostav's shares was cancelled and the General Meeting's resolution fulfilled.

Acquisition and sale of own shares

Based on a Public draft contract for the purchase of shares, the Company bought 389,564 of its own shares between 14 June 2003 and 24 July 2003. On 21 October 2003, these shares were sold to Doprastav, a.s.

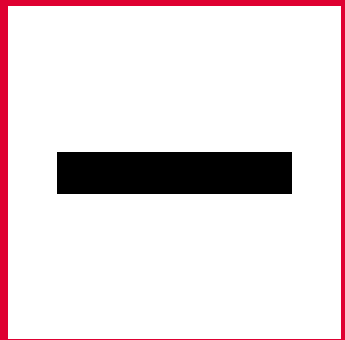
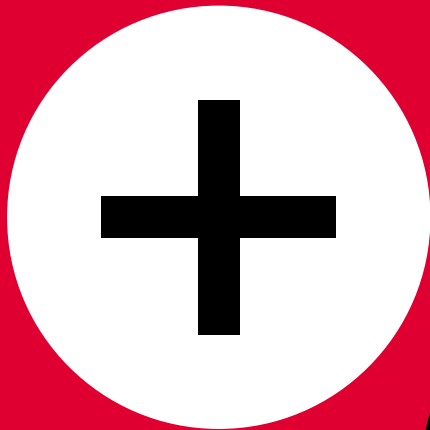
		as at 13 June 2003	as at 24 July 2003	sale as at 21 October 2003	as at 31 December 2003
Number of shares	(units)	–	389,564	389,564	–
Nominal value	(CZK)	100	100	100	100
Sum total of purchase prices	(CZK)	–	122,712,660	–	–
Sum total of sale prices	(CZK)	–	–	123,102,224	–
The highest price	(CZK)	–	315	316	–
The lowest price	(CZK)	–	315	316	–
Share in the registered capital	(%)	–	4.93	4.93	–

Capital holdings

The present structure of the portfolio corresponds to the Company's strategic goals and contains capital holdings in financially healthy and viable companies. Holdings in manufacturing and sales-oriented companies account for 87% of the portfolio, while 13% of the portfolio in property development companies.

Almost all manufacturing and sales-oriented companies met their economic plans in 2003. These achievements have a beneficial influence on the growth of the value of the companies and meet the set strategic goals.

Results of the property development companies depend on the realization phase of the project. Projects that are not yet in the final stage show slightly negative business results. When assessing the profitability of completed projects, the result corresponds to the required level of appreciation of the capital employed.



In 2003, Metrostav bought the capital holding in METROSTAV–INTERTRADE, KRUTEC spol. s r.o., became its sole owner and then changed the company's name to Metrostav Krutec s.r.o. As a result, the Company acquired a new housing development project in an attractive location in Prague 6 which is ready to be started.

The Company added CCE Praha, spol. s r.o. to its portfolio of manufacturing and sales-oriented companies (it acquired a 50% share in the company). This step is in line with the Company's strategy to reinforce its technical background.

Changes in the Company's organization and management

The existing three-level system of the Company's management and its organizational structure fully suited its activities in 2003. The organizational unit in Bratislava is considered to be Division 10 with respect to internal management needs.

The Company completed and consolidated the integrated management system based on process management in compliance with the ČSN EN ISO 9001:2000 and 9004:2001 standards. The system proved itself at all management levels and brought a higher management standard to practice. All technical and administrative staff were affected by its introduction, in terms of new job descriptions prepared by the process method.

The integrated management system has been gradually harmonized and interconnected with the management systems of partner companies within the DDM Group. This resulted in a high degree of management coordination of all members of the group and the maximum use of synergic effects.

Workforce

The trend in the number of employees was governed by binding stipulations of the plan for 2003, which is part of the comprehensive prognosis, planning and personnel formation system. As at 31 December 2003, the recorded number of employees dropped from 2002 by 2.3% and totalled 3,147 persons. In the framework of continuous restructuring of the workforce structure, the number of technical and administrative personnel, especially highly skilled technicians, increased by 7%. The number of workers decreased by 10.6%. The Company hired 67 new college and university graduates on the basis of results of a demanding selective procedure to ensure suitable candidates for technical and economic managing posts. For the second year in a row, about 100 students practice professionally at Metrostav during their studies continued in Metrostav – particularly students of the Civil Engineering Faculty of the Prague Technical University. This helped the Company select the best graduates and ensure their fast involvement in the work processes.

New job requirements for technical, administrative and workers' positions were formulated in the Company last year. They now serve as a basis for selecting and hiring new employees.

Education and training

During the year, the system of employee personal development was updated with the aim of significantly increasing its dynamics and adapting it more to the Company's needs related to its strategic goals. The Company paid special attention to groups of the most important employees. All skills development training projects were updated, the quality of the lecturers' team was improved and new modern methods and forms of training courses were introduced.

The Company paid consistent attention to increasing knowledge of foreign languages. 164 technical and administrative employees, primarily managers, made preliminary, final and verification tests last year. A total of 130 employees reached the level of advanced language knowledge, primarily of English and German, in 2003.

The Company actively and on a long-term basis cooperates with technical and economic universities. The representatives helped shape the syllabus and the quality of the teaching. At the end of 2003, 121 civil engineers and technicians obtained specialist qualifications.

Care for employees and working environment

The health of employees was ensured by the firm's health care programme and corporate regulations. Preventive health care is provided to all employees with special focus on at-risk groups of staff.

Comprehensive check-ups as well as single examinations are regularly arranged for groups of the most important employees to ensure permanent control of their health condition.

In autumn, voluntary inoculation against influenza was offered to employees.

The influence of working environment (various conditions and work methods) on employees' health, protection against work accidents and occupational diseases are permanently monitored. In this area, the Company uses services of specialized health facilities and companies focused on the monitoring of environment.

Trends in wages

The personnel costs and average earnings were also influenced by the Company's business results. The average monthly wage in 2003 totalled CZK 26,041. Wages of technical and administrative employees increased on average by 6.78%, and wages of workers by 8.65%.

The Collective Agreement

Relations between the Company's management and the trade union organization were based on bilateral principles involving correctness, prompt supply of information and regular meetings of the representatives of both sides.

Metrostav's Collective Agreement for 2003 and 2004 is a significant document which guarantees a consolidated environment inside the Company and represents a prerequisite for successful fulfillment of the Company's demanding tasks and strategic goals. Last year, the level and extent of employee benefits agreed to in the Collective Agreement helped to consolidate a situation in which the Company made high demands of its staff to stabilize the workforce and safeguard the level of working and social certainties for employees.

A well functioning Social Assistance Fund is part of the corporate Collective Agreement. In 2003, financial assistance from the fund was provided to about 140 employees.

Environmental policy

The Company's environmental policy is based mainly on professional knowledge and on the managing skills of the management, as well as on a responsible approach of all employees to work.

To meet the goals of the environmental policy, the Company's management decided to introduce an environmental management system in compliance with the ISO 14001:1997 standard and relate it to the quality system already in place.

Since 2002, Metrostav has observed the requirements of the ČSN EN ISO 14001 environmental management system certificate which covered the "Coordination and management of activities in the area of manufacture, property administration and development at the head office and in the divisions" in effect until 31 December 2004. Hereby the Company shows its readiness to meet the EU's global requirements in the sphere of natural environment. To deepen and increase the efficiency of the environmental management system during the certificate's period of validity, Metrostav undergoes control audits during which it must show that the certificate's requirements are being fulfilled.

In environment protection, the Company fulfilled all its reporting duties concerning waste management and air protection according to valid laws and regulations. Work safety and health protection, fire protection and environment protection were checked and the results were verified by subsequent inspections. Records documenting waste management, reporting duties to the state administration bodies, approvals to handle dangerous waste, reports on emission sources and their measurement, rules of operation of harmful substances storerooms and registration of dangerous chemicals and water management facilities were checked.

Four divisions and the Immovable property unit of the Head Office have been authorized to handle dangerous waste since 2003.

Social activities and sponsorship

In 2003, Metrostav was one of the co-founders of the Corporate Donors Club "Donator". The aim of the Club is to set principles for corporate philanthropy in the Czech Republic, support its development and improve laws governing donorship. Members of the Club observe the following basic principles: long-term, transparent and effective support of causes beneficial for the public. The Company also earned its place among the elite of Czech corporate donors because of the support it gave to the Children's Crisis Centre in Prague – an organization that helps ill-treated and abused children. The project was based on the work of volunteers and non-financial assistance, which the Company provided to the Centre throughout 2003.

As a sponsor and donor, Metrostav traditionally engages in three main areas – culture, sports and charities. It tries to help materialize noble and publicly beneficial intentions, and also to support talented individuals.

One of the most significant projects supported in the area of culture was the first retro exhibition of a renowned designer and graphic artist Ladislav Sutnar which was organized by the Prague Museum of Applied Arts in the Riding Hall of the Prague Castle. This extremely successful exhibition was visited by many Czech and foreign visitors and it is considered to be one of the most extraordinary Czech cultural projects of the year.

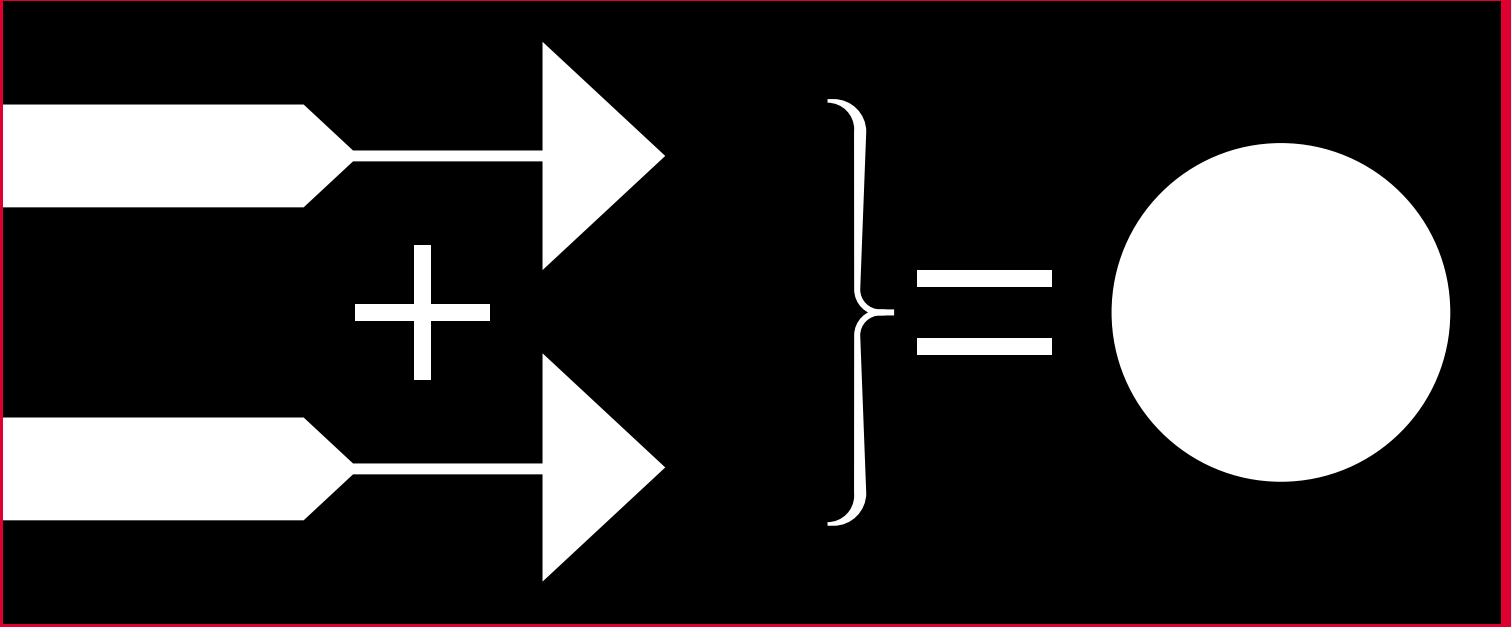
Several exceptional books appeared on the book market thanks to the Company's support, including the trilogy Europeans, monography of Jiří Anderle and pictures from the history of the Czech architecture. Metrostav is a traditional partner of many cultural and social events held by the Prague City Council and individual district municipalities. It is similarly involved in other regions where it engages in business.

In the area of sports, Metrostav has traditionally sponsored the 1st league volleyball team Dukla Liberec and the Czech Republic's Skiers Union. The Company does not only provide financial support to be seen but primarily to help institutions and individuals who are determined to achieve the very best in their field and be a credit to the Czech Republic in the world of sports.

Through its financial support, gifts and other forms, Metrostav proves that it is aware of and understands the needs of our handicapped citizens and makes an effort to help them. An example of this is cooperation with FOKUS Mladá Boleslav – an operator of protected workshops – which takes care of mentally ill persons, or help with the Company's reconstruction of the Vendula summer mansion in Horní Bezděkov where the company HELENIA established a crafts workshop for people with special needs.

Jindřich Hess, Chairman of the Board of Directors

Jiří Bělohav, member of the Board of Directors





Registered capital, shares, shareholders

The Company's registered capital CZK 790,666,800

Shares

Kind	Type	Form	Nominal value	ISIN	No. of shares
ordinary	bearer-share	book-entered	CZK 100	CZ0005006502	7,906,668

Structure of shareholders as at 31 December 2003

Shareholder	No. of shares (units)	Percentage in the registered capital
Doprastav Bohemia a.s.	5,297,869	67.01%
LORAN ESTABLISHMENT	1,478,382	18.70%
CI HOLDING a.s.	396,779	5.02%
Other Czech companies	79,828	1.01%
Other foreign companies	413,717	5.23%
Czech individuals	233,426	2.95%
Foreign individuals	6,667	0.08%
Total	7,906,668	100.00%

List of companies in which Metrostav a.s. has a holding

Direct holdings

Company	Principal activities	Registered capital	Percentage in registered capital
METROSTAV Slovakia a.s.	Construction work, including projects using mining techniques, consultancy services for major construction projects and civil engineering	SKK 151,000,000	100.00%
METROSTAV-INTERTRADE, KRUTEK spol. s r.o.	Property development	CZK 31,250,000	100.00%
METROS, s.r.o.	Guarantor of purchases of selected building materials for Metrostav, sale of building materials	CZK 24,000,000	100.00%
Metrostav Beta s.r.o.	Property development	CZK 14,980,000	100.00%
SQZ, s.r.o.	Accredited testing and diagnostics of building structures, quality management systems	CZK 3,803,000	100.00%
M – D recyklace, a.s.	Building waste disposal, aggregate and building material recycling, sale of reclaimed products	CZK 1,000,000	100.00%
Metrostav Invest a.s.	Property development	CZK 1,000,000	100.00%
Metrostav Rezident a.s.	Property development	CZK 1,000,000	100.00%

Metrostav Alfa s.r.o.	Property development	CZK 200,000	100.00%
Metrostav Delta s.r.o.	Property development	CZK 200,000	100.00%
Metrostav Epsilon s.r.o.	Property development	CZK 200,000	100.00%
Metrostav Kappa s.r.o.	Property development	CZK 200,000	100.00%
METROSTAV INTERTRADE, a.s.	Property development	CZK 1,000,000	51.00%
TBG METROSTAV s.r.o.	Production and transport of concrete, mortar and anhydrite mixtures	CZK 70,000,000	50.00%
Metrostav-Navatyp a.s.	Property development	CZK 41,960,000	50.00%
CCE Praha, spol.s r.o.	Commercial and mediating activities, surveying, research and development	CZK 200,000	50.00%
Společnost Západního města, akciová společnost	Design and engineering activities, building	CZK 1,003,000	35.09%
ČKD-MTS, a.s.	No business activity at present	USD 6,500	34.00%
EKOTUNEL Praha, s.r.o.	Design and engineering activities, building	CZK 140,000	28.57%
Doprastav, a.s.	Construction of roads, dams, industrial, residential and community structures	SKK 1,008,294 000	26.98%
TBG PRAŽSKÉ BETONONPUMPY s.r.o.	Transport and pumping of concrete, mortar and anhydrite mixtures	CZK 33,061,000	16.64%
Subterra a.s.	Construction of buildings	CZK 546,229,000	12.45%

Indirect holdings

Company	Principal activities	Registered capital	Percentage in registered capital
DORG trubní systémy, spol. s r.o.	Commercial activities	CZK 300,000	Metros 20%
TBG Pražské malty, s.r.o	Production of mortar mixtures	CZK 1,000, 000	TBG METROSTAV 100%



Report of the Supervisory Board

The Company's Supervisory Board as the Company's inspection body, takes this opportunity to inform shareholders that, in the period since the last General Meeting of shareholders, it carried out – in their's and the Company's interest – all inspections and assessments required by the generally applicable statutory regulations and the Company's Statutes, as well as inspection work necessary at the Board's discretion to verify the correctness of the Company's development.

The Board of Directors and the top management have created good conditions for the work of the Board of Directors throughout the period – namely by promptly submitting information from the Board of Directors' meetings or reports required by the Supervisory Board from the top management.

Based on the results of its supervision and audits, the Supervisory Board is able to present to the Shareholders the following credible report backed by facts:

The Board of Directors has managed the Company in line with its long-term general strategy and has always observed statutory laws and regulations and the Company's Statutes. The Supervisory Board did not have any reservations with respect to the activities of the Board Directors and made only a few recommendations to improve the quality of reports that it had assessed.

The Company's business results and the volume of contracts signed to ensure work in the future promised an excellent year, and this was confirmed after the year was closed. According to this year's achievements, successful development continues.

No major defects were found during regular audits of individual activities realized in line with the plan of audits.

The Company's internal audit system has been found functional throughout the Company and it confirmed the high quality of work of all audited units and employees in the period under review.

No substantial defects were identified during external audits and inspections.

The Supervisory Board assessed the Draft public contract on the purchase of shares prepared by the Board of Directors on the basis of the General Meeting's resolution to cancel registration of the Company's shares. It found that the Draft public contract on the purchase of shares, issue no. ISIN CZ0005006502 is neither against the shareholders' nor the Company's interests.

Based on these findings, the Supervisory Board confirms that the Company's personnel, plant and equipment, technology and management are at a very high level and bring the Company above-standard revenues.

Statement on the Board of Directors' Report on Related Persons

The Supervisory Board discussed the Board of Directors' Report on the Controlled, Controlling and Related Persons and had no comments to make.

Statement on the Company's financial statements

The Supervisory Board audited the Company's financial statements for the accounting year 2003 and declares that they were compiled in line with appropriate statutory regulations, that the Company's accounting, which served as the basis for the financial statements, was also in accordance with the statutory regulations and accurately and fairly reflected reality. The Supervisory Board recommends that the General Meeting approve the financial statements for 2003.

Statement on the Board of Directors' proposal for distribution of profit

The Supervisory Board reviewed the Board of Directors' proposal for distribution of profit for the year 2003 and found that the latter had observed the statutory regulations and the Company's Statutes. The Supervisory Board recommends that the General Meeting approve the Board of Director's proposal for distribution of profit as submitted by the Board of Directors to the General Meeting.

Daniel Janisch, Chairman of the Supervisory Board



● Report of Metrostav's Board of Directors on Relations ● between Controlling and Controlled Persons

I. The Group is formed by:

1. Controlled person

Metrostav a.s., with a registered office at Koželužská 2246, Prague 8, Postal code 180 00, Identification No. 00014915, entered in the Commercial Register of the Prague Municipal Court, Part B, File 758.

The controlled person is a business company engaged mainly in construction work. The company's principal activities are specified in detail in its Statutes.

2. Controlling person

2.1. Doprastav Bohemia a.s., with a registered office at Koželužská 2246, Prague 8, Postal code 180 00, Identification No. 25606492, entered in the Commercial Register of the Prague Municipal Court, Part B, File 4935.

The controlling person is a business company engaged mainly in construction work. The company's principal activities are specified in detail in its Statutes.

2.2. DOAS, a.s. with a registered office at Košická 5590/56, Bratislava, Postal code 821 08, Identification No. 31373917, entered in the Commercial Register of the Bratislava 1 District Court, Part Sa, File 622/B.

The controlling person is a business company engaged mainly in consulting, intermediary and procurement activities, as well as in account keeping. The company's principal activities are specified in detail in its Statutes.

3. Interconnected companies

Interconnected companies in the Group as at 31 December 2003 are as follows:

3.1. Metrostav a.s., as described above,

3.2. Doprastav Bohemia a.s., as described above,

3.3. DOAS, a.s., as described above,

3.4. Doprastav, a.s., with a registered office at Drieňová 27, Bratislava, Postal code 826 56, Identification No. 31333320, entered in the Commercial Register of the Bratislava 1 District Court, Part Sa, File 581/B.

The company is engaged mainly in construction work. The company's principal activities are specified in detail in its Statutes.

3.5. PROSEK, spol. s r.o., with a registered office at Rohanský ostrov 1, Prague 8, Postal code 186 00, Identification No. 25731424, entered in the Commercial Register of the Prague Municipal Court, Part C, File 64145.

The company is engaged mainly in trading activities. The company's principal activities are specified in detail in its Statutes.

3.6. TRIOSTRAND, spol. s r.o., with a registered office at Čáčovská 309, Senica, Postal code 905 01, Identification No. 36218600, entered in the Commercial Register of the Trnava District Court, Part Sro, File 10065/T.

The company is engaged mainly in the production of plastic products used in the construction industry.

II. Relations between companies forming the Group

1. Means of control

The controlling company, Doprastav Bohemia a.s., holds shares of Metrostav a.s. with an aggregate nominal value of 67.01% of the controlled company's registered capital as at 31 December 2003.

2. Interconnected personnel

Ján Dudáš, the authorized representative of Doprastav Bohemia a.s. and an executive officer of PROSEK, spol. s r.o., is also a member of Metrostav's Board of Directors

Ivan Šesták, a member of DOAS's Board of Directors and Doprastav's Chairman of the Board of Directors is also Deputy Chairman of Metrostav's Board of Directors

František Klepetko, Chairman of DOAS's Board of Directors and a member of Doprastav's Board of Directors is also a member of Metrostav's Board of Directors

Dušan Mráz, a member of DOAS's Board of Directors and Deputy Chairman of Doprastav's Board of Directors is also a member of Metrostav's Board of Directors

Pavel Pilát, a member of Doprastav Bohemias's Board of Directors is also a member of Metrostav's Supervisory Board

Zdeněk Šinovský, a member of Doprastav Bohemia's Supervisory Board is also a member of Metrostav's Board of Directors

Daniel Knotek, a member of Doprastav Bohemia's Supervisory Board, a member of DOAS's Board of Directors and a member of Doprastav's Board of Directors is also Deputy Chairman of Metrostav's Supervisory Board

Viktor Karel, a member of Doprastav Bohemia's Supervisory Board, a member of DOAS's Board of Directors and a member of Doprastav's Board of Directors is also a member of Metrostav's Supervisory Board.

III. Period under review

This report was compiled for the accounting period beginning 1 January 2003 and ending 31 December 2003.

IV. Contracts and agreements concluded between companies in the Group

1. Contracts concluded in compliance with the Commercial Code

Contract No. 03010291/Zh + supplement No. 1

name of contract	Contract on cooperation
contractual parties	Metrostav a.s., Doprastav, a.s.
subject of contract	cooperation on the construction of the hypermarket "TESCO Bratislava–Lamač"

Contract No. D4/8/2003

name of contract	Contract for work
contractual parties	Doprastav, a.s. as the ordering party, Metrostav a.s. as the contractor
subject of contract	complete scope of works on the construction of D11 motorway, the construction 1104-2 Dobšice–Chýšť, section E + anticorrosion protection of the bridge E 218
note	the construction did not start in 2003

Contract No. D4/16/2003

name of contract	Contract for delivery of works
contractual parties	Doprastav, a.s. as the ordering party, Metrostav a.s. as the contractor
subject of contract	concrete works, ironworks and carpentry on the Osek's support of structure SO 202, Road II/125 Ovčáry Velký Osek – D11, SO 202 – a bridge over the ČD railway line on km 5.933

Contract No. D5/2055302 + supplement No. 1

name of contract	Contract for work
contractual parties	Doprastav, a.s. as the ordering party, Metrostav a.s. as the contractor
subject of contract	ensuring site manager and planning engineer

Contract No. D5/3052361

name of contract	Contract for work
contractual parties	Doprastav, a.s. as the ordering party, Metrostav a.s. as the contractor
subject of contract	geodetic works

Contract No. D5/3053761 + supplement No. 1

name of contract	Contract on operation of equipment
contractual parties	Doprastav, a.s. as the ordering party, Metrostav a.s. as the contractor
subject of contract	provision of the Komatsu GD 650 A grader including personnel

Contract No. D7/700/03 + supplement No. 1

name of contract	Contract of carriage
contractual parties	Doprastav, a.s. as the ordering party, Metrostav a.s. as the contractor
subject of contract	rendering services – carriage and groundworks machinery

Contract No. 12/2003/D10

name of contract	Contract for work
contractual parties	Metrostav a.s. as the ordering party, Doprastav, a.s. as the contractor
subject of contract	works on the construction “Multifunctional facility RAVAK”

Supplement to Contract No. 0500001299052204

name of contract	Supplements to the contract for work
contractual parties	Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract	extension of the volume of reinforced concrete structures on the construction of the Mrázovka Tunnel

Supplement to Contract No. 02056513/05000415

name of contract	Contract for work
contractual parties	Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract	supplement to the contract for part of the final reveal of the construction Metro IVC1 tunnel lines, regulating the contractual price

Supplement to Contract No. 02051106 – 3 pieces

name of contract	Contract for work
contractual parties	Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract	supplement to the contract for part of a reinforced concrete structure of the base (substructure) up to the road level on the construction of the Mrázovka Tunnel, extending the scope of the works

Contract No. 02080161

name of contract	Contract for work
contractual parties	Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract	repair and reconstruction of the Prague Metro stations and tunnels

Contract No. 03052243/05000415

name of contract	Contract for work
contractual parties	Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract	concrete subfloor of the superstructure of Metro IVC1

Contract No. 03053872

name of contract Contract for work
contractual parties Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract part of reinforced concrete structures at the Kobylisy station, Metro IVC1,

Contract No. 03010303/Pí

name of contract Contract for work
contractual parties Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract final communications (roads) at the Holešovice station of the Prague Metro

Contract No. 03080089

name of contract Contract for work
contractual parties Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract contract for repairs and reconstruction of the Prague Metro

Contract No. 3500365

name of contract Contract for work
contractual parties Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract construction and assembly works at the Kobylisy station, of Metro IVC1

Contract No. D 4/9/2003 + supplement No. 1

name of contract Contract for work
contractual parties Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract tunnelling and primary reveal of the Krasíkov Tunnel

Contract No. 03053414

name of contract Contract for work
contractual parties Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract underground works carried out by the mining method - Blanka gallery

Contract No. 03055201

name of contract Contract for work
contractual parties Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract reinforced concrete structures on the structure of a bridge over Plzeňská street

Contract No. 03053674

name of contract	Contract on provision of workers
contractual parties	Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract	provision of workers for construction of the supporting wall on D5 motorway, section Ejpvovice–Černice

Contract No. 03051685/05000790

name of contract	Contract for work
contractual parties	Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract	exploration gallery "514"

Contract No. OS03040067 + supplement No. 1

name of contract	Contract for work
contractual parties	Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract	reinforced concrete structures of pillars and support of the left side of a bridge over the Berounka river

Contract No. OS-3 500 305 + supplement No. 1

name of contract	Contract for work
contractual parties	Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract	construction and assembly works on TPCA Kolín

Contract No. 03010304/Ap

name of contract	Contract for work
contractual parties	Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract	reinforced concrete structures of the construction of dwelling houses in Sylván residential zone

Contract No. 03010024/Vr + supplement No. 1

name of contract	Contract for work
contractual parties	Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract	primary reveal of collectors in Brno

Contract No. 06001270

name of contract	Contract for work
contractual parties	Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract	part of reinforced concrete structure of the construction "ECM"

Contract No. 06001200

name of contract Contract for work
contractual parties Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract part of reinforced concrete structure on the construction of TPCA Kolín

Contract No. 06001240

name of contract Contract for work
contractual parties Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract part of reinforced concrete structure on the construction of the housing complex Rubeška

Contract No. OS 03040115 + supplement No. 1

name of contract Contract for work
contractual parties Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract monolithic reinforced concrete structure of bridges on the road II/125 Ovčáry–Velký Osek

Contract No. 06001270

name of contract Contract for work
contractual parties Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract construction and assembly works on the construction "ECM"

Contract No. 03053766

name of contract Contract for engineering activities
contractual parties Metrostav a.s. as the ordering party, Doprastav Bohemia a.s. as the contractor
subject of contract engineering activities on the construction of D5 motorway, section Ejovice–Černice

Contract No. 36/2003

name of contract Contract of purchase
contractual parties Metrostav a.s. as the buyer, Doprastav Bohemia a.s. as the seller
subject of contract bridge saddles for SAZKA ARENA Hall

Contract No. 01/1999D1

name of contract Contract for work
contractual parties Doprastav Bohemia a.s. as the ordering party, Metrostav a.s. as the contractor
subject of contract part of reinforced concrete structures on the construction of Mrázovka Tunnel

Contract No. 01/1999D6

name of contract Contract for work
contractual parties Doprastav Bohemia a.s. as the ordering party, Metrostav a.s. as the contractor
subject of contract part of reinforced concrete structures on the construction of Mrázovka Tunnel

Contract No. 03/2002D1

name of contract	Contract for work
contractual parties	Doprastav Bohemia a.s. as the ordering party, Metrostav a.s. as the contractor
subject of contract	part of the formwork on the construction of Mrázovka Tunnel

Contract No. 03/2002D6

name of contract	Contract for work
contractual parties	Doprastav Bohemia a.s. as the ordering party, Metrostav a.s. as the contractor
subject of contract	part of the formwork on the construction of Mrázovka Tunnel

Contract No. 17/2003D1

name of contract	Contract for work
contractual parties	Doprastav Bohemia a.s. as the ordering party, Metrostav a.s. as the contractor
subject of contract	part of the formwork on the construction of a bridge over Plzeňská street

Contract No. 17/2003D6

name of contract	Contract for work
contractual parties	Doprastav Bohemia a.s. as the ordering party, Metrostav a.s. as the contractor
subject of contract	ironworks for the construction of a bridge over Plzeňská street

The above-stated contracts were concluded under standard business terms and no injury was inflicted on Metrostav a.s. No detriment has emerged to Metrostav a.s. in connection with the contracts concluded in prior periods whose fulfilment was extended to 2003 as well. These contracts were fulfilled under the standard business terms that also apply to non-interconnected companies.

2. Contracts concluded in compliance with the Civil Code**Contract No. 41/16K-10/2003**

name of contract	Contract on lease of non-residential premises
contractual parties	DOAS, a.s. as the lessor, Metrostav a.s. as the lessee
subject of contract	lease of parking spaces for the organizational component in Bratislava in the facility at Košická street

Contract No. 3/0126-11/2003

name of contract	Lease contract
contractual parties	Doprastav, a.s. as the lessor, Metrostav a.s. as the lessee
subject of contract	lease of a vehicle Nissan Maxima

Contract without number + 5 supplements

name of contract	Contract on lease of non-residential premises
contractual parties	Doprastav, a.s. as the lessor, Metrostav a.s. as the lessee
subject of contract	lease of non-residential premises for an organizational component of Metrostav a.s. in Bratislava, at Košická street 52

Contract No. 4/11/2003

name of contract	Association agreement "Sdružení DPS"
contractual parties	Doprastav, a.s., Metrostav a.s.
subject of contract	agreement on association of companies involved in the construction of the Prague Ruzyně international airport, Terminal north 2 road network and related facilities

Contract without number

name of contract	Contract on temporary accommodation
contractual parties	Metrostav a.s. as the lessor, Doprastav Bohemia a.s. as the lessee
subject of contract	temporary accommodation in a dormitory in Prague 5

The above-stated contracts were concluded under standard business terms and no injury was inflicted on Metrostav a.s. No detriment has emerged to Metrostav a.s. in connection with the contracts concluded in prior periods whose fulfilment was extended to 2003 as well. These contracts were fulfilled under the standard business terms that also apply to non-interconnected companies.

3. Contracts concerning securities

In 2003, the following contract was concluded:

Contract on paid transfer of 389,564 Metrostav's shares, where Metrostav a.s. is the seller and Doprastav a.s. is the buyer. As for this sale, the unit price of one share exceeded the price for which Metrostav a.s. acquired a share under mandatory redemption of shares.

4. Other agreements and measures

Contract No. 8/2003

name of contract	Contract on training
contractual parties	Doprastav, a.s as the ordering party, Metrostav a.s. as the contractor
subject of contract	training of employees of Doprastav, a.s.
terms of contract	standard
injury inflicted to Metrostav a.s.	none

In 2003, no other legal acts took place between the controlled company and the interconnected companies, except for the payment of dividends reported in the Review of changes in own capital which is part of the statutory financial statements.

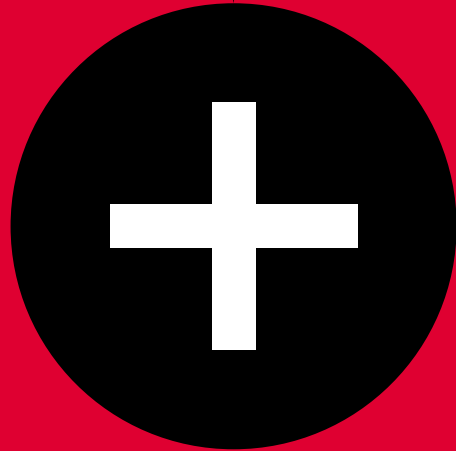
V. Conclusion

No injury was inflicted on Metrostav a.s. in connection with the relations between the controlled company and the interconnected companies described above and all contracts were concluded under standard business terms. Transactions and balances concerning the interconnected companies are specified in the notes to the statutory financial statements, see point 17.

This report was prepared by Metrostav's Board of Directors in its function as the statutory body of a controlled company and submitted for review to the Supervisory Board and to the auditor who is auditing the financial statements in compliance with a special law. With respect to the fact that the controlled company is obliged by law to prepare an annual report, this report will be included as an integral part thereto.

Jindřich Hess, Chairman of the Board of Directors

Jiří Bělohav, Member of the Board of Directors





Auditor's Report



PricewaterhouseCoopers Audit, s.r.o.
Kateřinská 40/466
120 00 Prague 2
Czech Republic
Telephone +420 251 151 111
Facsimile + 420 251 156 111

AUDITORS' REPORT FOR SPECIAL PURPOSES TO THE SHAREHOLDERS OF METROSTAV A.S.

In accordance with the request of Metrostav a.s. ("the Company") our responsibility was to review the consistency of the balance sheet and the related income statement ("the financial schedules") for the year 2003 of Metrostav a.s. presented on pages 46–50 in the Yearly Report 2003 of the Company with the audited financial statements. The financial schedules and underlying accounting records are the responsibility of the Company's Board of Directors.

We have audited the balance sheet of Metrostav a.s. as at 31 December 2003, the related income statement, statement of changes in shareholders' equity, cash flow statement and notes for the year then ended ("the financial statements") prepared in accordance with the Act on Accounting and other relevant legislation of the Czech Republic, from which the financial schedules in the Yearly Report 2003 were derived. An unqualified opinion to those financial statements was issued on 27 February 2004.

In our opinion, the financial schedules are consistent in all material respects with the audited financial statements for the year 2003 from which they were derived.

For a better understanding of the financial position and situation of Metrostav a.s. it is necessary to consider the financial schedules together with the full financial statements of Metrostav a.s. for the year 2003 prepared in accordance with the Act on Accounting and other relevant legislation of the Czech Republic.

19 April 2004

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

Balance Sheet

in full format for the year ended 31 December 2003 (in CZK thousands)

Ref.	Assets	2003		2002		2001
		Gross	Provision	Net	Net	Net
	TOTAL ASSETS	9,557,763	-1,536,447	8,021,316	6,616,831	5,717,763
B.	Fixed assets	3,494,195	-1,395,807	2,098,388	2,153,548	1,672,696
B.I.	Intangible fixed assets	89,680	-74,811	14,869	30,952	38,410
B.I.1.	Software	72,561	-61,074	11,487	25,568	28,453
B.I.2.	Royalties	1,461	-1,461	-	-	-
B.I.3.	Other intangible fixed assets	15,356	-12,276	3,080	4,871	6,430
B.I.4.	Intangible assets in the course of construction	62	-	62	273	3 327
B.I.5.	Advances paid for intangible assets	240	-	240	240	200
B.II.	Tangible fixed assets	2,527,707	-1,315,996	1,211,711	1,330,414	1,435,628
B.II.1.	Land	91,546	-	91,546	104,742	124,122
B.II.2.	Constructions	1,124,751	-490,311	634,440	656,884	669,908
B.II.3.	Equipment	1,181,582	-746,331	435,251	539,356	513,930
B.II.4.	Other tangible fixed assets	101,518	-79,354	22,164	19,309	20,397
B.II.5.	Tangible assets in the course of construction	21,182	-	21,182	3,273	15,352
B.II.6.	Advance paid for tangible fixed assets	7,128	-	7,128	6,850	91,919
B.III.	Long-term investments	876,808	-5,000	871,808	792,182	198,658
B.III.1.	Investments in controlled entities / subsidiaries	235,963	-	235,963	177,561	165,998
B.III.2.	Investments in associates	474,039	-5,000	469,039	449,766	27,160
B.III.3.	Other long-term investments in securities	81,275	-	81,275	81,275	5,500
B.III.4.	Advances paid for long-term investments	85,531	-	85,531	83,580	-
C.	Current assets	5,973,728	-140,640	5,833,088	4,443,008	3,979,632
C.I.	Inventories	1,541,470	-	1,541,470	1,387,372	1,306,792
C.I.1.	Raw materials	68,794	-	68,794	136,092	78,024
C.I.2.	Work in progress and semi-finished products	1,471,187	-	1,471,187	1,245,741	1,222,797
C.I.3.	Prepayments for inventory	1,489	-	1,489	5,539	5,971
C.II.	Long-term receivables	291,449	-	291,449	221,731	294,185
C.II.1.	Trade receivables	245,555	-	245,555	208,491	288,485
C.II.2.	Receivables – controlled entities / subsidiaries	2,500	-	2,500	3,740	5,100
C.II.3.	Other receivables	909	-	909	9,500	600
C.II.4.	Deferred tax asset	42,485	-	42,485	-	-

Ref.	Assets	2003		2002		2001
		Gross	Provision	Net	Net	Net
C.III.	Short-term receivables	2,355,493	-140,640	2,214,853	2,238,430	1,375,142
C.III.1.	Trade receivables	2,169,452	-134,445	2,035,007	1,874,173	1,195,643
C.III.2.	Receivables – controlled entities / subsidiaries	77,550	–	77,550	44,848	72,174
C.III.3.	Receivables – associates	2,100	–	2,100	–	–
C.III.4.	Receivables from shareholders/owners	13,167	–	13,167	63,244	–
C.III.5.	Taxes and state subsidies receivable	66,143	–	66,143	102,452	83,763
C.III.6.	Anticipated assets	14,814	–	14,814	72,027	7,045
C.III.7.	Other receivables	12,267	-6,195	6,072	81,686	16,517
C.IV.	Financial assets	1,785,316	–	1,785,316	595,475	1,003,513
C.IV.1.	Cash in hand	1,065	–	1,065	1,734	1,735
C.IV.2.	Cash at bank	290,256	–	290,256	85,765	95,300
C.IV.3.	Short-term investments	1,493,995	–	1,493,995	507,976	906,478
D.	Other assets	89,840	–	89,840	20,275	65,435
D.I.	Accruals and deferrals	89,840	–	89,840	20,275	65,435
D.I.1.	Prepaid expenses	46,868	–	46,868	19,673	50,034
D.I.2.	Accrued revenue	42,972	–	42,972	602	15,401

	2003	2002	2001
Ref. Liabilities			
TOTAL LIABILITIES AND EQUITY	8,021,316	6,616,831	5,717,763
A. Equity	2,016,809	1,688,971	1,352,772
A.I. Share capital	790,667	790,667	672,565
A.I.1. Share capital	790,667	790,667	790,667
A.I.2. Own shares held	–	–	-118,102
A.II. Capital contributions	40,080	10,953	–
A.II.1. Assets and liabilities revaluation	40,080	10,953	–
A.III. Reserve funds, non-distributable reserves and other reserves	117,647	103,129	211,083
A.III.1. Statutory reserve fund, non-distributable reserves	117,647	103,129	211,083
A.IV. Retained earnings	686,477	493,852	266,165
A.IV.1. Retained profits	686,477	493,852	266,165
A.V. Profit (loss) for the current period	381,938	290,370	202,959
B. Liabilities	5,893,641	4,796,410	4,251,344
B.I. Provisions	359,187	256,194	237,922
B.I.1. Tax-deductible provisions	101,274	43,097	33,718
B.I.2. Other provisions	257,913	213,097	204,204
B.II. Long-term liabilities	507,809	469,563	326,100
B.II.1. Trade payables	506,909	421,038	278,339
B.II.2. Other liabilities	900	–	–
B.II.3. Deferred tax liability	–	48,525	47,761
B.III. Short-term payables	5,026,645	4,070,653	3,687,322
B.III.1. Trade payables	4,173,772	3,308,400	3,031,181
B.III.2. Liabilities to shareholders/owners	74,121	117,175	45,123
B.III.3. Liabilities to employees	62,508	61,182	50,256
B.III.4. Liabilities for social security and health insurance	37,763	35,359	29,986
B.III.5. Taxes and state subsidies payable	111,014	37,141	36,327
B.III.6. Anticipated liabilities	550,578	503,808	481,822
B.III.7. Other payables	16,889	7,588	12,627
C. Accruals and deferrals	110,866	131,450	113,647
C.I. Accruals and deferrals	110,866	131,450	113,647
C.I.1. Accruals	76,881	81,422	71,696
C.I.2. Deferred revenue	33,985	50,028	41,951

Income statement

in full format for the year ended 31 December 2003 (in CZK thousands)

Ref.	Description	2003	2002	2001
		Accounting period		
I.	Sales of goods	795	305	728
A.	Cost of goods sold	779	297	685
x	Gross profit	16	8	43
II.	Sales of production	13,939,348	12,227,736	10,525,303
II.1.	Sale of own products and services	13,662,827	12,157,033	9,464,295
II.2.	Change in inventory of finished goods and work in progress	225,445	22,945	989,819
II.3.	Own work capitalized	51,076	47,758	71,189
B.	Cost of sales	11,784,292	10,237,417	8,918,176
B.1.	Raw materials and consumables	10,124,794	9,005,641	7,891,271
B.2.	Services	1,659,498	1,231,776	1,026,905
x	Value added	2,155,072	1,990,327	1,607,170
C.	Staff costs	1,403,853	1,277,773	1,036,806
C.1.	Wages and salaries	1,011,765	917,330	742,787
C.2.	Emoluments of board members	6,600	6,600	6,600
C.3.	Social security costs	352,539	320,282	259,147
C.4.	Other social costs	32,949	33,561	28,272
D.	Taxes and charges	13,286	27,489	21,351
E.	Depreciation of long-term assets	162,874	211,175	184,243
III.	Sale of long-term assets and raw materials	365,970	96,276	161,250
III.1.	Sale of long-term assets	279,665	33,526	119,893
III.2.	Sale of raw materials	86,305	62,750	41,357
F.	Net book amount of long-term assets and raw materials sold	331,398	82,597	96,695
F.1.	Net book amount of long-term assets sold	256,176	28,855	57,826
F.2.	Net book amount of raw materials sold	75,222	53,742	38,869
G.	Increase / (decrease) in operating provisions and complex prepaid expenses prepaid expenses	87,006	78,113	11,203
IV.	Other operating income	206,388	104,580	32,405
H.	Other operating charges	228,920	108,259	129,375
*	Operating result	500,093	405,777	321,152
VI.	Income from sales of securities and shares	123,102	119,366	77
J.	Securities and shares sold	124,717	118,102	71

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Income statement – continue

Ref.	Description	2003	2002	2001
		Accounting period		
VII.	Income from long-term investments	1,700	–	–
VII.1.	Income from investments in controlled entities / subsidiaries and associates	1,700	–	–
VIII.	Income from short-term investments	1,603	–	–
M.	Increase / (decrease) in financial provisions	–	5,000	20,166
X.	Interest income	12,555	11,359	12,087
N.	Interest expense	13	1,074	143
XI.	Other financial income	14,986	37,812	14,782
O.	Other financial expense	36,375	57,619	25,510
*	Financial results	-7,159	-13,258	-18,944
Q.	Tax on profit or loss on ordinary activities	110,996	113,714	99,249
Q.1.	- current	202,006	112,950	99,673
Q.2.	- deferred	-91,010	764	-424
**	Profit or loss on ordinary activities after taxation	381,938	278,805	202,959
XIII.	Extraordinary income	–	32,640	–
R.	Extraordinary charges	–	21,075	–
*	Profit (loss) on extraordinary items after taxation	–	11,565	–
***	Net profit (loss) for the financial period	381,938	290,370	202,959



Auditor's Report



PricewaterhouseCoopers Audit, s.r.o.
Kateřinská 40/466
120 00 Prague 2
Czech Republic
Telephone +420 251 151 111
Facsimile + 420 251 156 111

AUDITORS' REPORT FOR SPECIAL PURPOSES TO THE SHAREHOLDERS OF METROSTAV A.S.

In accordance with the request of Metrostav a.s. ("the Company") our responsibility was to review the consistency of the consolidated balance sheet and consolidated income statement ("the consolidated schedules") for the year 2003 of the Metrostav a.s. group presented on pages 52–53 in the Yearly Report 2003 of the Company with the audited consolidated financial statements. The consolidated schedules and underlying accounting records are the responsibility of the Company's Board of Directors.

We have audited the consolidated balance sheet of Metrostav a.s. as at 31 December 2003, the related consolidated income statement, statement of changes in shareholders' equity, and cash flow statement ("the consolidated financial statements") prepared in accordance with International Financial Reporting Standards, from which the consolidated schedules in the Yearly Report 2003 were derived. An unqualified opinion to those consolidated financial statements was issued on 6 April 2004.

In our opinion, the consolidated schedules are consistent in all material respects with the audited consolidated financial statements for the year 2003 from which they were derived.

For a better understanding of the financial position and situation of the Metrostav a.s. group it is necessary to consider the consolidated schedules together with the full consolidated financial statements of the Metrostav a.s. group for the year 2003 prepared in accordance with International Financial Reporting Standards.

19 April 2004

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

● Consolidated Financial Statements for 2003
 ● in accordance with IFRS

Consolidated income statement

(in CZK thousands)

	Year ended 31 December	
	2003	2002
Sales	13,841,213	12,113,124
Other operating income	282,104	177,788
Total operating income	14,123,317	12,290,912
Change in inventory of finished goods and work in progress	-279,940	-122,690
Raw materials and consumables	11,784,332	10,320,751
Staff costs	1,421,215	1,294,568
Depreciation and amortisation	206,418	211,987
Other operating expenses	240,706	256,151
Total operating expenses	13,372,731	11,960,767
Profit from operations	750,586	330,145
Finance income	29,883	45,364
Finance costs	52,929	71,252
Share of results of associates and joint ventures	-20,928	55,439
Profit before tax	706,612	359,696
Income tax expense	221,950	104,035
Net profit	484,662	255,661
Earnings per share (CZK)	61.30	32.33

Consolidated balance sheet

(in CZK thousands)

ASSETS	31 December 2003	31 December 2002
Current assets		
Cash and cash equivalents	1,873,732	641,128
Receivables and other current assets	2,286,199	2,293,298
Inventories	554,032	211,310
Work in progress	126,011	207,053
Amounts due from customers	369,349	249,523
Total current assets	5,209,323	3,602,312
Non-current assets		
Intangible assets	14,896	30,968
Property, plant and equipment	1,104,077	1,045,553
Investment in property	290,626	308,640
Investments in associates and joint ventures	510,100	579,802
Goodwill	-4,281	-6,422
Available-for-sale financial assets	273,688	219,223
Receivables	252,160	221,731
Total non-current assets	2,441,266	2,399,495
Total assets	7,650,589	6,001,807
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	3,222,275	2,875,348
Current tax liabilities	99,089	26,485
Borrowings	98,267	96,567
Amounts due to customers	622,282	368,389
Provisions	229,024	232,063
Total current liabilities	4,270,937	3,598,852
Non-current liabilities		
Borrowings	136,061	0
Other liabilities	997,960	560,709
Deferred tax liabilities	17,220	1,089
Total non-current liabilities	1,151,241	561,798
Shareholders' equity		
Share capital	790,667	790,667
Statutory reserve fund	119,006	103,577
Currency translation differences and other funds	-1,611	21,506
Retained earnings	835,687	669,746
Net profit	484,662	255,661
Total shareholders' equity	2,228,411	1,841,157
Total equity and liabilities	7,650,589	6,001,807



Identification and Contact Information

Name of Company : Metrostav a.s.
Registered office: Koželužská 2246, Praha 8,
Legal form: joint-stock company
Postal Code: 180 00
ID No.: 00014915
Tax ID No.: 008-00014915
Entered in the Commercial Register: at the Municipal Court in Prague, Part B, File 758 on 23 May 1991
Founded: on 31 December 1990 for unlimited period of time under the Czech Republic's law, Act No. 104/1990 Coll. on joint-stock companies.

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
E-mail: Management belohlav@metrostav.cz
Sales cuc@metrostav.cz
Internet: www.metrostav.cz

Division:

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 830/25, 198 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 641, 186 02 Prague 8 – Karlín, tel.: +420-222 245 439, fax +420-222 324 266
Division 8	Prosecká 24, 180 00 Prague 8, tel.: +420-286 002 221, 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.: +420-281 011 711, fax: +420-281 011 755

Property Development Division	Seydlerova 2451, 158 00 Prague 5, tel.: +420-235 521 212, fax: +420-235 520 807
Organizational unit Bratislava	Košická 52/821 08, Bratislava, Slovak Republic, tel.: 00421/2/50 23 03 29, fax: 00421/2/55 96 88 14

Companies in which Metrostav has a capital interest

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.: 00421/2/50 23 02 47, fax: 00421/2/55 96 87 35
SQZ, s.r.o.	Rohanský ostrov 1, 186 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.: +420-235 521 212, 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.: +420-222 325 716, fax: +420-222 241 395
Společnost Západního města, akciová společnost	Lýskova 1593, 155 00 Prague 5 tel.: +420-235 515 339, fax: +420-251 625 211
EKOTUNEL Praha, s.r.o.	Dělnická 12, 170 04 Prague 7 – Holešovice Contact address: Koželužská 2264 – Prague 8 tel.: +420-266 709 385, fax: +420-266 709 325
Metrostav Rezident a.s.	Seydlerova 2451, 150 00 Prague 5, tel.: +420-235 521 212, fax: +420-235 520 807
Metrostav-Navatyp a.s.	Seydlerova 2451, 150 00 Prague 5, tel.: +420-235 521 212, fax: +420-235 520 807
Metrostav Alfa s.r.o.	Seydlerova 2451, 150 00 Prague 5, tel.: +420-235 521 212, fax: +420-235 520 807
Metrostav Beta s.r.o.	Seydlerova 2451, 150 00 Prague 5, tel.: +420-235 521 212, fax: +420-235 520 807
Metrostav Delta s.r.o.	Seydlerova 2451, 150 00 Prague 5, tel.: +420-235 521 212, fax: +420-235 520 807
Metrostav Epsilon s.r.o.	Seydlerova 2451, 150 00 Prague 5, tel.: +420-235 521 212, fax: +420-235 520 807
Metrostav Kappa s.r.o.	Seydlerova 2451, 150 00 Prague 5, tel.: +420-235 521 212, fax: +420-235 520 807
Metrostav Krutec s.r.o.	Seydlerova 2451, 150 00 Prague 5, tel.: +420-235 521 212, fax: +420-235 520 807
CCE Praha, spol. s r.o.	Na Truhlářce 42, 180 00 Prague 8, tel.: +420-284 680 471
Doprastav, a.s.	Drieňová 27, Bratislava, 826 56, Slovak Republic tel.: 00421/2/48 27 11 00 11, fax: 00421/2/43 33 70 63
Subterra a.s.	Bezová 1658, 147 14 Prague 4, tel.: +420-244 061 111, fax: +420-244 466 179

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