



VYSOČANSKÁ



Annual Report 2007



Dopravní podnik
hlavního města Prahy



Company Profile

Company Name: Dopravní podnik hl. m. Prahy, akciová společnost (Prague Public Transport Company)

Registered office: Sokolovská 217/42, 190 22 Prague 9

Company Registration Number (IČ): 00005886

Tax ID No. (DIČ): CZ00005886

Date of founding: 1 September 1897

Current legal form: Joint stock company

Founder: City of Prague

Entities with ownership interest: City of Prague – 100%

Commercial register: Dopravní podnik hl. m. Prahy, akciová společnost, entered in the Commercial Register held at the Municipal Court in Prague on 11.7.1991, Reg. No. B 847 (Section B, Insert 847)

Registered capital: CZK 30 726 125 000

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Introduction by the Chairman of the Board of Directors

Dear Readers,

You are holding the 2007 Annual Report of the Prague Public Transport Company. Many important changes in the company occurred over the past year and I will attempt to summarize these below. On 1 April, Martin Dvořák was named general director and, upon assuming the position, received a clear and challenging assignment from the company's sole shareholder, the City of Prague. This change in leadership was, and is, intended to ensure that our company becomes a highly effective organisation that handles allocated and generated funds with the greatest possible efficiency. The City of Prague would like the Prague Public Transport Company to find internal reserves and coordinate its activities to enable the quality of Prague transport to rise instead of decline. This challenge naturally also brought about

organisational and system changes.

The first significant step from the perspective of company operation was a dramatic reduction in work positions that a personnel audit had shown to be superfluous. A total of 700 work positions were eliminated, producing total savings of approximately CZK 350 million, the impact of which will become more apparent in 2008.

The Prague Public Transport Company proposed, and implemented, a new tariff that went into effect on 1 January 2008. This change was made on the basis of a study that indicated that the cost of operating public transport in Prague is one of the least expensive in Europe, despite a high transport service standard. Among other reasons, the Prague Public Transport Company took this step to cover higher operating expenses caused by a steady rise in the prices of inputs such as electricity, fuel, water and other materials which the company requires for operational purposes. Company management also signed a two-year collective agreement with trade unions.

Additional progress in expanding the transport network in Prague was also made. Finishing work on the IV. C2 metro segment in 2007 facilitated the opening of three new metro stations – Střížkov, Prosek and Letňany – on 8 May 2008, the day before the 34th anniversary of the Prague metro.

Headway was made on several tram track repair projects aimed at improving the speed and safety of tram transport. The most prominent of these projects were repairs to and reconstruction of Palacké Square and the remarkably fast repairs to the tram line crossing on Karlovo Square.

New bus priority measures included permitting buses to use the tram zone along the river embankment near the "Dancing House". In my opinion, another important step was the decision to announce a large tender for the supply of 620 new buses, which should boost Prague transport and significantly modernise the slowly aging Prague Public Transport Company bus fleet in the coming years.

Other development decisions reached in 2007 included the extension of metro line A to Ruzyň Airport, which should further raise the quality bar for transport services in this part of Prague.

I am confident that 2007 was a promising start to the transformation of the Prague Public Transport Company into a new organisation that will continue to satisfy all passengers that use Prague public transport.

Radovan Šteiner
Chairman of the Board of Directors



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Introduction by the General Director

Dear Colleagues and Passengers,

I am honoured to have the opportunity to submit my first report as general director for the year 2007. When I assumed the post of general director of the Prague Public Transport Company on 1 April, I was aware that I was taking over a realm that had been traditionally

measures implemented together with management in 2007, and outline our plans for the future. From the perspective of the economic and business stability of our company, steps were taken to prepare us for a greater degree of self-sufficiency, i.e. a reduction in our reliance on subsidies from the city. This mainly concerns two phases of workforce reductions implemented between October and the end of the year. Nearly 700 work positions were eliminated by means of these measures. We also conducted an extensive audit of contracts and legal conditions for the purpose of uncovering unfavourable

line to Ružyně Airport and last, but not least, a project for an entirely new metro D line connecting the southern part of Prague with the centre of the city has been introduced.

We have also taken considerable steps in the area of communication with the public by means of an active marketing strategy that has also produced a completely new product – the SMS ticket. Though the project is not quite half a year old, it has already yielded successes: we now know that 60% of SMS ticket users were more than likely former passengers that rode without tickets.

In conclusion, I would like to state that we've also taken important steps to continually improve communication with our employees, not only during negotiations on the collective agreement, but above all on everyday matters. I view 2007 as our beginning of work on tasks that will raise the Prague Public Transport Company to the level of developing companies which are not indifferent to the way they do business. While it is nice to hear from foreign visitors to Prague about how well our public transport works, I would be pleased to know that Prague residents are also proud of their city's first-class system.

Martin Dvořák
General Director

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MŮSTEK



held by transport professionals and experts who were justifiably proud of the transport system that had served Prague for over one hundred years. The year 2007 in fact marked the 110th anniversary of the founding of our direct predecessor, Prague Electrical Utilities.

The tasks entrusted to me by the city are entirely standard for commercial firms; they are also essential for the efficient business operations of economic subjects. The same holds true for enterprises that serve the public, and in fact I believe it is even more critical for this type of organisation. My activities as general director involve, and will involve in the future, changes that are sometimes of a sweeping nature; these are intended to bring an effective and balanced structure to the Prague Public Transport Company to help it become a cost-efficient business capable of finding internal reserves for financing its own operations.

I would like to familiarise you with the most important

contracts and to lead the company toward establishing rules for concluding contracts over which we have total control, including clear sanctions for the violation of contractual conditions and, last but not least, to ensure the economic profitability of these contracts. A critical step for the future operation of the company was the implementation of a fare increase that would enable us to cover increases of hundreds of millions of crowns in the costs of energy, water, heat and other necessary materials. The growth of transport capacity brought additional cost increases. By not raising fares, we would have continued the trend of increased reliance on city funds – exactly the opposite direction in which we are trying to move.

In the area of development, we have commenced the renewal of our fleet and the expansion of metro and tram networks. In addition to finishing work on the IV. C2 metro segment, we also have a project to extend the Radlická tram line; we have started a project to extend the metro A



Organisational structure as at

31 December 2007

Board of Directors Supervisory Board

GD Division

GD Office Department
Legal Department
Internal Audit & Control Department
Quality & Optimisation Department
Strategy & Investment Department
Marketing & Communication Department
Transformation Project Department

Transport Division

Metro Operation Unit
Tram Operation Unit
Bus Operation Unit
Operation Preparation Department
Operational Information Department
Ticket Inspection Department
Operations Management and Control Department
Timetable Department

Technical Division

Metro Rolling Stock Management Unit
Tram Rolling Stock Management Unit
Bus Fleet Management Unit
Metro Transport Route Unit
Tram Transport Route Unit
Power System Department
Technical Supervision Department

Service Division

IT Unit
In-house Transport Unit
Supply Unit
Immovable Property Management Unit
Historical Vehicle Unit
Archiving Department
Building Project Management Department

Economic Division

Controlling & Business Management Department
Ticket and Revenue Department
Accounting, Taxes & Financing Department
Engineering Investment Department

Personnel Division

Strategy and Human Resources Management Department
Staff Department
Collective Agreement & Social Care Department
Employee Education and Training Department

Security Division

Crisis Management & Planning Department
Control Department
Fire Brigade





Personnel data

Board of Directors:

Radovan Šteiner – Chairman
Martin Dvořák – Vice-chairman **
David Vodrážka – member *
Petr Hána – member
Jan Heroudek – member *
Tomáš Jílek – member
Miroslav Sklenář – member *
Antonín Weinert – member *
Hana Žižková – member ***

* member since 14 March 2007

** member since 14 March 2007, Vice-chairman since 26 March 2007

*** from 14 March to 27 June 2007

– Petr Hulinský, Vladimír Řihák, Václav Pomazal and Karel Matouš were members until 12 March 2007; Petr Blažek was a member until 13 March 2007

Supervisory Board:

Rudolf Blažek – Chairman **
Jiří Čada – Vice-chairman
Karel Březina – member *
František Kadlec – member
Ivan Bednář – member *
Petr Moos – member
Jiří Obitko – member
Tomáš Homola – member *
Petr Zajíček – member

* member since 14 March 2007

** Chairman of Supervisory Board since 28 March 2007
– Martin Hejl and Jiří Kaňák were members until 12 March 2007; Jan Štrof was a member until 13 March 2007

Management:

Martin Dvořák – General Director *
Petr Blažek – Transport Director
Jiří Bezdiček – Technical Director
Ivo Štika – Economic Director **
Jaroslav Ďuriš – Personnel Director
Antonín Fedorko – Security Director
Tomáš Petana – Service Director ***
Tomáš Jílek – Strategy & Investment Director ****
Radek Novotný – Transformation Director *****

* holding position since 1 April 2007; Tomáš Jílek served as General Director until 31 March 2007

** holding position since 1 August 2007;

Václav Pomazal served as Economic Director until 31 July 2007

*** holding position since 1 May 2007; Petr Smolka served as Service Director until 30 April 2007

**** holding position since 1 April 2007; position eliminated as of 30 November 2007

***** holding position since 1 April 2007

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**Company management:**

From left: Ivo Štika, Radek Zamrazil, Petr Blažek, Antonín Fedorko, Martin Dvořák, Radek Novotný, Tomáš Petana, Jaroslav Ďuriš (spring 2008)



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Important events

3 March 2007

Guaranteed operation of four low-floor trams was launched on the No. 3 and No. 24 tram lines.

12 March 2007

The Prague Municipal Assembly named new members to the Board of Directors and Supervisory Board.

25 October – 11 November 2007

The track junction on Karlovo Square is closed over three weekend phases.

5 November 2007

The Muzeum information centre is reopened following reconstruction work.

22 November 2007

SMS ticket sales, allowing passengers to purchase tickets on their mobile telephones, are launched.

MŮSTEK



26 March 2007

The Board of Directors named Martin Dvořák the new General Director as of 1 April 2007.

18 July 2007

A new four-way track junction is laid during the reconstruction of the Palacké Square crossroad.

1 September 2007

The company celebrates the 110th anniversary of its founding on 1 September 1897 as the Electrical Utilities of the King's City of Prague.

14 September 2007

The company celebrates the 30th anniversary of the chairlift at Prague Zoo.

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Transformation project

The Company began a process of transformation in 2004 and, because 2007 was so successful, large-scale changes could continue.

With new management taking over in April 2007, we commenced a new phase in the transformation process, designated as Transformation II – Optimisation.

The goal of this phase was to provide the conditions for long-term prosperous development of the Prague Public Transport Company.

In 2007, we established new Transformation II – Optimisation goals:

– Optimisation

Operational costs had to be reduced; savings potential was estimated at over CZK 1bn for the current year.

After addressing administrative savings, we intend to focus on savings generated by outsourcing projects.

– The creation of a new Prague Public Transport Company strategy

We prepared a basic document that harmonises and coordinates the procedures of all Prague Public Transport Company units for achieving joint goals.

– The improvement of internal operation and managerial work at the Prague Transport Company

In June 2007, we launched a pilot project to monitor performance with the goal of facilitating the management of the company using the most critical financial and non-financial indicators.

In order to carry out Transformation II – Optimisation goals, we created a project structure of work teams made up of employees from all company departments.

During the course of 2007, work teams identified and prepared dozens of optimisation projects; following implementation, these projects produced the anticipated savings.

The involvement of company employees in the process of searching for savings and internal improvements brought very positive results due to the high motivation of transformation team members.

In 2007, we managed:

– to reduce personnel costs thanks to a personnel and process audit

We eliminated nearly 700 work positions in support and administrative operations. These cuts did not involve drivers and key operational personnel; in fact, the number of public transport drivers increased last year.

– to outsource support operations

We successfully identified more than ten areas suitable for review and detailed analysis. In 2008, we will submit our findings to top company management for approval and subsequent implementation.

– Purchasing – administrative savings

Company management adopted measures in the area of centralised purchasing and our additional activities will focus on improving purchasing processes.

– Higher leasing revenue

– Increased productivity and improved utilisation of capacity





Investments

Last year, we invested a total of	CZK 10 315m,
of which:	
Prague Transport Company funds	CZK 2 887m
Subsidies from state budget	CZK 351m
Subsidies from EU Structural Funds	CZK 63m
Subsidies from Prague City budget	CZK 7 138m
Total	CZK 10 439m

A large part of funds was used for renewal and modernisation of rolling stock and the bus fleet:

- CZK 377m was used to purchase new M1 metro cars;
- CZK 859m was used to purchase new tram cars;
- CZK 10m was used to purchase 2 Le City buses to transport disabled individuals;
- CZK 1 715m was used for the reconstruction of metro cars;
- CZK 528m was used for the reconstruction of trams and buses.



Of which subsidies used to pay invoices from previous years CZK 124m

The state subsidy to the amount of CZK 351m was earmarked for:

- construction of the second part of the IV. metro C segment (Ládví – Letňany) – CZK 275m
- the purchase of 1 tram – CZK 14m
- projects co-financed using EU Structural Funds – CZK 63m, of which CZK 54m was used for the payment of invoices from 2006.

The amount of CZK 7 138m constituted a subsidy from the Prague City budget:

- CZK 15m was used to pay invoices from 2006 for the SPD2 project.

A subsidy to the amount of CZK 93m was received from EU Structural Funds for the SPD2 project.

A payment of CZK 285m was made on a loan used to purchase 20 new M1 metro cars up to 2004. A substantial portion of financial resources (a total of CZK 503m) was invested in tram track reconstruction.

The most significant investment projects of 2007 included continuing the construction of the second part of the IV metro C segment (Ládví – Letňany). Construction of a new tram line to Radlice, including a turnabout, was also commenced. Reconstruction work was conducted on the Na Moráni – Palackého náměstí – Lidická tram line, which was put back into operation on 24 October 2007; after undergoing reconstruction, the Na Slupi – Svobodova tram line was put back into operation on 17 July 2007 and the Štefánikův Bridge – Letenský Tunnel tram line was reopened, after reconstruction, on 22 August 2007.





Service quality

We are aware that business success in a competitive environment depends on a well-functioning, and continually improving, system of quality.

The quality system has become an integral component of company management and a tool for maintaining and improving market position, particularly by focusing our company on its customers and facilitating reciprocal communication.

Legitimate customer demands hold the highest priority in our quality management system and we monitor and meet them in accordance with the ČSN EN ISO 9001 standard (hereinafter ISO 9001).

We have created a system that enables the monitoring of demands from interested parties, as well as legal and technical standard requirements. The main tool for managing the quality of provided services is the Service Quality Programme, which is based on recommendations from the ČSN EN 13816 standard (hereinafter EN 13816).

As part of this Programme, strategic goals of the Prague Public Transport Company represented by individual quality standards are chosen.

The Service Quality Programme guarantees regular measuring of the following quality standards:

- operational punctuality
- public service information
- passenger perception
- uniforms – employee appearance
- functionality of ticket-vending machines
- functionality of barrier-free facilities

Two new standards were added to the Quality Programme as of 1 January 2007:

- graphic timetable fulfilment in metro
- transport accessibility in metro stations

There was a focus last year on expanding the Functionality of Barrier-free Facilities standard. In order to obtain a more accurate appraisal, the standard was divided into two components: accessibility (technical functionality) and comfort (cleanliness and appearance). Barrier-free facilities are a critical prerequisite for enabling the use of public transport by low-mobility passengers and passengers with prams. We have devoted attention to providing passengers with increased information about the operation and potential malfunction of barrier-free facilities in the

metro through postings on the Prague Public Transport Company website.

We began trial measurement and evaluation of the prepared “vehicle cleanliness and appearance” quality standard, which we officially incorporated into the Service Quality Programme as of 1 January 2008.

We have also focused on the relationship between operational personnel and passengers (the “Public Perception” standard). In 2008, we will work on improving the passenger perception of bus and tram drivers in our Slušný řidič (Courteous Driver) project.

The results of measurements in the Service Quality Programme confirm that the quality of services rendered continues to grow and enjoys long-term stabilisation above the established level of demand. The results of comprehensive customer satisfaction surveys conducted in the second half of 2007 also testify to the high level of services provided by the Prague Public Transport Company. These results have become an important benchmark for updating our future development goals in the area of quality.

As part of the periodic external audits according to ISO 9001, the Metro Operation Unit has also monitored the quality of management of provided services by means of customer questionnaires.



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Service quality

In November 2007, the Prague Public Transport Company became the first transport company in the Czech Republic to obtain a certificate verifying the fulfilment of the EN 13816 standard (for all three metro lines).

In November and December 2007, an external certification authority inspected the Central Bus

implemented but not yet certified. The new metro C segment (Ládví – Letňany) has already been designed to fulfil certification conditions according to existing criteria.

On the basis of an assessment of priorities and possibilities, we plan to continue to expand the individual quality management systems and build a new system for the main processes (Tram and Bus Operation Units) as well as selected service and staff activities.



Workshop, the Tram Repair Workshop and the Technical Inspection Station.

The Prague Public Transport Company's Supply Unit also holds ISO 9001 certification.

The unit also successfully defended the certificate for its quality management system.

As part of organisational and personnel changes, Ladislav Špitzer, head of the Quality & Optimisation Department, became the management spokesman for quality and optimisation on 1 July 2007.

The Quality Department was created in the Transport Division on 1 December 2007 for the development of the quality systems, particularly in the Metro, Tram and Bus Operation Units.

In the near future, we are planning the certification of metro line B, where the ISO 9001 system is

Another goal for operational departments is to connect the quality management of processes and the quality management of services provided in order to maximise the synergy effect. In agreement with strategic goals, passenger expectations and with the demands of service customers, we plan to expand and improve the Service Quality Programme in the coming period.

We intend to continue providing quality products this year too and reduce negative impacts on the environment. Effective tools for achieving this goal include implementation of the ČSN EN ISO 14001 (environmental) and OHSAS 18001 (occupational health and safety) standards and others.





EU Structural Funds

In 2007, we strove to procure the greatest amount of resources for financing projects from our investment plan by taking advantage of the possibility to submit an application for support from EU Structural Funds. We had the opportunity to obtain support in Prague by means of the Single Programming Document for Objective 2 (SPD 2) within the framework of the planning period up to 2006. This document applied to projects in the selected parts of the city (Prague 1, 8, 9, 12, 14, 15 and several adjacent towns). Financial support was provided on the basis of an agreement concluded with the Ministry for Regional Development following the completion of the project or its parts.

In Measure 1.1, this amounted to:

- up to 50% from Structural Funds
- 33.1% from the state budget
- 16.9% from the Prague City Hall budget

The Prague Public Transport Company submitted an application for support from SPD 2 for a total of 5

investment projects as part of Priority 1 (revitalisation and development of the urban environment) under Measure 1.1 (transport systems supporting the transformation of the urban environment).

This involved the following projects:

- lifts at the Florenc B stations – barrier-free access (acknowledged costs of CZK 59.6m);
- reconstruction of the Sokolovská tram track (CZK 114.2m);
- modernisation of the Klárov substation – Štefánikův Bridge cable network (CZK 99.7m);
- Petřín funicular – repairs to retaining wall (CZK 52.6m);
- implementation of a priority bus and tram system at selected traffic signals (CZK 54.5m).

As at the end of 2007, we had obtained over CZK 350m from the SPD 2 programme.

In 2007, preparations were commenced to draw on support from two programmes in the 2007-2013 European fund planning period:

1) Operation Programme Prague – Competitiveness, which is a continuation of the SPD 2 programme. In particular, an application for the construction and

reconstruction of tram tracks under Priority Axis 1, Support Area 1.1 is planned.

Approximately CZK 2.5bn is available and, according to the rules, we can obtain up to 90% of the acknowledged costs for each submitted project.

2) Operation Programme Transport.

Under this programme, we plan to draw on funds to extend metro line A from the Dejvická station. We can obtain up to EUR 290 million from EU funds – at an exchange rate of 27 CZK/1 EUR.



Transport

Transport system

Metro

Three metro lines were in operation in 2007: A, B and C. These three lines have a total of 54 stations and an overall length of 54.9 km. Construction of a new C line

of Na Moráni Street and Palacký Bridge, as well as the three-weekend closure of Karlovo Square. However, thanks to new work organisation, there was only minor disruption to service on work days.

Buses

Minor changes were made in bus lines during the year.

By year's end, we operated bus transport in an 820.15 km network within the Prague Integrated Transport

Services for visually impaired and physically disabled individuals

Metro

At year's end, 32 of the 54 metro stations were barrier-free, equipped with passenger lifts, escalators or direct barrier – free entrances.

Metro line A has 5 barrier-free stations:

Dejvická, Muzeum, Strašnická, Skalka, and Depo Hostivař.

Metro line B has 13 barrier-free stations:

Zličín, Stodůlky, Luka, Lužiny, Hůrka, Nové Butovice, Smíchovské nádraží, Florenc, Vysočanská, Kolbenova, Hloubětín, Rajská zahrada, and Černý Most.

Metro line C has 11 barrier-free stations:

Ládví, Kobylisy, Nádraží Holešovice, Vltavská, Florenc, Hlavní nádraží, Muzeum, Vyšehrad, Pankrác, Budějovická, and Chodov.

Three additional stations on metro line C enable barrier – free access with a trained escort and using freight lifts: Háje, Opatov, and Roztyly.

Lifts are being prepared for the Můstek station on metro lines A and B.

segment continued last year, from the Ládví station through Střížkov and Prosek to Letňany.

Trams

Prague's network of tram lines did not undergo any significant permanent changes in 2007. Beginning on 8 January 2007, additional coupled cars were added to the No. 25 tram line on work days. As of 30 June 2007, the No. 15 tram line from Vypich to Palmovka, and the No. 24 line from Radošovická to Kobylisy were shortened. Transport on tram tracks with an overall length of 140.85 km was provided by 26 day and 9 night lines. These lines have a combined length of 559.3 km. Nostalgic Line No. 91 ran on Saturdays, Sundays and public holidays during the tourist season, namely from 3 April to 18 November. Tram operations last year were impacted slightly by reconstruction work on the Palacký Square crossroads and the adjacent street segments

system, comprised of 143 day city lines, 19 periphery lines, 14 school lines, 13 night city lines and 2 lines for low-mobility individuals. The total length of all 191 lines is 2 101.82 km.

Transport capacity

Last year, the total transport capacity of city and periphery lines incorporated into Prague Integrated Transport and operated by the Prague Public Transport Company, including special line transport for visually impaired and physically disabled individuals, amounted to 157 826 000 vehicle-kilometres (v-km).

The transport capacity volume represents 19 414 422 000 place-kilometres (p-km).

While transport capacity in v-km decreased by 0.22% in comparison with 2006, the volume of p-km grew by 0.04%. This difference was the result of a greater number of coupled tram cars.



Transport

Trams

In 2007, low-floor trams were put into operation on selected routes of nine lines. Barrier-free routes are designated with an icon on tram stop timetables. These barrier-free vehicles are operated on the following lines:

- T3R.PLF one car each on lines No. 2 and 15
- KT8D5N2 two cars each on lines No. 1, 3, 8, 19 and 24
- 14T two cars each on lines No. 10 and 26

Last year, we guaranteed the dispatch of 16 low-floor trams.

We will continue to increase the number of routes with 14T vehicles according to delivery by Škoda Transportation, s. r. o. The number of reconstructed KT8D5N2 cars is also due to increase.

Buses

Low-floor buses were introduced last year for guaranteed routes on 95 city day lines. Transport on these routes is provided by 240 standard low-floor and 32 articulated low-floor buses. Special line transport is also provided for physically disabled and visually impaired individuals. Two bus lines provide transport service primarily to barrier-free facilities at the Černý Most, Jižní Město II, Jihozápadní Město and Řepy housing estates, the Jedlička Institute and to various healthcare facilities.

These two special lines are:

- 103001 Bryksova – Florenc – Chodov
- 103003 U Spoju – Sídliště Ďáblice – Florenc – Sídliště Řepy – Zličín

Four modified Karosa buses with hydraulic platforms run on these lines. We are currently renewing the bus fleet by purchasing Crossway buses; two low-floor buses were bought last year.

Traffic priority for Prague public transport

Cooperation continued with the City of Prague, the Traffic Unit of the Czech Police, the authorised

engineer, Inženýring dopravních staveb Praha, a. s., and other organisations, on the Prague Public Transport Traffic Priority Project.

On tram tracks, we focused on installing dividing curbs between the rails and roadway and on modifying traffic signals to give priority to trams.

The separating curbs were installed according to plans contained in the Prague Public Transport Traffic Priority Project and in compliance with the coordination of investment and reconstruction projects. A total length of 425 m of separating curbs was installed along tram tracks, bringing the overall length of separating curbs up to 9 427 m by year's end.

Traffic signals at five crossroads were fitted for tram priority last year. The number of crossroads with tram priority reached a total of 109 by the end of the year, 51 with absolute priority and 58 with conditional priority.

Efforts in bus operations were focused on the active priority of buses at crossroads with traffic signals. New projects such as creating a bus operation hierarchy and the preparation of "metro buses" are creating fundamental measures for marking reserved traffic lanes and travel over tram tracks, including priority at crossroads.

Transport

A total of 1 050 m of traffic lanes reserved for Prague public transport buses was marked in 2007, 600 m of which runs along tram tracks on Na Moráni Street and Rašínovo Embankment.

Based on radio communication between the vehicle and the traffic signal controller, our system of active

In 2007, we began to use the GPS navigation system for active priority with buses and trams in place of the existing infrared beacons. Trial operation was conducted on buses from November 2007 to the end of April 2008 at the Čimická – K Pazderkám crossroad in Prague 8. Trial GPS operation on trams will take place between March and April 2008 at 5 crossroads in Poděbradská Street in Prague 9.

priority gives the right of way to buses at crossroads. The technology is composed of stationary and mobile parts. Infrared beacons located in front of crossroads are used for vehicle localisation. These beacons are linked with the timetables of individual lines. This arrangement allows the time position of vehicles to be compared with the timetable; if deviations are determined, a corresponding degree of priority is requested. Priority is thus granted to vehicles that need it and this is done so according to pre-established conditions.

The progressive priority system was installed on 34 traffic signals in 2007. Numerous buses were also fitted with the requisite components. By the end of 2007, a total of 54 crossroads in the bus network had been equipped for priority and the number of vehicles with the necessary technology had increased to 496.

New software for timetables and related work

Changes in the area of software applications continued during the past year. The most extensive modifications in the ASW TIMETABLES were brought about by a change in the organisation of tram operation intervals. As part of the ASW TRANSPORT AND TRAFFIC SURVEY project, the collection of entrance and exit data from metro station vestibules was implemented and tested.

Ticket inspection

Efforts were made in 2007 to increase the efficiency of ticket inspection. The entire year was marked by uncommonly high trade union activity. On the basis of comments from the unions, changes were made in April in the work schedule that had been in use

for a long time for ticket inspectors, including mandatory night inspection. In order to maintain the planned number of 150 ticket inspectors, we had to organise 3 hiring selection procedures during the year, including courses that ended with a final exam. Due to the increased demands on the position of ticket inspectors, it was often extremely difficult to satisfy the specific qualification requirements on applicants for this profession.

Our ticket inspectors completed English and German courses last year. They also attended the Communication Development Programme designed to strengthen natural authority and the representative role of the ticket inspector. The goal was to improve the communication skills of inspectors.

We cultivated cooperation between our ticket inspection employees and Prague City Police in order to improve security and prevent crime in the Prague Integrated Transport system.

On 16 January 2007, this cooperation led to regular night inspections in trams. Thanks to organised night ticket inspections accompanied by city police officers, the number of aggressive passengers has declined and the transport discipline of passengers has improved.

Transport

Joint night inspections in trams and regular inspections in the metro and on selected surface lines are proof of growing cooperation.

Up to 30 September 2007, we worked with the law firm of Brož & Sokol & Novák in collecting unpaid fines. This relationship, formed on the basis of a Mandate Agreement signed on 1 October 1997, was officially terminated at the end of September. After announcing and subsequently cancelling a tender to find a firm to collect unpaid fines, company management decided to sell off these types of receivables.

Sanctioned by the Czech Association of Transport Companies, the unofficial Czech ticket inspector championships were held on 20-22 September 2007 in Bedřichov u Jablonce nad Nisou. Seventeen of the top inspectors from five Czech transport companies competed. The demanding competition received a great deal of media attention and the top prizes in both

the team and individual categories were won by Prague inspectors.

Results from the Ticket Inspection Department:

Number of fines handed out 228 914
– 11.56 % decrease compared to 2006

Fine revenue CZK 101 235 806
– 6.5% decrease compared to 2006

Transport surveys

Not even the Prague Public Transport Company can do business without detailed information concerning the number of passengers and their needs. For this reason, we devote great attention each year to ticket and transport surveys. The results serve to make changes in Prague public transport to ensure that the service we provide corresponds as much as possible to the needs of passengers. In 2007, we conducted a great number of larger and smaller surveys.

In April and October 2007, we conducted territorial surveys on a total of 96 bus lines in the southwest and northwest parts of Prague. On the basis of the results, intervals were changed on several lines. Last year, a wide range of surveys of an operative nature was also conducted:

- the capacity of back-up bus transport was tested;
- regular Prague public transport lines were monitored at selected stops;
- regular profiled transport surveys were conducted in the metro network;
- bus priority was tested at selected crossroads, etc.

The occupancy rate of trams was tested in June with the goal of determining and practically verifying the number of passengers and the occupancy rate of individual types of low-floor trams.

Accident rates

The transport accident rate increased by 0.4% in 2007; there was an increase of 10 accidents over the previous year (2 735/2 725).

The number of accidents in the metro was the same as in 2006 (21); there was an increase of 19 tram accidents (1 457/1 438) and a reduction in the number of bus accidents by 9 (1 257/1 266).

The number of accidents caused by Prague Public Transport Company employees rose by 0.7% over the previous year.



Transport

There was an increase of 6 accidents (841/835), 3 of which took place in the metro (14/11) and 3 involved trams (202/199); the number of bus accidents for which employees were responsible remained the same as in the previous year (625).

printed material is distributed at approximately 400 locations in Prague and the surrounding areas. These include hotels, tourist information centres, and other similar facilities.

In 2007, we began to replace all printed informational material with material featuring the new company graphic design. We have also received a favourable response from the public and professionals alike to our newly designed two-sided folding map with the illustrated PIT network – Prague 1:24 000 and Central Bohemia 1:75 000, with an added list of stops.

extensive of which last year were at Palacké Square, Karlovo Square and in Svobodová Street.



There were 10 fatalities from accidents involving Prague Public Transport Company vehicles, which is 3 more than in 2006 (metro – 4/2, trams 5/3, buses 1/2).

No Prague Public Transport Company employees involved in accidents were found to have been under the influence of alcohol at the time of the accidents.

Passenger information

Another of the company's obligations is to inform passengers about the transport network, lines, ticket prices and the latest changes in the Prague Integrated Transport system on Prague territory.

Printed information and information provided over public address systems is regularly available to passengers at metro stations, at surface transport stops and directly in transport vehicles. Additional

This map was created as an entirely new type of informational material.

Anti-graffiti surfaces were installed on individual information system components at several selected metro stations with the goal of minimising the operational and economic consequences of vandalism.

During the course of the year, intensive preparations were made for the information system for the new metro IV. C2 segment from Ládví to Letňany, set to open in May 2008. In cooperation with Czech Railways, information was added to the information systems in the metro and at surface transport stops concerning transfers to railway line S.

Great attention was devoted to releasing information on more substantial changes in Prague public transport operations due to closures, the most



Technology

During the course of last year, we successfully worked to increase the technical quality of the Prague Public Transport Company's operational and maintenance base.

The greatest problems experienced in 2007 involved the maintenance of transport routes. Metro tracks are aging and require extensive repairs. Extremely intensive individual surface-based transport produces consequences in the Prague public transport network of trams and buses. Worn tram rails cause not only frequent closures due to extraordinary repairs, but also noise and vibration that spreads through the surrounding urban area. The poor state of rails also has an impact on the technical condition of the trams.

In 2007, our approach towards escalator repairs and maintenance improved and we also modernised tram and metro rolling stock. On the other hand, a lack of

buses resulting from the fact that the bus fleet has not been modernised for three years is becoming apparent. This situation produces higher costs for the maintenance of the existing fleet and increases the need for spare parts.

Our battle against vandals and graffiti continued last year as well. Unfortunately, this is often a futile struggle that consumes a great amount of effort and money. Our most frequent responses involved removing damaged equipment and replacing scratched windows.

Company transformation has resulted in numerous personnel changes, including those in the Technical Division. The greatest number of eliminated positions involved technical-administrative work. We re-evaluated technical activities at worksites and began to utilise computer technology to a greater extent, particularly in processing data, statistics and written documents. Information is obtained from the Internet and company intranet; fast electronic mail has proven highly useful.

Towards the end of the year, we began with approval work for the new stations that are set to open on the extended IV. C2 metro line from Ládví to Letňany. Metro Transport Route Unit workers are gradually taking over the completed segments. This work is the result of outstanding cooperation between designers, builders and technicians.

Rolling stock and bus fleet

Metro rolling stock

As at 31 December 2007, metro rolling stock consisted of 741 cars:

- the original Russian 81-71 type cars;
- 81-71M type cars refurbished by Škoda Transportation;
- new M1 type cars;
- + 3 Ečs type cars (historic metro cars).

Deliveries of modern 81-71M cars from Škoda Transportation continued in 2007 and by year's end the Metro Rolling Stock Administration Unit had 59 of these vehicles. Of this total figure, 26 cars were intended for use on line A (25 cars for the graphic transport timetable and one prototype car awaiting standardisation) and 33 cars were intended for use on line B (23 cars used for the graphic transport timetable and 10 cars in various stages of completion or awaiting documents from the Rail Authority necessary for operation involving passengers).

The number of cars on lines A and C has been essentially stabilised. The number of cars on line B was practically the same as the requirement established in the graphic timetable.



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Technology

Tram rolling stock

In 2007, the Tram Rolling Stock Administration Unit spent the greatest portion of its external expenses on material purchases (CZK 501.35m), 94% of which went toward tram car repairs. The second largest amount of external expenses (CZK 80m) was used to pay firms cooperating in repair work on tram cars.

Maintenance at depots:

Daily service:	267 523
Expanded daily service:	3 987
Inspections:	3 567
Extensive inspections:	577
Extensive inspections – regular maintenance:	72
(repaired undercarriages were sent from the Tram Repair Workshop to depots)	
General repairs – a total of 50 cars, 4 of which were series VarCB3LF (the remaining 5 cars will be refurbished in 2008 due to delays in deliveries from Pragoimex), 45 classic T3RP.D and 1 school car.	

frame repairs were performed with the goal of extending the service life of the buses. Repairs were performed on 13 standard and 13 articulated buses. The registered number of bus fleet vehicles decreased by 46 during 2007.

Due to frequent and time-consuming claims concerning floor covering, the manufacturer Iveco ČR lent the Prague Public Transport Company two new buses beginning in July 2007. Both buses have motors that meet the strict Euro 4 emission limits and a new type of seat from low-maintenance leatherette. Passengers have responded favourably to this type of seat and for this reason work will begin in 2008 to improve passenger comfort by installing these seats on existing buses.



The “constant” figure of CZK 30m was used for tram car cleaning.

A total of CZK 8.4m was used for external tram car repairs, including repairs following accidents. Compared to previous years, this amount was lower by the volume of repairs performed by the company Sécheron, which transferred all repairs to the expenses of the Tram Repair Workshop in Hostivař.

In May 2007, a one-off depreciation to the amount of CZK 152m was made on the machines and equipment in the Metro Repair Base hall.

Investment from the company’s own resources was fulfilled to the planned amount of CZK 300m; CZK 16.5m was spent on the modernisation of traction equipment on T6A5 cars.

Work was also performed for the metro, including a total of 448 traction motors and motor compressors. Work to a volume of CZK 5.38m was also performed for external companies such as the Liberec Public Transport Company, the Plzeň Public Transport Company, Škoda Transportation, Cegelec, Pars Nova, SKD, Kvazar, Pražská strojírna and Kovoklima.

Bus fleet

Tolls for the use of motorways and highways by vehicles with a total weight exceeding 3.5 tons took effect on 1 January 2007. Tolls are also charged on several roadways used by Prague public transport. The electronic “Premid” units that serve to collect tolls were installed on 56 city and 7 specially equipped buses for severely disabled individuals.

The impacts of not purchasing new buses were partially eliminated by extensive repairs to vehicles;

The Excursions Unit was cancelled as of 30 September 2007. Buses from this unit were transferred to the Bus Fleet Management Unit and to the company driving school. Two long-distance buses, a Mercedes and a Neoplan (both manufactured in 1997), were to be put up for sale.

Two new special Crossway Low Entry buses were purchased in December to serve on special lines for the physically disabled. The buses have two wheelchair platforms and are fully air-conditioned.



Technology

Transport routes

Metro

The Metro Transport Route Unit provides repairs and maintenance to:

- the power supply system
- communication and security equipment
- escalators and lifts
- mechanical-technological facilities
- tunnels
- operational buildings and structures
- rails
- Metro Protection System equipment

We currently administer the operation and maintenance of:

bridges	21
tunnels	113 km
stations	54 (3 993 000 m ³ of enclosed space)
rails	122.6 km
converter substations and transformer substations	58

escalators	233
lifts	154
main ventilation	84 ventilation shafts
station HVAC control rooms	620
fuel stations	341
22 kV cable lines	277 km
traction	268 km
low voltage	1 093 km
lamps	109 000

We are also managing the takeover of the IV. C2 line and preparations for this segment to be put into operation.

The maintenance plan developed for all activities was 26.5% covered and for this reason we only conducted repairs that were immediately related to transport operations and safety.

Trams

The Tram Transport Route Unit performed total reconstruction of the Albertov crossroad, Štefánikův Bridge, Letenský Tunnel and, most importantly, Palacké Square. The overhead lines in Střešovicáká and Zenklová Streets were reconstructed. We revitalised two converter substations and relocated one. The track construction on Karlovo Square underwent extensive replacement work. This reconstruction was divided into three phases and, by concentrating this work on weekends, we were able to minimise the impact on surrounding traffic. The majority of the work was performed at night.

At the end of the year, we managed to conduct comprehensive four-day repairs to a track breakdown in Nádražní St. This work included the unique organisation of substitute transport to Barrandov with direct dispatcher supervision at Smíchovské nádraží (Smíchov Station) and in Hlubočepy. In 2007, the Tram Transport Route Unit also maintained bus stops. Unfortunately, this work was also negatively influenced by the amount of allocated funds.

Technical supervision

The main task of the department is control and compliance with the legislative requirements on designated technical equipment and reserved technical equipment.

Supervision is conducted on:

- the qualifications of employees servicing and working with this equipment, especially with electrical equipment;
- the operation of equipment (performance of maintenance, record keeping, construction of new equipment including preceding project documentation)
- the condition of operated equipment by means of inspections and tests pursuant to ČSN standards and to Decree No. 100/1995 Coll.

Technology

Technical inspections and tests were conducted on designated electrical and transport equipment that falls under the authority of the Rail Authority so that "Qualification Certificates" could be issued in agreement with conditions established in Decree No. 100/1995 Coll.

In 2007, we conducted a total of 49 inspections and tests, including subsequent reports.

Energy

In 2007, our Power System Department implemented additional positive changes in contractual relationships with suppliers; this enabled, among other benefits, the concentration of the comprehensive purchasing of all types of energy into a single specialised department.

Heat

The largest supplier of heat to the Prague Public Transport Company is České teplo s. r. o., which supplies the heating for the grounds at Hostivař, Kačerov and the Pankrác depots (Phase 1), the Zličín depot grounds, the Motol depot, and the Řepy, Klíčov and Vršovice garages. In addition, České teplo s. r. o. also maintains the heat network and water lines on the grounds. We purchased 295 127 GJ at a cost of CZK 133.082m from České teplo s. r. o. in 2007. A supplementary payment of approximately CZK 5m is anticipated.

In 2007, heat was invoiced according to new price provisions that complied with valid legislation. The settlement of the original contractual relationships produced substantial savings for the Prague Public Transport Company. Deliveries of heat from other suppliers amounted to 55 210 GJ at a cost of CZK 19.522m.

Natural gas

Heat is provided to the Žižkov, Vokovice, Strašnice and Střešovice depots, the Dejvice garages, the Florenc metro station, TC Radlice and the Švábky, central dispatching and Vinohrady buildings by the company's own gas boilers.

A total of 383 electrical equipment inspections were conducted in 2007.

Our employees also provide professional assistance to electrical equipment operators throughout the entire Prague Public Transport Company; they evaluate electrical equipment during technical inspections and takeovers of newly built or reconstructed facilities, during the putting into operation of the IV. C2 metro line, and they also serve as expert assessors during the testing of employees with electro-technical qualifications.

On the basis of the Prague Public Transport Company's authorisation as a legal subject by the Ministry of Transportation, we also conduct technical inspections and tests of new and reconstructed electrical equipment. Inspection and test reports serve as the basis for the approval of further operation and the issuance of "designated technical equipment" certification.

Electricity

The Prague Public Transport Company is the leading city purchaser of electricity. The total consumption of electricity in 2007 was 362.7 million kWh, the cost of which amounted to CZK 806.8m. Of this total, 233.9 million kWh was used for traction operation of the metro and trams; the cost of this energy was CZK 526.1m. Consumption decreased over the previous year, thanks primarily to the composition of electric traction vehicles and to milder climatic conditions in 2007. Specific traction consumption continues to decrease in connection with the progressive introduction of vehicles with recuperation; in 2007 this figure was 2.83 kWh/vehicle km for trams and 1.98 kWh/vehicle km for the metro.

New legalisation allowed us to work with suppliers to redraw contracts for the purchase of traction electricity for trams. The new method for evaluating consumption produced savings of over CZK 18m in 2007.



Technology

The consumption of gas in 2007 amounted to 1 925 000 m³ at a cost of CZK 15.207m.

Water and sewage charges

Water supplies from Pražské vodovody a kanalizace, a. s. amounted to 788 000 m³/year at a cost of CZK 19.680m. Sewage charges include not only deliveries of water, but also seepage in the metro and rainwater. Sewage charges on 2 384 000 m³ amounted to CZK 52.068m.



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Services

The year 2007 brought enormous changes in the way the Prague Public Transport Company does business. We set ourselves the goal of rebuilding our company into one that operates according to market principles.

The Service Division provides services to operational divisions on the basis of service provision agreements.

In 2007, the Archive continued cooperation with Pražská energetika a. s. and we made a large contribution to preparations for the commemorative publication entitled 110 let. Jsme energie tohoto města (110 Years: We Are the City's Energy).

We gave several interviews to the television station Nova, primarily concerning the history of Prague public transport.

The Archive and Historical Vehicle Unit managed to borrow several important items from the National

Information technology

The IT Unit underwent a number of changes in 2007, including those resulting from the personnel audit; the unit also implemented system and technological changes. Our goal was to continue the consolidation of both application and technological infrastructure.

New Unit management arrived with a plan to improve the quality of services rendered to other Prague Public Transport Company departments. A goal was established to offer and provide services with guaranteed parameters on the basis of service provision agreements.

In-house company transport

The In-house Transport Unit continued to provide services last year using passenger cars, trucks, special vehicles, as well as construction machines and equipment. The Unit successfully contributed to reconstruction work at TT Klárov, Karlovo Square and Korunní Street.

Our emergency equipment is available not only to the Prague Public Transport Company, but also to external customers such as the Czech Police.

A number of cost reduction measures were implemented last year in an effort to increase efficiency. We reduced the



Thanks to the centralisation of support services for the entire Prague Public Transport Company, we were able to improve services and achieve substantial savings.

In December 2007, we incorporated the Building Project Management Department into the Service Division due to its close relationship with the Immovable Property Management Unit. On the basis of a profitability analysis, the Excursions Unit was cancelled as of 30 September 2007.

Archive service

The Archive, part of the Archiving Department, worked closely last year with the Marketing and Communication Department, particularly in connection with the promotion of the 110th anniversary of the founding of the Prague Public Transport Company.

Technical Museum for long-term exhibits at the Prague Public Transport Museum in Střešovice. The most significant of these include the chassis of a Křižíkova tram from 1896 and the driving axle of the first Petřín funicular from 1891.

The Prague Public Transport Company Archive:

- shredded ca. 8 tons of discarded documents in the 4th quarter of 2007 (approx. 122 running metres of archive documents);
- took over ca. 320 running metres of documents for long-term storage;
- took over ca. 20 running metres of documents for permanent storage;
- took over and processed ca. 300 former employee files;

Summer 2007 marked the 10th anniversary of the relocation of the archive from the former Bubenská 1 central offices to the modern Hostivař Central Workshops facility.





Services

number of vehicles by 45 and renewed part of the fleet that had become unprofitable.

In order to increase the quality of services, we expanded the activities of personal transport dispatching to include vehicle rentals without company drivers for the needs of Prague Public Transport Company departments.

The Technical Inspection Station successfully passed a 2008 certification audit by the company DNV (DET NORSKE VERITAS) for the Quality Management System pursuant to the EN ISO 9001:2000 standard.

Supply

In 2007, the Supply Unit continued its transformation and improvement of internal rules and processes. The goal of these measures was to meet the demands and needs of internal customers while maintaining the profitability of the purchasing and storage processes for the entire company. The requirements mandated in Act No. 137/2006 Coll. on public tenders must also be satisfied.

Our unit again fulfilled the requirements of the ISO 9001:2000 quality standard.

In 2007, we commenced the process of consolidating the master materials lists, with anticipated completion in the first quarter of 2008. We created the Service Purchasing Department and fully centralised the purchasing of services for the entire company. We cooperated in the creation of a standard procedure for the realisation of contractual business relationships and optimised warehouse management.

Management of immovable property

The Immovable Property Management Unit provides comprehensive administration of Prague Public Transport Company property; the Unit has the authority to dispose of property and to conclude contracts concerning its use.

Last year, we began the sale of unused property in accordance with the adopted plan. Several important transactions were concluded in 2007:

The grounds of the former bus garages in Dejvice and the SPŠD building on Rohanský ostrov (Rohan Island) were sold. The sale of unused Prague Public Transport Company recreation centres is planned for the current year. We began the selection of tenants for commercial space on the IV. C2 metro segment, which will be put into operation in May 2008.

As part of reorganisation measures, the administration of

buildings according to the type of transport system was changed to a territorial arrangement – the former metro depots, tram depots and bus garages have been reorganised as North, East, South, West and Central territories. This move enabled us to integrate procedures for the technical administration of buildings and to increase labour and operational cost savings.

On the basis of the reorganisation of the entire company, we chose a supplier at the end of the year for comprehensive cleaning services for Prague Public Transport Company grounds.

In the area of environmental protection, we focused on prevention and inspections after implementing basic principles of systematic management.

Historical vehicles

Last year, over 17 000 people visited the exhibit of historical vehicles at the Prague Public Transport Museum in Sřešovice. We have prepared new interesting exhibits for this year, including the chassis of a Křížkova tram from 1896, the driving axle of the Petřín funicular from 1891 and a switchman's booth from the 1950s. This year we plan to complete work on a Tatra trolleybus and a Škoda RO bus, which will then be put on display.

We were pleased with the great interest shown last year in Nostalgic Line No. 91 and contracted rides in a historical tram offering visitors a unique experience of old Prague.



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Business results

The City of Prague approved a subsidy for 2007 from its budget in the amount of CZK 7 601 420 400 for the Prague Public Transport Company for operational expenses.

During the course of the year, this subsidy was gradually increased for special purposes, including the operation of the metro security system, the introduction of

Fare revenue

Net revenue for Prague Integrated Transport, including surcharges, amounted to CZK 3.922bn in 2007, which represented 3.66% growth over 2006.

Revenue from the sales of individual tickets (with transfer options) grew by 6.88% compared to the same period of the previous year.

Revenue from sales of prepaid fixed-period tickets represents 56.64% of total Prague Integrated Transport revenue. Revenue from sales of single and fixed-period tickets for the Prague public transport zone (P+0) amounts to 95.71% of total Prague Integrated Transport revenue; ticket revenue for the Prague Integrated Transport periphery zones represents a 4.29% share of total Prague Integrated Transport revenue.

The Prague Integrated Transport revenue plan for 2007 was fulfilled by 100.98%.

Passengers transported

The total number of passengers using Prague Integrated Transport showed a slight increase of 1.9% compared to the previous year.

Reduced passes with a flexible starting date, issued for passengers who provide their personal information, remain popular; sales of these passes grew by 16.8%.



the OpenCard electronic ticket payment system and preparation expenses for the EU TRENDSETTER project.

The total subsidy from the City of Prague budget came to CZK 7 656 621 700.

The Prague Public Transport Company, a joint stock company, showed an accounting loss of CZK 1 838 256 000 for 2007. The loss was caused by:

- a change in the operational budget concerning depreciation in the amount of CZK 542 147 000;
- entry into accounts of abandoned projects and adjusted entries for assets in connection with Section 25(2) of the Accounting Act in the amount of CZK 495 163 000.
- the creation of a reserve account for fixed asset repairs in the amount of CZK 800 946 000.

An increase in revenue (7.06%) occurred mainly with sales of single full-fare tickets. On the other hand, revenue from tickets with limited transfer options decreased by 4.29%. Revenue from single tickets, including pass and ticket surcharges, amounted to 43.35% of total revenue volume.

Revenue from sales of prepaid fixed-period passes, including fixed-period tickets without the holder's personal information grew by 4.15%.

Revenue from citizen monthly and 30-day prepaid fixed-period passes grew by 6.99%, while revenue from citizen quarterly and 90-day prepaid fixed-period passes grew by 6.68%

Revenue from sales of reduced monthly and 30-day prepaid fixed-period passes for students aged 15 to 26 also showed 6.13% growth.





Business results

The number of fixed-period passes with a flexible starting date, but which are issued without the holder's personal information, also grew last year by 11.8%. The growth trend also continued with passengers that use short-term tickets (a 10% increase). Interest is growing among passengers for single-trip tickets; these showed growth of 3.2%. Overall, the number of passengers within the City of Prague increased by 1.8% and the number of passengers in the periphery zones increased by 3.2%.



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Human resources

The most important task for our department in 2007 was a procedural-organisational audit, the goal of which was to assess the existing organisational structure of the Prague Public Transport Company and the individual processes in all divisions with respect to the activities these divisions perform.

collective agreement. The Employment Department ensured that all of the employer's obligations towards employees, the trade unions, and the Labour Office were fulfilled.

We made maximum efforts to mitigate the impact on retrenched employees, including preserving employee transport fares, providing information on open employment positions within the company and providing informational brochures. We set up a special information centre on company premises where

trend in the development of overall employee number. Nevertheless, as in previous years, employee reductions did not impact the number of Prague public transport drivers.

There were no significant changes in the education and age structure of company employees in 2007. There remains a predominance of middle-generation employees with a secondary or trade school education. The educational structure corresponds to the composition of professions in the transport-technical field.

Personnel strategy

In 2007 we focused on:

- the development of human resource management;
- increasing work productivity;
- implementing a personnel reserve system in connection with the development of training and the needs of other, particularly operational, departments.

Last year brought about extensive organisational changes in the area of human resource management. We eliminated a total of 668 work positions, 107 of which were vacant.

During the year, we also continued evaluations of managing employees. The motivation of employees



In certain cases, the audit uncovered reserves in efficiency and unutilised potential for cooperation. Working with department heads, we developed proposals for specific personnel and organisational measures.

The first phase of organisational changes concentrated on the GD Division, the Technical Division, the Economic Division, the Personnel Division and the Service Division. The second phase brought personnel changes in the Transport Division, the Security Division and the Strategy and Investment Department. Our goal was to achieve higher efficiency, to modernise the company and to improve the working conditions of employees.

As a result of the audit and approved changes we had to dismiss a large number of employees, naturally in compliance with the Labour Code and the valid

professionals provided advice to retrenched employees on finding new work; former employees were also offered information on possible requalification courses, as well as psychological and other professional consulting.

Personnel development

As at 31 December 2007, the Prague Public Transport Company had 11 888 employees, of which 10 147 were men and 1 741 women. The number and composition of employees is based on the needs and employment possibilities in our company. The largest group of company employees is comprised of blue-collar professions: 39.26 %. Prague public transport drivers make up 34.68% of employees and T+E workers 26.06%. On average, T+E workers make up 26.25% of the total number of employees; 11.17% of these workers are employees working in operations and 15.08% are non-operational employees. There is a distinct downward





Human resources

and their further development are priorities in our personnel strategy.

Salaries and wages policy

The company's salaries and wages policy was realised according to a single collective agreement, including common rules for remunerating all company employees. The average monthly employee salary in 2007 was CZK 24 429 and total payroll costs amounted to CZK 3 699 329 000.

Significant attention was paid to reducing high levels of overtime work and, as was the case in 2006, we again managed to reduce this figure substantially. Overtime work in 2007 fell by 78 545 hours compared to the previous year.

Employee education and training

Extraordinary attention was paid to employee training in 2007.

We offered:

- professional courses (for Prague public transport drivers and operational employees);
- training and re-testing as part of professional certification;
- managerial courses (for top and middle management);
- communication skill courses (an extensive communication development program was implemented for ticket inspectors);
- courses devoted to the development of personnel reserves;
- the year-long accredited School of Linear Management programme

We devoted a great deal of attention to hiring bus drivers; we began driver's license expansion courses (from category B and C to D) for our own employees as well as job applicants.

We offer training to all of our employees at the Prague Public Transport Company, using our own financial resources and those from EU Structural Funds. We are currently undertaking two training projects with support from ESF:

1. Development of middle managers and increasing the knowledge of company employees in the field of IT.
2. Helpful and accessible Prague – the development of the language and communication skills of public transport employees.

Both projects are planned for two years, with an anticipated completion date in 2008.

Social policy

Our company's social policy is based on the principle of increasing motivation and the solidarity of our employees with the company. We've been successful, especially by offering a number of benefits. In 2007, we provided employees with contributions for meals, supplemental retirement insurance, and uniform maintenance. For certain professions, we paid the employee's liability insurance for damage caused to the employer.

We used payroll resources to cover severance pay and days off when employees were unable to perform their jobs; these benefits exceed those established in the Labour Code.

Social funds were used to provide employees benefits such as multi-purpose coupons and bonuses for work anniversaries, retirement and for children's recreation.

In December 2007, we signed the collective agreement for 2008-2009.





Safety

Crisis planning

Preventative measures and effective and appropriate reaction to crisis situations, based in particular on the City of Prague Crisis Plan, are the tasks of the Prague Public Transport Company's Crisis Planning Unit.

evacuation plans and contact information. Resolving potential terrorist attacks was the main subject we discussed.

Property security and protection

The area of property security and protection includes developing a security plan and managing contracts with security agencies and specialised firms that provide operational qualifications for technical

standards; we re-evaluated possible health risks, implemented a uniform system for developing local safety rules and increased the level of occupational health and safety training.

Fire protection

The goal in the area of fire protection is to prevent fires and to minimise their potential impact on lives, health and property.

This includes fire prevention, providing fire fighting resources and cooperation with the fire brigade. In addition to fighting fires, the fire brigade provides technical assistance during extraordinary events, mitigates the consequences of natural disasters and ecological accidents and is prepared to provide help during rescue work following potential terrorist attacks.

In 2007, the fire brigade responded to a total of 444 calls.

We contributed to preparations for a chemical warning system in the metro, intensively dealt with the problem of reconnecting derailed metro and tram cars and continued guardianship of the volunteer fire brigade that provides fire protection for bus garages.



Last year, we prepared an agreement with the City of Prague on mutual cooperation in handling crisis situations.

We have made large-scale organisational and qualification changes in the company's crisis documents, especially the Flood Plan. We have developed a new regulation proposal for the use of the protective systems of underground transport structures to protect the population in cooperation with the Prague Fire Brigade and the Prague City Hall.

Together with the State Office for Nuclear Safety, we addressed the issue of potential lethal chemical attacks in the metro. We discussed coordination and the authority of individual company departments during larger scale extraordinary situations in the main operational processes; we once again re-evaluated the company's Crisis Preparation Plan and updated

security equipment, in direct connection with guard services. It furthermore also supervises the access of individuals and entry of external vehicles to Prague Public Transport Company facilities, protects confidential information and personal data with respect to legislative authority, and coordinates cooperation with Prague and Czech Police during actual security situations and extraordinary security measures.

We have provided security for selected company buildings with our own employees since 2007.

Occupational safety

In the area of occupational health and safety, we attempt to prevent our employees from facing health risks at work. Due to legislative changes, we focused our efforts in 2007 on amending internal company





Safety

Last year, the Fire Prevention Department inspected the fire safety status of all spaces used or leased by the Prague Public Transport Company.

Fire prevention staff trained approximately 1 500 company employees and 160 employees from supplier companies.

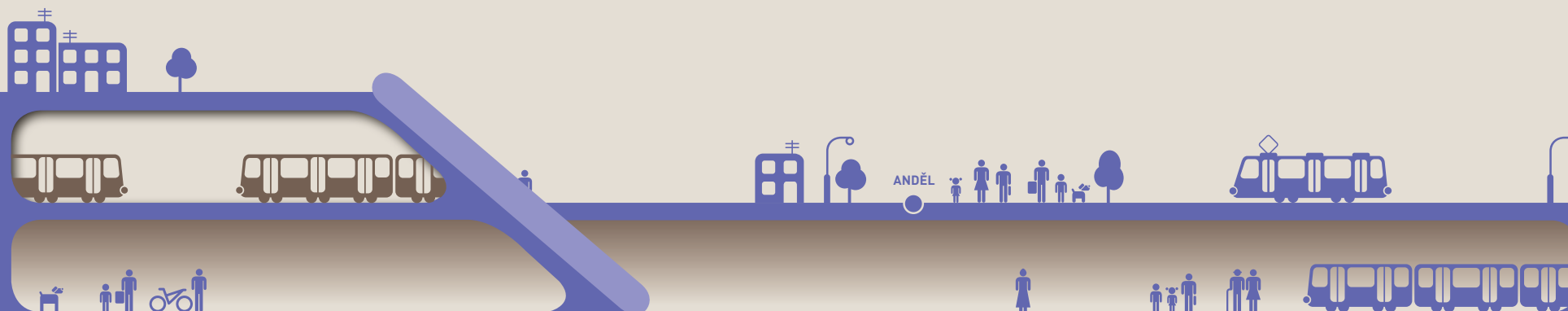
We updated fire protection documentation to bring it into line with current legislation. We are also concentrating our efforts on securing the fire safety of the new stations on the new IV. C2 metro section.

Control

In the third quarter of 2007, the new Control Department came into existence. This new department was created based on the results of analyses of control mechanisms in the company and the subsequent decision reached by top management.

This special department, whose sphere of activities encompasses the entire company, conducts qualified checks on and analyses of the functionality and effectiveness of utilised forms and methods of management and control in the Prague Public Transport Company. The fundamental mission of the department is to conduct controlling operations of a planned and operative character in cooperation with internal and external subjects. The department also analyses organisational units and the activities of the company, with the goal of evaluating the effectiveness of the applied forms and methods of control management and assesses profitability in handling resources, the integrity of company assets and the status of their protection.

On the basis of analyses from controlling activities, the department submits proposals and recommendations and provides for systematic control throughout the company.





Marketing and communication

Marketing

The position of marketing and communication was significantly strengthened in 2007. As of the middle of the year, we selected a new graphic design for presentation materials; this new design attempts to capture attention with a playful style.

example, last year we prepared the new Chováme se odpovědně (Let's Behave Responsibly) plan, which was implemented in 2008. In this year, the Prague Public Transport Company also became a partner of an organisation that serves as an advocate for the needs of physically disabled and visually impaired individuals.

But the event that clearly produced major public interest was the introduction of the SMS ticket. Over 400 000 passengers used this new service over a period of forty days in 2007. This new service was

was published at the end of the year, with the aim of offering passengers ways to spend their free time on city public transport. The publication of the book topped off celebrations for the 110th anniversary of the founding of the Electrical Utilities of the King's City of Prague, the direct predecessor of today's Prague Public Transport Company.

The anniversary was also commemorated at a festive gathering of employees and prominent business partners at the Střešovice depot.

We also highlighted the ecological aspects of Prague public transport during our Open Day, which has become a traditional part of September's European Week of Mobility.

Communication

In 2007, we established the new Communication Office in the Department of Marketing and Communication. With this step we covered the original Department of Marketing, PR and Internal Communications.

The new office has been assigned the task of centralising company content (know-how and information) and presenting it to both the public and the company itself. Our activity last year was

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The first opportunity to introduce our new graphic design was during the summer campaign. With our new promotional materials, we attempted to present not only information concerning regular summertime changes in Prague public transport, but also active recreational opportunities in Prague and the surrounding area accessible by Prague public transport.

A new feature last year was the deployment of information providers at the sites of closures. The information providers notified passengers of the impacts of necessary repairs and changes in the public transport system. The work of the information providers was appreciated by both Prague passengers and visitors to the city.

An important step forward was the decision to form a marketing strategy for the coming period. For

promoted especially during the Městem vánočním (Through the Christmas City) campaign that ran throughout the entire month of December. The Prague Public Transport Company tried to create the holiday spirit not only with an offer of new services, but also with suggestions for interesting and outstanding cultural projects.

One of these was the Cool Tour Line, which runs between the National Museum and the National Gallery each first Saturday of the month. The main goal is to bring Prague citizens closer to a cultural heritage that is often unjustifiably neglected.

For years, people have viewed the Prague Public Transport Company mainly as a carrier that commuted people to and from work or school. For this reason the book 110 výletů s Dopravním podnikem (110 Trips with the Prague Public Transport Company)

VYSOČANSKÁ





Marketing and communication

focused on the creation of a system for the flow of communication.

New forms of internal company communication with employees were introduced:

- a fortnightly printed bulletin informing employees about events in the company;
- communication points at places of business, including bulletin boards, stands for company periodicals and a feedback box;
- a regular hour-long open house with the general director;
- a large-scale intranet consolidation project.

We unified communication with the public and reached the decision that, besides the general director, only employees from the Department of Marketing and Communication can provide information concerning the company to the media.

We are making efforts to maximise content to help us maintain a friendly standing with the public. We are searching for ways to emphasise that the Prague Public Transport Company is an accommodating public transport partner. We are striving to eliminate untrue information, myths and rumours.

Last year, we re-evaluated the function of our website, which will become in 2008 the first of its kind to offer assistance to individuals with various types of disabilities.

The Communication Department last year also managed a public survey agenda, thanks to which – for the first time in our modern history – we have relevant information from our users. This will help us cooperate in forming effective marketing communication focused on specific users and their particular perception of the way Prague public transport works.

Since immediate feedback from our customers is an important tool for recognising their needs, we attempted in 2007 to integrate “complaints and suggestions” into the Communication Department.





International relations

In terms of the Prague Public Transport Company's position on the international playing field, a key event in 2007 was the successful concluding of highly complex discussions lasting more than a decade concerning the form of the legislative framework for the public transport sector in Europe. Regulation (EC) No. 1370/2007 of the European Parliament and of the

a contract as the result of a tender or upon direct allocation.

As a member of the International Association of Public Transport (UITP), the Prague Public Transport Company had the opportunity to participate in active discussions between main actors of the fifteen, and later twenty-five, EU Member States. The Czech Public Transport Act is currently in the approval process; this legislation incorporates the adopted European legislation to the required extent.

measures in the Action Plan on Urban Mobility to be issued in the autumn of 2008.

The green paper is tangible proof of the high value added potential which the EU offers for formulating policies that are decided on and implemented locally. The Financial Resources chapter is especially crucial; in addition to the enormous amounts earmarked for support of clean transport and integrated solutions, it proposes a series of support measures for further development and modernisation of city transport.

As is the case with other small and large carriers, our company is undergoing extensive transformational changes. The environment is becoming more competitive, institutional changes are being made, missing sources of financing are being sought, new technologies are being developed and the need to practice modern methods of management is on the increase.

Last year, we had the opportunity to address problems faced by local and regional transport companies as part of the SPUTNIC project (Strategies for Public Transport in Cities), which is fully financed by the EU under the 6th Framework Programme. Coordinated by the UITP, the main topics of the project are:

- market organisation
- customer relations



Council on public passenger transport services by rail and by road was adopted in October 2007, significantly modifying sector rules and establishing a framework for versions of relevant laws in Member States.

The goal of the regulation is to increase the legal security of operators, make the organisation of public transport more flexible, and offer more provisions for the principles of subsidiarity and transparency. The regulation likewise establishes a method for providing compensation for fulfilling public service obligations and grants an exclusive right in this sector based on the principle of regulated competition. The most important element of the new regulation is the obligation of contractual relationships between public authorities and business subjects in the field of transport for a definite period of time. On the basis of EP requirements, the regulation gives local authorities the right to choose between the possibility of signing

We represent the city public transport sector in the Czech Transport Union's working group for this act and thanks to the accommodating position of the ministry's public transport section we have the opportunity to contribute to making improvements in the situation. The Czech legal code lacks a law that uniformly treats the conditions for doing business in the transport sector while simultaneously addressing issues of public concern. Everything has been slowed by the incomplete institutional organisation of the sector.

Further important events for the company included the submission of a green paper to the European Commission entitled "On the Path to a New Culture for Urban Mobility" on 25 September 2007. The Prague Public Transport Company again worked through the Czech Association of Transport Companies to provide input on this document. The suggestions are then used by the European Commission to process specific





International relations

- corporate management
- equipment and operational aspects

The consortium is comprised of top consulting groups and representatives of the most prominent European operators, and organisational authorities from a number of countries (Germany, Switzerland, the Netherlands, Sweden, France, Spain and others).

The Prague Public Transport Company is represented in the first three projects. The Czech representatives are members of expert groups with approximately one hundred participants, mostly from Central and Eastern European countries.

Last year, we attended two working meetings of consortium members and experts in Barcelona and Zagreb.

The declared goal of the meetings was to share experience with the organisation, management,

financing and legislative foundation of public transport between the original EU 15 Member States and the participants from Central and Eastern Europe to help these countries better prepare for coming changes and to avoid mistakes that the original EU 15 experienced.

The Prague Public Transport Company offers training for promising young experts. The UITP organises a training programme for managing employees in public transport. The programme was launched last year in Berlin and two Czech managers will participate in the 6th round of three three-day training cycles.

The company decided to renew its representation on UITP commissions and committees, and to expand our involvement with a commission for transport economics.

Commission and committee members participated in the working programme and also attended several international conferences, including those on the subject of marketing and design in public transport, contracts in public transport in the EU and contractual relationships.

In May 2007, the Prague Public Transport Company delegation attended the 57th UITP World Congress in Helsinki.

During the past year, our company was a much sought-after partner for the exchange of information regarding the operation of the metro, trams and buses; the company was also the subject of numerous foreign visits. In 2007, we received visits from public transport colleagues from Istanbul, Oslo, Berlin, Brussels, Helsinki, Bratislava, Warsaw, Shanghai and others. At the request of the UITP Eurasian Regional Division, we prepared a seminar on the subject of Financing the Operation and Development of the Prague Metro for a group of twenty managing economic employees of the Metro Association of the Russian Federation. Other guests included representatives from the ministry of transportation from Kabul and a group of students from the school of transport in Paris. A meeting of the editorial board of the UITP bi-monthly Public Transport International newsletter was held in Prague in 2007.



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Future priorities

Our work in 2007 also involved making plans for activities in the coming years.

One of the very top priorities is the expansion of the rail transport system, which is the foundation for more regular, faster and safer transport around Prague.

developed and discussed for the planned metro segments of V. A1 Dejvická – Petřiny and V. A2 Petřiny – Motol. Commencement of the initial phase of work on the extension of the metro A line beyond the Dejvická station is planned for 2009.

The metro D line is in further phases of preparation. At present, we are focusing primarily on a definitive demarcation of realisation stages and their incorporation into zoning and planning documentation. We are also working on the selection of a transport system and on securing financing for the project.

work. In 2008, the number of barrier-free metro station entrances will increase to include the new IV.C2 metro segment stations at Střížkov, Prosek and Letňany. Extraordinary attention will also be paid in 2008 to the further expansion of the tram rail network: the new Laurová – Radlická tram section will be put into operation in the 4th quarter of 2008, providing a missing connection to the metro.

The Barrandov – Holyně – Slivenec tram section is entering further phases of preparations; this section is aimed at improving transport service quality for the Barrandov Terraces area.

Another project is the renewal of preparations for the key Počernická – Sídliště Malešice tram section, including the coordination of work with the reconstruction of the Kárané water lines in Počernická St.

The Suchbát tram connection will also be addressed. We must quickly resolve the initial Podbaba – ČD Podbaba phase, as the Praha-Podbaba train station – where an integrated transport junction will be created – is to be in operation by 2010.

Additional projects are being examined in connection with preparations for the new zoning plan.

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The new City of Prague Zoning Plan, with anticipated approval in 2010, is a key element for the future development of the Prague infrastructure. Existing preparatory work indicates that we can expect large-scale changes in the concept for the city rail transport network, especially those connected with the expansion of tram transport and a more measured approach to the expansion of the metro. We expect many original development plans to be retained.

The three-station IV. C2, 4.6 km, Ládví-Letňany metro segment will be put into operation in May 2008. In addition to improving transport service to existing residential areas, the new metro line will provide transport connections to the development locality of Letňany, including support for external transport at the end station. In 2008, building permission documentation will be

Programme materials and related decisions from the highest city authorities indicate that a light rail metro line is the preferred transport system. We are exploring the possibility of involving private capital in the financing of the system through the use of a PPP (Public Private Partnership) project. The realisation of the I. D segment is planned in three phases:

- I. D1 Pankrác – Nové Dvory
- I. D2 Nové Dvory – Písnice (including the Písnice depot)
- I. D3 Pankrác – Hlavní nádraží station (potentially the Náměstí Míru station).

The possibility of extending the metro D line to Náměstí Republiky station will be studied.

Another Prague Public Transport Company priority is to increase the number of barrier-free entrances to metro stations on older metro segments. In many cases, this project will necessitate substantial reconstruction

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Future priorities

These include, in particular, the introduction of tram transport to the areas of Písnice, Jižní Město, Bohnice, tram connections between Prague 8 and Prague 6, the revival of the original plan for the Pankrác – Dvorce – Zličov tram connection, and many other development projects. Incorporation in the zoning plan is highly promising for the majority of these.

The modernisation of the vehicle fleet is another priority for 2008, particularly the addition of technically progressive, highly efficient and barrier-free vehicles.

We expect deliveries this year of new M1 metro cars as well as the renovation of the original 81-71 series cars.

The greatest changes will be made in the tram car rolling stock. The delivery of 60 modern low-floor type 14T trams, produced by Skoda Transportation s. r. o., will be completed by the end of 2009. We plan the

purchase of an additional 250 low-floor type 15T trams from the same producer by 2017. We will also continue to modernise the existing tram car rolling stock. The progressive modernisation of all 47 bi-directional articulated type KT8D5 trams, in which the vehicles are rebuilt with a low-floor midsection, will run until 2014. We are also continuing valuable reconstruction of proven T3 type trams; this work also includes the addition of a low-floor midsection.

As part of the renewal of the bus fleet, we plan to purchase 620 buses during the period between 2008 and 2013; the acquisition of a certain percentage of vehicles that run on natural gas or those with hybrid engines is under consideration.

The system of tram and bus traffic priority over cars is an important element in increasing the speed and regularity of Prague public transport. Priority

measures realised by means of the active manipulation of traffic signals, reserved traffic lanes and the construction of separating curbs have shown to be highly effective and we plan to expand their application in the future.



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Companies in which the Prague Public Transport Company has ownership interest

Pražská strojírna a. s.

The main subject of the company's business activities is the development, production and assembly of components and equipment for the construction and maintenance of tram tracks. The Prague Public Transport Company has a 100% share in this company.

MŮSTEK



Rencar Praha, a. s.

The firm is involved in all types of advertising activities, from full-vehicle advertisements for trams, buses and metro cars to display case rentals at bus stops. The Prague Public Transport Company has a 28% share in this company.

Střední průmyslová škola dopravní, a. s.

The main activity of the company is instruction, education and training at the school's three facilities: the Secondary School of Transport, the Secondary Trade School and the Training School. The Prague Public Transport Company has a 100% share in this company.

Elaugen DP Praha, s. r. o.

The company rebuilds tram rails. Prague Public Transport Company has a 40% share in this company.

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Supervisory Board report

In March 2007, a number of personnel changes were made in the 9-member Supervisory Board of the Prague Public Transport Company. On 12 March 2007, the four-year terms of Chairman Martin Hejl and members Rudolf Blažek, Petr Moos, Jiří Kaňák and Petr Zajíček expired. With Resolution No. 323 from the general meeting of the Prague Public Transport Company dated 13 March 2007, the Prague City Council then recalled Jan Štrofek from the position of Supervisory Board member. Rudolf Blažek, Ivan Bednář, Karel Březina, Tomáš Homola, Petr Moos and Petr Zajíček were elected as new members of the Supervisory Board effective 14 March 2007. Rudolf Blažek was elected as the new chairman of the Supervisory Board at the meeting held on 28 March 2007.

At its regular meetings, the Supervisory Board addressed a pre-approved agenda of topics. The Supervisory Board regularly monitored:

- the business activities of the Prague Public Transport Company, revenue, marketing effectiveness and the fulfilment of the conclusions from the annual general meeting and other general meetings;

- the business results and the fulfilment of the conclusions of the annual general meetings of companies in which the Prague Public Transport Company has capital participation;
- the progress of optimisation according to the company Transformation Project and the results of the personnel audit;
- the creation of the company financial plan for 2007;
- price trends of energy and fuel as they relate to Prague public transport costs;
- preparations for procuring future deliveries for the modernisation of the tram rolling stock;
- the progress of the construction of the IV. C metro segment and its financing;
- the implementation of Regulation (EEC) No. 1191/69 of the Council;
- the impacts of financing on maintenance and repairs for selected company units.

The Supervisory Board also:

- discussed materials and the adopted conclusions of the company's Board of Directors;
- served on evaluation commissions for assessing contractor offers.

Pursuant to Section 198 of the Commercial Code, the Supervisory Board prepared a report on the following for the company's annual general meeting on 15 May 2007, at which the company's business results for 2006 were approved:

- the final accounting statements;
- the report on achieved business results;
- the auditor's report on the final accounting statements as at 31 December 2006;
- the report on relationships between controlled and controlling entities.

The Supervisory Board certified that balanced business results had been achieved by the Prague Public Transport Company in 2006 for standard operations:

- earnings from operations in the amount of CZK 422 849 000;
- a loss from financial operations to the amount of CZK -157 414 000;
- income tax on operations to the amount of CZK 265 435 000;
- a subsidy was provided for bus transport on periphery lines and the outlying zones to the total amount of CZK 44 827 300;
- net profit for the 2006 accounting period was CZK 0 after CZK 64 610 was used for financial settlement with the City of Prague; this result was in agreement with the approved Prague Public Transport Company budget for 2006;
- the absolute growth in net revenue from integrated transport (including fare surcharges) increased by 13.24% compared to 2005 (reaching an amount of CZK 3.783bn).

The Supervisory Board of the Prague Public Transport Company monitored business activity results regularly and conscientiously throughout the entire year of 2007. The Supervisory Board:



Supervisory Board report

- regularly discussed quarterly reports on achieved business results;
- requested the Board of Directors to process several analyses in higher detail (with an awareness of the complications that arose as a result of the repeatedly under-financed company budget in the preceding years of 2004-2007 and the fact that several earlier cost-reduction

The financial results of the Prague Public Transport Company also influence the ongoing optimisation phase of the company Transformation Process.

The Supervisory Board therefore requested regular monthly information on the current situation. The Board also conscientiously monitored the progress of outsourcing selected activities, from the plan up to the evaluation of specific achieved results.

Also closely tied to the company's business activities is an analysis of the share of fare revenue in the overall annual budget.

of public support to carriers providing services in urban, suburban and regional transport.

Throughout the entire year, the Supervisory Board closely monitored energy prices, particularly diesel fuel; the Board also studied the results of investigations into a series of extraordinary events in bus operations that took place in September 2007 and devoted attention to solutions to the safety and quality of Prague public transport, including an evaluation of the results of adopted measures. The participation of Supervisory Board members on evaluation commissions in the selection of contractors has a long tradition. The Supervisory Board paid special attention to preparations for the collective agreement for 2007, including the progress of negotiations up to the signing of the actual agreement.

In 2007, the Supervisory Board again fulfilled its mission as a company controlling body in accordance with valid laws, company statutes, other regulations and with the interests of the shareholder, the City of Prague. The Supervisory Board oversaw the activities of the Board of Directors and the business activities of the company. All of the operations of the Supervisory Board were conducted in the form of active team cooperation.



steps such as restrictions on maintenance and repairs, cannot be repeated).

The Supervisory Board cautioned the Board of Directors of the necessity:

- to find a solution for the long-term deficit of financial coverage for repairs and maintenance;
- to develop a solution for the financial losses from recent years which were caused by flood damage;
- to consistently apply the amount of depreciation and deferred taxes into the company plan;
- for the shareholder to develop and discuss a solution proposal.

The Supervisory Board also monitored tram track repairs with closures and the repairs conducted on metro segments. The Board subsequently stated that the internal debt in this area remains and must be resolved, for example, through the creation of accounting reserves in the financial plan in future years.

The Supervisory Board therefore carefully read the results of a study produced by the firm Deloitte and, in its resolution dated 17 October 2007, announced that a member of the Board had submitted a 14-point written proposal for possible tariff and fare changes.

The Supervisory Board paid long-term attention to the renewal of the fleets for all forms of transport as well as progress on the construction of the IV. C2 metro segment, including the financing of this project. Also related to the development of transport routes is the monitoring of preparations of the possible expansion and financing of the tram and metro network – line A to the west and line D.

Another significant matter addressed repeatedly by the Supervisory Board is the implementation of Regulation (EEC) No. 1191/69 of the Council, amended in Council Regulation (EEC) No. 1893/91 (and the latest Regulation (EC) No. 1370/2007 of the European Parliament and of the Council dated 23 October 2007) regulating the provision





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Operation-technical indicators

Number of operated lines, their length and average speed

	number of operated lines		length of lines	average speed (km/h)	
	day-time	night-time	km	commercial	operational
Metro	3	-	54.9	35.8	33.2
Trams	26	9	554.1	18.8	14.6
Buses	178	13	2 101.8	25.7	16.5

Note: not including funicular and historical (nostalgic) tram lines.

Average number of vehicles in operation/day (in routine operation, not including holiday period)

	morning peak	off-peak	afternoon peak	Saturday	Sunday
Metro	405	205	375	160	150
Trams	707	554	702	403	404
Buses	958	455	853	388	390



Operating vehicle and place kilometres

	vehicle km (thousand v.km)	place km (thousand p.km)
Metro	47 105	8 721 653
Trams	49 157	5 724 449
Buses	61 541	4 966 007
Funicular line	23	2 313
Total	157 826	19 414 422

Note: not including kilometres of contracted transport, substitute bus transport and historical (nostalgic) tram lines.

Percentage of repair and energy consumption

	percentage of repairs of rolling stock and buses*	traction energy consumption		diesel oil consumption	
		in thousands of kWh	per 1 vehicle km	in thousands of litres	per 1 vehicle km
Metro	11.9	93 401	1.98	-	-
Trams	7.6	140 478	2.83	-	-
Buses	8.5	-	-	28 837	0.45

*) not including vehicles set aside for modernisation



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PIT lines operated by the Prague Public Transport Company

1) METRO

- A** Depo Hostivař – Skalka – Dejvická
- B** Zličín – Smíchovské nádraží – Českomoravská – Černý Most
- C** Ládví – Háje

2) TRAMS

Day-time operation

- 1** Petřiny – Spořovací
- 2** Červený vrch – Petřiny
- 3** Lehovec – Sídliště Modřany / Levského
- 4** Kotlářka – Čechovo náměstí
- 5** Výstaviště – Olšanské hřbitovy
- 6** Laurová – Kubánské náměstí
- 7** Sídliště Řepy – Kotlářka – Ústřední dílny DP
- 8** Podbaba – Nádraží Vysočany / Vysočanská
- 9** Sídliště Řepy – Spořovací
- 10** Sídliště Ďáblice – Sídliště Řepy
- 11** Černokostelecká – Spořilov

- 12** Palmovka – Sídliště Barrandov
- 13** Smíchovské nádraží – Sídliště Barrandov
- 14** Vozovna Kobylisy – Sídliště Barrandov
- 15** Vypich – Palmovka (until 29 June 2007 Vypich – Kobylisy / Březiněveská)
- 16** Spořovací – Nádraží Braník
- 17** Sídliště Ďáblice – Sídliště Modřany / Levského
- 18** Petřiny – Vozovna Pankrác
- 19** Lehovec – Kubánské náměstí
- 20** Divoká Šárka – Smíchovské nádraží – Sídliště Barrandov
- 21** Levského – Národní třída – Sídliště Modřany (semi-circular line)
- 22** Bílá hora – Nádraží Hostivař
- 23** Malovanka – Kubánské náměstí
- 24** Březiněveská / Kobylisy – Nádraží Strašnice / Radošovická (until 29 June 2007 Sídliště Ďáblice – Nádraží Strašnice / Radošovická)
- 25** Bílá hora – Vozovna Kobylisy
- 26** Divoká Šárka – Nádraží Hostivař

Night-time operation

- 51** Divoká Šárka – Nádraží Strašnice / Radošovická
- 52** Lehovec – Sídliště Modřany / Levského
- 53** Sídliště Ďáblice – Vozovna Pankrác
- 54** Lehovec – Sídliště Barrandov
- 55** Vozovna Kobylisy – Ústřední dílny DP

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- 56 Petřiny – Spořilov
- 57 Bílá hora – Nádraží Hostivař
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- 59 Sídliště Řepy – Nádraží Hostivař

3) BUSES

Day-time operation

- 100 Zličín – Letiště Ruzyně
- 101 Strašnická – Centrum Zahradní Město – Plynárna Měcholupy
- 102 Nádraží Holešovice – Staré Bohnice – Zámky
- 103 Ládví – Ďáblice – Březiněves
- 104 Na Knížecí – Slivenecká
- 106 Kavkazská – Nádraží Braník
- 107 Dejvická – Suchdol
- 108 Špejchar – Ciolkovského
- 109 Palmovka – Sídliště Rohožník
- 111 Skalka – Dubeč (until 31 August 2007 Skalka – Dolní Měcholupy)
- 112 Nádraží Holešovice – Zoologická zahrada – Podhoří
- 113 Kačerov – Písnice
- 114 Kačerov – Šeberák – Chodov (until 8 Dec 2007 Kačerov – Šeberák)
- 115 Chodov – Městský archiv – Chodov

- 116 Dejvická – Nebušice
- 117 Kačerov – Poliklinika Modřany / Čechova čtvrť
- 118 Dvorce – Roztyly
- 119 Dejvická – Letiště Ruzyně
- 120 Na Knížecí – Klukovice
- 121 Sídliště Spořilov – Nádraží Braník
- 122 Chodov – Volha – Nádraží Hostivař – Léčiva
- 123 Na Knížecí – Šmukýřka
- 124 Želivského – Dvorce
- 128 Hlubočepy – Žvahov – Hlubočepy (semi-circular line)
- 129 Smíchovské nádraží – Baně
- 130 Na Knížecí – Sídliště Stodůlky
- 131 Hradčanská – Bořislavka
- 133 Staroměstská – Sídliště Malešice
- 134 Ládví – Kavkazská (from 3 June 2007 Ládví – Florenc)
- 135 Florenc – Želivského
- 136 Sídliště Ďáblice – Roztyly – Koleje Jižní Město
- 137 Na Knížecí – U Waltrovky
- 138 Skalka – Tolstého
- 139 Želivského – Na Beránku
- 140 Palmovka – Čakovice



ANĎĚL





- 141** Černý Most – Generála Janouška – Černý Most (semi-circular line)
- 142** Nové Butovice – Nad Malou Ohradou
- 143** Dejvická – Stadión Strahov
- 144** Kobylisy – Poliklinika Mazurská
- 145** Ládví – Jesenická
- 146** Českomoravská – Depo Hostivař
- 147** Dejvická – Výhledy
- 148** Podolská vodárna – Kavčí hory – Budějovická
- 149** Dejvická – Nové Butovice
- 150** Kloboučnická – Poliklinika Modřany / Čechova čtvrť
- 151** Českomoravská – Poliklinika Prosek
- 152** Kobylisy – Sídliště Čimice
- 154** Skalka – Koleje Jižní Město
- 155** Želivského – Sídliště Malešice
- 156** Ládví – Avia Letňany – Ládví (semi-circular line)
- 157** Na Beránku – Kačerov (only operates in this direction)
- 158** Českomoravská – Miškovice
- 160** Dejvická – Lysolaje
- 161** Dejvická – Nebušice
- 162** Kobylisy – Dolní Chabry
- 163** Depo Hostivař – Štěrboholy – Bezděkovská
- 164** Nové Butovice – Bílá hora
- 166** Českomoravská – Třeboradice – Teplárna Třeboradice
- 167** Na Knížecí – Nemocnice Na Homolce
- 168** Palmovka – Dolní Počernice
- 169** Kobylisy – Sídliště Čimice



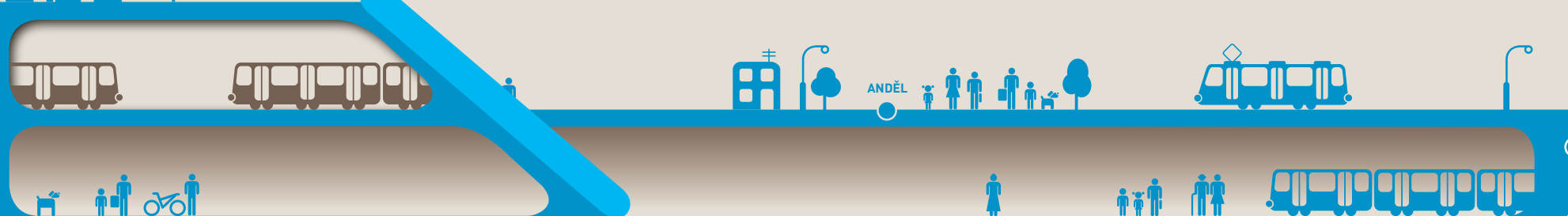
- 170** Vavřenova – Jižní Město
- 171** Kačerov – Sídliště Písnice
- 172** Smíchovské nádraží – Velká Chuchle (until 31 Aug 2007 – Smíchovské nádraží – Velká Chuchle – Smíchovské nádraží – semi-circular line)
- 174** Špejchar – Velká Ohrada
- 175** Kobylisy – Šimůnkova
- 176** Karlovo náměstí – Stadión Strahov
- 177** Chodov – Skalka – Poliklinika Mazurská
- 179** Nové Butovice – Letiště Ruzyně
- 180** Kafkova – Sídliště Řepy
- 181** Sídliště Čimice – Nádraží Hostivař
- 182** Kloboučnická – Sídliště Lhotka – Nádraží Braník
- 183** Vozovna Kobylisy – Sídliště Petrovice
- 184** Nové Butovice – Petřiny
- 185** Palmovka – Letecké opravny
- 186** Černý Most – Sídliště Bohnice
- 187** Sídliště Bohnice – Ládví – Palmovka
- 188** Želivského – Kavčí hory
- 189** Kačerov – Sídliště Lhotka
- 191** Na Knížecí – Petřiny
- 192** Budějovická – Pražská čtvrť
- 193** Náměstí bratří Synků – Ústavy Akademie věd
- 194** Skalka – Léčiva
- 195** Avia Letňany – Jesenická
- 196** Smíchovské nádraží – Kačerov
- 197** Na Knížecí – Háje





- 198** Smíchovské nádraží – Sídliště Písnice
199 Smíchovské nádraží – Nové dvory – Smíchovské nádraží (semi-circular line)
200 Kobylisy – Sídliště Bohnice
201 Nádraží Holešovice – Poliklinika Prosek
202 Poliklinika Mazurská – Za Avíí / Vinoř
203 Vavřenova – Jižní Město
204 Smíchovské nádraží – Sídliště Radotín (two-way operation) (until 31 Aug 2007 only operates in the direction Smíchovské nádraží – Sídliště Radotín)
205 Zelený pruh – Komořany
207 Florenc – Ohrada
208 Želivského – Dolní Počernice
210 Nádraží Holešovice – Obchodní centrum Čakovice – Čakovice
211 Nové Butovice – Velká Ohrada
212 Jižní Město – Tiskařská – Jižní Město (semi-circular line)
213 Želivského – Jižní Město
215 Kačerov – Sídliště Libuš
216 Špejchar – Bořislavka – Nové Vokovice
217 Na Knížecí – Dejvická
218 Dejvická – Sídliště Na Dědině
219 Nové Butovice – Bavorská
224 Strašnická – Skalka
225 Nové Butovice – Čiolkovského – Letiště Ruzyně
228 Depo Hostivař – Dubeč (cancelled from 1 Sept 2007)
229 Depo Hostivař – Dubeč – Koloděje (until 31 Aug 2007 Depo Hostivař – Koloděje)

- 230** Sídliště Stodůlky – Řeporyjské náměstí – Chaplinovo náměstí
231 Na Knížecí – Dívčí Hrad – Na Knížecí (semi-circular line)
233 Palmovka – Obchodní centrum Čakovice – Sídliště Čakovice (until 31 Aug 2007 Palmovka – Obchodní centrum Čakovice)
234 Habrová – Sídliště Skalka
235 Nové Butovice – Velká Ohrada – Nové Butovice (semi-circular line)
238 Želivského – Léčiva
239 Želivského – Rektorská
241 Smíchovské nádraží – Lipence
242 Háje – Továrny Hostivař (cancelled from 7 April 2007)
243 Smíchovské nádraží – Sídliště Zbraslav
244 Smíchovské nádraží – Sídliště Radotín
245 Nádraží Radotín – Otěšinská – Nádraží Radotín (semi-circular line)
246 Smíchovské nádraží – Lochkov – Nádraží Radotín
247 Chaplinovo náměstí – Pod Lochkovem
248 Smíchovské nádraží – Holyně
249 Sídliště Stodůlky – Třebonice
250 Černý Most – Sídliště Rohožník
253 Smíchovské nádraží – Na Beránku
254 Dejvická – Přední Kopanina – Letiště Ruzyně
256 Nové Butovice – Nádraží Radotín
257 Zličín – Sobín
259 Českomoravská – Vinoř
260 Jižní Město – Na Míčáncích – Jižní Město (semi-circular line)





- 261** Černý Most – Klánovice
- 264** Depo Hostivař / Nádraží Uhříněves – Královice
- 265** Depo Hostivař – Benice
- 266** Depo Hostivař – Hájek
- 267** Háje – Uhříněves – Lipany
- 268** Depo Hostivař – Nedvězí
- 271** Skalka – Háje
- 272** Kačerov – Sídliště Písnice
- 273** Hloubětínská – Žlíbku
- 274** Palmovka – Avia Letňany – Palmovka (semi-circular line)
- 277** Přeštická – Skalka (only operates in this direction)
- 280** Českomoravská – Vinoř
- 291** I. P. Pavlova – Karlovo náměstí – I. P. Pavlova (semi-circular line)

Periphery lines:

- 301** Sídliště Stodůlky – Chýnice
- 305** Českomoravská – Čakovičky
- 312** Dejvická – Tuchoměřice, kulturní dům – Tuchoměřice, Štěrbův mlýn – Tuchoměřice, Špejchar – Lichoceves
- 324** Opatov – Čestlice
- 325** Opatov – Čestlice
- 326** Opatov – Jesenice – Jesenice, Belnická
- 327** Opatov – Jesenice, Osnice

- 329** Depo Hostivař – Květnice – Škvorec, nám. (until 8 Dec 2007 Depo Hostivař – Sibřina – Škvorec, nám.)
- 347** Zličín – Hostivice, Bře, Sportovní hala – Motol
- 351** Českomoravská – Hovorčovice – Měšice, Agropodnik – Čakovičky – Libiš, Spolana 4
- 352** Sídliště Stodůlky – Jinočany, náměstí
- 354** Českomoravská – Podolanka
- 355** Dejvická – Horoměřice, V lípkách – Únětice
- 356** Dejvická – Horoměřice, V lípkách – Statenice
- 357** Zličín – Hostivice, Staré Litovice (cancelled from 9 Dec 2007)
- 358** Obchodní centrum Čakovice – Měšice, Agropodnik (in operation from 4 March 2007)
- 359** Dejvická – Únětice
- 364** Depo Hostivař / Nádraží Uhříněves – Křenice – Doubek
- 365** Českomoravská – Veleň, obecní úřad – Mratín – Kostelec n. Lab., nám.
- 366** Českomoravská – Kostelec n. Lab., nám.

Night-time operation

- 501** Na Knížecí – Jinonice
- 502** Vítězné náměstí – Suchdol
- 503** Lehovec – Sídliště Rohožník
- 504** Ohrada – Sídliště Písnice

MŮSTEK



VYSOČANSKÁ



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- 505** Sídliště Čimice – Jižní Město
 - 506** Sídliště Malešice – Uhřetěves
 - 507** Smíchovské nádraží – Sídliště Zbraslav
 - 508** Anděl – Sídliště Stodůlky
 - 509** Čakovice – Na Beránku
 - 510** Sídliště Stodůlky – Letiště Ruzyně
 - 511** Florenc – Nádraží Hostivař
 - 512** Lehovec – Ve Žlábku
 - 513** Sídliště Lhotka – Jilemnická – Vínor
(until 8 Dec 2007 Jilemnická – Sídliště Lhotka)

School bus lines

- 551** Opatov – Brechtova (only operates in this direction)
(cancelled from 1 Sept 2007)
- 552** Náměstí Míru – Karlov (only operates in this direction)
- 553** U Slunce – Škola Dubeč
- 554** Ronešova – Sídliště Lehovec (only operates in this direction)
(cancelled from 1 Sept 2007)
- 555** Jenerálka – Žákovská (only operates in this direction)
- 556** Knovízská – Brechtova (only operates in this direction)
(in operation from 1 Sept 2007)
- 558** Bazovského – Nádraží Veleslavín (only operates in this direction)

- 559** Jahodnice II – Žárská (only operates in this direction)
- 560** Bílá hora – Na Okraji (only operates in this operation)
- 561** Sídliště Zbraslav – Velká Chuchle (only operates in this direction)
- 563** Divoká Šárka – Červený Vrch (only operates in this direction)
(cancelled from 1 Sept 2007)
- 565** Stadion Strahov – Weberova (only operates in this direction)
- 567** Habrová – Olšanské náměstí (only operates in this direction)
- 568** Sídliště Zličín – Za Slánskou silnicí (only operates in this direction)
- 569** Benice – Picassova (only operates in this direction)
- 570** Pitkovice – Picassova (only operates in this direction)
- 571** Správa soc. zabezpečení – Škola Radlice (only operates in this direction)

Special regular services

- 103001** Bryksova – Florenc – Chodov
- 103003** U spojů – Sídliště Ďáblice – Florenc – Sídliště Řepy – Zličín

4) FUNICULAR LINE

Újezd – Petřín

5) HISTORICAL TRAM LINE

- 91** Vozovna Střešovice – Výstaviště



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Rolling stock and bus fleet as at 31 Dec 2007 – vehicles recorded in accounting books and vehicles in operation

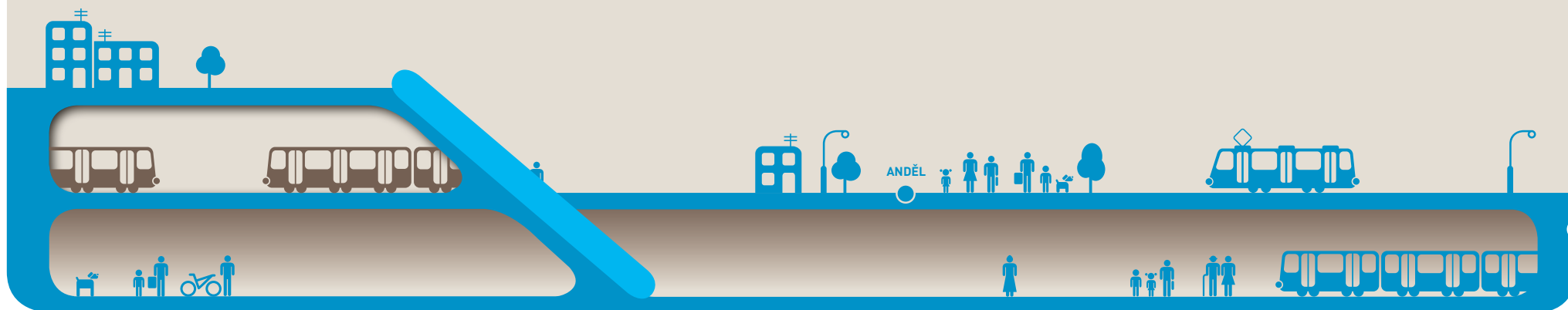
		total	Inventory (accounting) balance		In operation for Prague public transport +/
			of which:		
			M+R */	liquidation	
Metros of which:		744	150	24	567
Trams of which:	81-71	206	80	24	102
	81-71 M (modernised)	295	70		225
	M1	240			240
	EČS (historical)	3			
articulated		987	23	0	946
	KT8 D5 + KT8N2	47	3		44
	14T + RT6N	28			28
single	T3 + T3R.P + T3R.PLF	374	3		371
	T3M	84	4		80
	T3SU	285	13		272
	T6A5	151			151
historical cars		18			

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Buses	of which:	1 207	2	12	1 189
standard (S)	B731, B951	185		10	175
	B732, B732R	142			142
	B732R pro ZTP	7			7
	B931	197			197
	C734, LC936	10		1	9
	C934	1			1
	Total standard	542	0	11	531
standard low-floor (SL)	CITY standard	318		1	317
	Citelis	11			11
	LE City	2	2		0
	E91 midibus	6			6
	Total low-floor	337	2	1	334





Articulated (A)	B741, B741R, B961	98			98
	B941	173			173
	Total articulated	271	0	0	271
Articulated low-floor (AL)	CITY articulated	53			53
Long-distance	LC735, LC936,	4			
	Neoplan, Mercedes				
TOTAL		2 938	175	36	2 702+/-

*/ M+R=vehicles being modernised or renovated, new and modernised vehicles that have not yet been put into operation

+/- The balance of vehicles in operation for the Prague Transport Company does not include historical trams and long-distance buses.

The vehicles in operation were not distinguished from the accounts balance up until and including the year 2000.

Vehicles undergoing modernisation and renovation have been reported separately in accounts since 2001.

Therefore the vehicles balance is divided into:

vehicles recorded in accounts and vehicles in operation.

The accounting balance includes, in contrast to the operation status, vehicles:

undergoing renovations, modernisation, designated for liquidation, historical trams and long-distance buses.

The operating balance includes vehicles approved for operation in Prague public transport with passengers, including vehicles undergoing normal repairs.



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VYSOČANSKÁ





Number of transported passengers

Number of passengers transported by the Prague Public Transport Company in Prague (P+0 zones) and in outlying zones

		%	Thousands of passengers
Number of passengers transported in Prague (zones P+0), incl. funicular and in outlying zones			1 192 926
P + 0			1 183 927
outlying zones			8 999
of which:	Metro	45.38	537 266
	Trams	29.74	352 100
	Buses + outlying zones	24.88	303 560





Number of passengers transported in Prague (P+0) according to ticket type:

	Thousands of passengers	%
Reduced fixed-period tickets for select civic groups:		
– one-month	73 985	6.20
– three-month	63 951	5.36
– one-year	171 111	14.34
Reduced fixed-period tickets:		
– one-month	51 021	4.28
– three-month	130 971	10.98
Fixed-period tickets with passenger-selected validity start period:		
– 30-day	128 463	10.77
– 90-day	144 634	12.12
– 365-day	3 302	0.28
One-year tickets issued without holder's personal information	84	0.01



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VYSOČANSKÁ





Free transport	202 449	16.97
Single-trip transfer ticket including P+R and AE (Airport Express)	140 427	11.78
Other fixed-period tickets	73 529	6.16
Total (P+0)	1 183 927	99.25
Outlying zones	8 999	0.75
Total (P+0) including funicular and in outlying zones	1 192 926	100.00



HR indicators

Number of employees (recorded as at 31 December 2007)

Prague public transport drivers	4 123
Blue-collar employees	4 070
Operators and attendants	597
T+E staff	3 098
Total	11 888

MŮSTEK

VYSOČANSKÁ

**Number of employees categorised by profession for 2007 (average adjusted balance)**

Category by profession		
Total of Prague public transport drivers (including drivers for excursion and for historical tram lines)		4 125
of which:	Metro drivers	544
	Tram drivers	1 343
	Bus drivers	2 238
Operators and attendants		667
Blue collar employees		4 243
T+E staff		3 215
of which:	T+E operating	1 368
	T+E non-operating	1 847
Total		12 250

Note: In 2007 lorry drivers were included in the category of workers.

The average recorded adjusted number of employees is an adjustment of the average recorded number of employees in physical persons by the length of their employment relation to the employer-designated (full) work period.



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Education-level structure as recorded as at 31 December 2007

education level	employees	%
Tertiary	424	3.57
Secondary w / cert.	4 173	35.10
Secondary no cert.	5 861	49.30
Primary	1 430	12.03
Total	11 888	100.00

Wages and salaries including bonuses paid according to category and average monthly wage and salary

	wages and salaries including bonuses (in CZK thou.)	average monthly wage and salary (in CZK)
Prague public transport drivers	1 312 367	25 620
Blue-collar employees	1 107 537	21 436
Operators and attendants	163 079	19 086
T+E staff	1 116 346	27 958
Total	3 699 329	24 429

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Economic indicators

Share of individual cost categories in total PIT costs

	in CZK thou.	%
Direct costs (including transport route costs)	9 685 761	78.71
Operational overheads	656 162	5.33
Services costs	566 340	4.60
Coordination and management costs	1 429 362	11.62
Other costs (museum, funicular, deferred taxes)	-32 126	-0.26
Total PIT costs	12 305 499	100.00





Structure of direct costs of PIT excluding transport route costs

	in CZK thou.	%
Repairs to PIT rolling stock and bus fleet	2 127 349	32.31
Consumption of fuel, materials and traction energy	1 376 231	20.90
HR costs of PIT drivers	2 171 328	32.98
Substitute bus transportation	21 030	0.32
Depreciation of PIT rolling stock and buses	871 176	13.23
Other direct costs of PIT operation	16 630	0.25
Total direct PIT costs (of transport operation)	6 583 744	100.00

Share of PIT operating costs and transport route costs in total PIT costs

	in CZK thou.	%
PIT operating costs	9 203 482	74.79
Transport route costs	3 102 017	25.21
Total PIT costs	12 305 499	100.00

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VYSOČANSKÁ





Share of cost categories in total PIT costs

	in CZK thou.	%
Depreciation and deferred tax	2 739 967	22.27
Wages and salaries	3 702 329	30.09
Consumption of diesel oil and electricity	1 471 762	11.96
Repairs and maintenance	4 072 816	33.10
Remaining costs	318 625	2.59
Total PIT costs	12 305 499	100.00

PIT cost calculation per 1 operating vehicle-kilometre

	CZK / vehicle-kilometre
Metro	94.1727
Trams	56.9746
Buses	44.1822
Services and staff	13.1303



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Transport revenues

Share of revenues by ticket type

	Thousands of passengers	%
Prague public transport (P + O zones)		
– revenues from fixed-period tickets including payments for passes, employee tickets and duplicates	2 129 064	56.73
– revenues from single-trip fares including ticket vending machines	1 481 259	39.47
– revenues from fare surcharges	142 805	3.80
Total Prague public transport (P + O zones)	3 753 128	100.00
Outlying zones		
– revenues from single-trip fares including ticket vending machines	68 135	40.46
– revenues from fixed-period supplementary coupons	100 271	59.54
Total outlying zones	168 406	100.00
Total Prague public transport (P + O zones) + outlying zones	3 921 534	

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VYSOČANSKÁ



Overview of ticket and pass types

Single-ticket valid within the City of Prague (P+0)

Ticket or pass type	ticket price (in CZK)
Full-fare transfer ticket:	
– 75 minutes, or 90 minutes	20
– SMS ticket 90 minutes	20
when purchasing from bus driver	25
Reduced transfer ticket:	
– 75 minutes, or 90 minutes	10
when purchasing from bus driver	15
Limited-transfer tickets:	
– full-fare	14
– for children 6 – 15 years old and holders of PIT pensioner cards	7



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Tickets linked to P+R system:

– full-fare transfer return	30
– one-day	60

Short-term fixed-period tickets for Prague public transport (P+O):

– 24-hour	80
– for children 6 – 15 years old and holders of PIT pensioner cards	40
– three-day	220
– seven-day	280
– fifteen-day	320

*) Short-term fixed-period tickets for all zones:

– 24-hour	120
– 24-hour for children from 6-15 years	60

*) 70% share for Prague public transport

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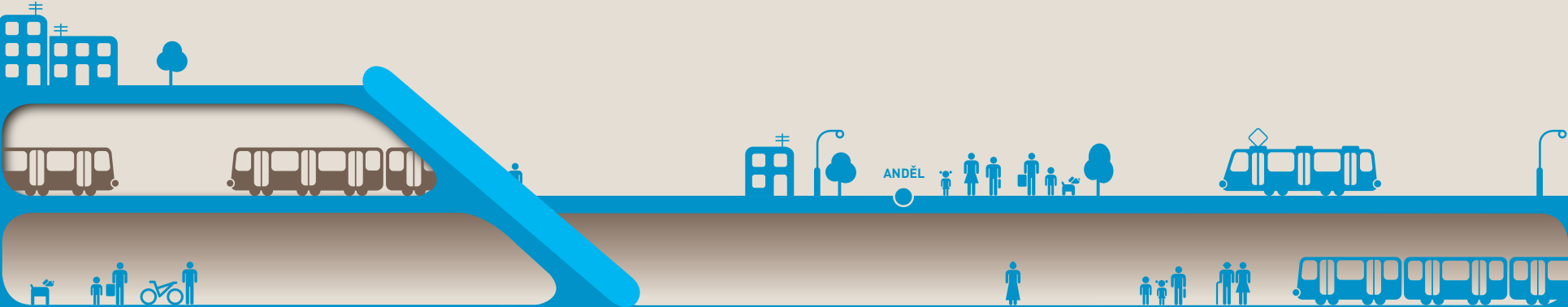


VYSOČANSKÁ



Pre-paid fixed-period tickets valid within the city of Prague

Ticket or pass type	Ticket price (in CZK)
Reduced-fare fixed-period tickets for select civic groups:	
– one-month	460
– three-month	1 260
– one-year	4 150
Reduced fixed-period tickets:	
for children 6 – 15 years of age	
– one-month	115
– three-month	315
for students 15 – 26 years old and university students up to 26	
– one-month	230
– three-month	630
for pensioners (see tariffs)	
– one-month	230
– three-month	630





LETIŠTĚ
RUŽYŇE



Pre-paid fixed-period tickets valid within the city of Prague with passenger-selected validity start period

Ticket or pass type	Ticket price (in CZK)
Fixed-period tickets issued without personal holder's personal information with passenger-selected validity start period	
– 30-day	560
– 90-day	1 600
– 365-day	5 900
Reduced fixed-period tickets issued based on provision of holder's personal information with passenger-selected validity start period:	
civic	
– 30-day civic ticket	460
– 90-day civic ticket	1 260
– 365-day civic ticket	4 150

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VYSOČANSKÁ





Pre-paid fixed-period tickets valid within the city of Prague with passenger-selected validity start period

for children 6 – 15 years of age	
– 30-day fixed-period ticket	115
– 90-day fixed-period ticket	315
for students 15 – 26 years old and university students up to 26	
– 30-day fixed-period ticket	230
– 90-day fixed-period ticket	630
for pensioners (see tariffs)	
– 30-day fixed-period ticket	230
– 90-day fixed-period ticket	630



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Special AE tickets (Airport Express)

Ticket or pass type	Ticket price (in CZK)
Full-fare non-transfer	
– in the Nádraží Holešovice – Letiště Ruzyně segment	45
– in the Dejvická – Letiště Ruzyně segment	30
Reduced non-transfer for children 6 – 15 years of age	
– in the Nádraží Holešovice – Letiště Ruzyně segment	25
– in the Dejvická – Letiště Ruzyně segment	15

MŮSTEK

VYSOČANSKÁ



Total investment resources and costs

Total investment resources

	Total investment resources	of which	
		investment resources obtained in 2007 for payment of invoices paid in 2006	investment resources used for payment of invoices paid in 2007
	in CZK thou.	in CZK thou.	in CZK thou.
Own resources			
depreciation + deferred tax	2 739 967		2 739 967
revenue from the sale of immovables	146 772		146 772
overrun of created own resources	576		576
Total own investment resources	2 887 315		2 887 315



ANDĚL





Other resources			
state subsidies	350 513	55 445	295 068
City of Prague subsidies	7 138 169	15 171	7 122 998
subsidies from EU structural funds	62 790	53 649	9 141
Total other resources	7 551 472	124 265	7 427 207
Total volume of investment resources	10 438 787	124 265	10 314 522

Total investment costs in 2007

Metro capital investment	in CZK thou.
Construction in progress	
Extension of metro C line, segment IV, stage 2	4 650 000
TC4 technical centre	3 000
Depo Hostivař metro station	40 000



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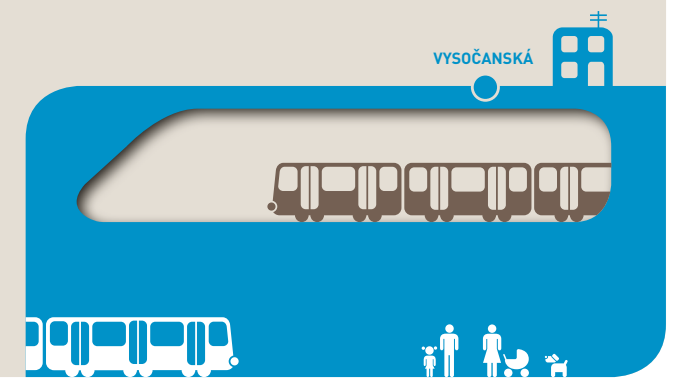


Projects in preparation	
Metro A line	92 015
Total metro capital investment	4 785 015
Other investment projects	
Replacement of escalators	92 772
Tram track construction	126 396
Tram track reconstruction	502 873
Cable route reconstruction	325 332
Construction and reconstruction of substation exchanges	68 032
Depots and central workshops	8 344
Garages and parking facilities	3 606
Security system in metro	54 485
Total other investment projects	1 181 840





Renewal of rolling stock and bus fleet		
Metro	Renovations to metro cars	1 715 250
	Purchase of new metro cars – loan repayment	285 064
	Purchase of new metro cars – six M1 vehicles	377 100
Trams	Technical improvement of trams	479 985
	Purchase of new trams	858 722
Buses	Renovations to buses	47 798
	Purchase of new buses	9 996
Total renewal of rolling stock and bus fleet		3 773 915
Other investments in technical facilities		573 752
Total capital expenditure		10 314 522





Special-purpose investment subsidies

	Drawn from City of Prague budget	Drawn from state budget	Drawn from EU structural funds
	in CZK thou.	in CZK thou.	in CZK thou.
Depo Hostivař metro station (2 x P+R)	40 000.0		
Tram track reconstruction Štefánikův Bridge + Letenský Tunnel	84 246.0		
Tram track Laurová – Radlická	119 986.0		
Metro A extension (Dejvická – Letiště Ruzyně)	92 014.5		
Renovation of metro cars – modernisation	1 100 000.0		
Extension of metro C, segment IV. stage II (Ládví – Letňany)	4 375 000.0	275 000.0	
Modernisation of trams	454 000.0		
Purchase of trams	820 000.0	14 000.0	
OpenCard system for Prague public transport fare payment	32 571.0		



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SPD2 – Barrier-free lifts at Florence station on metro B line	2 810.7	5 504.9	8 315.6
SPD2 – Modernisation of substation Klárov – Štefánikův bridge cable network	7 000.4	33 814.5	21 740.3
SPD2 – Launch of active priority system on select TSE for Prague public transport	2 881.9	6 068.1	8 950.0
SPD2 – Petřín funicular – reconstruction of retaining wall	7 658.5	16 125.6	23 784.0
TOTAL	7 138 169.0	350 513.1	62 789.9

Note:

SPD2 projects are financed within the framework of the Single Programming Document for Objective 2 Prague, i.e. the projects are co-financed by the European Union.

Subsidies partially designated for the payment of invoices from 2006 were provided in 2007 for SPD2 projects.

This consisted of the following amounts:

state subsidies of CZK 55 445 000

subsidies from the City of Prague of CZK 15 170 900

subsidies of EU structural funds of CZK 53 649 600

i.e. total subsidies of CZK 124 265 500 used for payment of invoices paid in 2006



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Profit and loss statement – long form

Company Registration No:

00005886

as at 31 Dec. 2007 (in CZK thou.)

Name and registered office of accounting entity

Dopravní podnik hl. m. Prahy, akciová společnost (Prague Public Transport

Company, joint stock company)

Sokolovská 217/42, 190 22 Prague 9

Item a	TEXT b	Balance in accounting period	
		current 1	prior 2
I.	Revenues from goods sold	1 611	1 697
A.	Cost of goods sold	1 407	1 676
+	Gross margin	204	21
II.	Operation	5 043 685	4 732 538
II. 1	Revenues from finished products and services	4 295 471	4 129 835
1.1	Revenues from fares	3 778 729	3 622 138
1.2	Other revenues	516 742	507 697



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2	Changes in inventory Capitalization (of own work)	-9 263	8 546
3	Own work capitalised	757 477	594 157
B.	Consumption from operation	5 356 490	5 105 089
B. 1	Consumption of material and energy	3 008 869	2 856 675
B. 2	Services	2 347 621	2 248 414
B. 2.1	Repairs and maintenance	690 230	770 246
B. 2.2	Other services	1 657 391	1 478 168
+	Value added	-312 601	-372 530
C.	Personnel expenses	5 227 822	5 099 935
C. 1	Wages and salaries	3 702 329	3 582 961
C. 2	Bonuses to members of executive bodies of companies and coop.	2 203	2 929
C. 3	Social security and health insurance costs	1 283 394	1 270 281
C. 4	Statutory social expenses	208 111	212 770
C. 5	Costs of supplementary pension insurance	31 785	30 994
D.	Taxes and fees	50 544	68 098
E.	Depreciation of long-term intangible and tangible assets	2 812 760	2 437 077

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III.		Revenues from long-term intangible and tangible assets and material sold	401 694	190 908
III.	1	Sales of long-term assets and raw materials	260 521	6 946
III.	2	Revenue from sales of materials	141 173	183 962
F.		Net book amount of long-term assets and raw materials sold	245 501	176 005
F.	1	Net book value of long-term assets sold	113 749	5 440
F.	2	Materials sold	131 752	170 565
G.		Change in provisions, reserves – operation and change in prepayments and accruals	775 015	105 740
IV.		Other operating revenues	7 961 300	8 772 098
IV.	1	Subsidies to cover costs	7 687 869	8 514 890
IV.	2	Other operating revenues	273 431	257 208
H.		Other operating expenses	718 661	280 772
*		Net operating results	-1 779 910	422 849
VI.		Revenues from sales of securities and shares	55 437	0
J.		Sold securities and shares	50 803	0





VII.		Revenues from long-term financial assets	12 012	17 835
VII.	1	Revenues from shares in controlled and managed entities and in accounting entities with shareholdings of > 20%-50%	12 012	17 835
M.		Change in provisions, reserves – financial	1 211	0
X.		Interest revenues	28 889	17 300
N.		Interest expenses	195 612	210 971
XI.		Other financial revenues	25 544	24 370
O.		Other financial expenses	5 395	5 948
*		Financial result	-131 139	-157 414
Q.		Income taxes on normal activity	-72 793	265 435
Q.	2	– deferred	-72 793	265 435
**		Net result after taxes from normal activities	-1 838 256	0
*		Net result from extraordinary activities	0	0
***		Net profit (loss) for the financial period	-1 838 256	0
****		Result of operations before tax	-1 911 049	265 435

Compiled on:
15 Feb. 2008

The legal form of the accounting entity is a
joint-stock company

Subject of business:
**Operation of city public transport
and other activities**

Signature of the accounting
entity's statutory body

[Handwritten signature]

VYSOČANSKÁ



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Balance sheet – long form

Company Registration No:

00005886

Name and registered office of accounting entity
Dopravní podnik hl. m. Prahy, akciová společnost
(Prague Public Transport Company),
Sokolovská 217/42, 190 22 Prague 9

as at 31 Dec. 2007 [in CZK thou.]

Item a	ASSETS b	Current accounting period			Prior year
		Gross 1	Provisions 2	Net 3	Net 4
	TOTAL ASSETS	115 073 502	-27 846 981	87 226 521	90 317 208
B.	Fixed assets	111 050 166	-27 655 239	83 394 927	86 758 196
B. I.	Intangible fixed assets	521 243	-396 549	124 694	78 525
3	Software	418 451	-377 327	41 124	43 054
4	Patents, rights and royalties	7 082	-6 832	250	450
6	Other intangible fixed assets	42 550	-12 390	30 160	19 369
7	Unfinished intangibles	53 160	0	53 160	14 559
8	Advances for intangibles	0	0	0	1 093
B. II.	Tangible fixed assets	110 322 585	-27 258 690	83 063 895	86 397 588



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B.	II.	1	Land	3 443 107	0	3 443 107	3 466 800
		2	Buildings, halls and constructions	52 618 200	-11 434 186	41 184 014	38 853 281
		3	Separate movable items and groups of movable items	33 146 410	-15 823 293	17 323 117	17 368 150
		6	Other tangible fixed assets	34 675	0	34 675	34 675
		7	Unfinished fixed tangibles	19 430 327	0	19 430 327	25 183 545
		8	Advances for fixed tangibles	1 649 866	-1 211	1 648 655	1 491 137
B.	III.		Long-term financial assets	206 338	0	206 338	282 083
B.	III.	1	Shares in controlled and managed entities	189 557	0	189 557	190 923
		2	Shares in accounting entities with shareholdings of 20%-50%	16 781	0	16 781	91 160
C.			Current assets	3 933 432	-191 742	3 741 690	3 481 119
C.	I.		Inventory	556 825	-63 108	493 717	562 461
C.	I.	1	Materials	529 564	-63 108	466 456	520 289
		2	Work in progress and semi-finished production	1 115	0	1 115	10 378
		5	Goods	1 873	0	1 873	1 602
		6	Advances granted	24 273	0	24 273	30 192
C.	II.		Long-term receivables	839 974	0	839 974	454 535



C.	II.	1	Trade and other receivables	837 462	0	837 462	452 592
		5	Long-term advances provided	1 808	0	1 808	1 440
		7	Other receivables	704	0	704	503
C.	III.		Short-term receivables	1 953 341	-128 634	1 824 707	1 232 254
C.	III.	1	Trade and other receivables	961 462	-128 175	833 287	682 133
		6	Receivables from taxes and subsidies	886 539	0	886 539	464 643
		7	Short-term advances provided	28 828	0	28 828	32 858
		8	Contingencies – gain	43 873	0	43 873	39 755
		9	Other receivables	32 639	-459	32 180	12 865
C.	IV.		Short-term financial assets	583 292	0	583 292	1 231 869
C.	IV.	1	Cash	15 138	0	15 138	12 702
		2	Bank accounts	568 154	0	568 154	1 219 167
D.	I.		Accruals	89 904	0	89 904	77 893
D.	I.	1	Prepaid expenses	76 699	0	76 699	76 968
		3	Unbilled revenue	13 205	0	13 205	925





Item	LIABILITIES	Balance in current accounting period	Balance in prior accounting period
a	b	5	6
	TOTAL CAPITAL & LIABILITIES	87 226 521	90 317 208
A.	Capital	58 269 894	60 090 993
A. I.	Basic capital	30 726 125	30 726 125
1	Basic capital	30 726 125	30 726 125
A. II.	Capital funds	31 017 701	31 000 544
2	Other capital funds	30 949 916	30 907 815
3	Revaluation of assets	67 785	92 729
A. IV.	Retained earnings	-1 635 676	-1 635 676
2	Retained losses of previous years	-1 635 676	-1 635 676
A. V.	Profit and loss of current accounting period	-1 838 256	0

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B.		Liabilities	28 275 185	29 569 643
B.	I.	Reserves	800 946	100 000
B.	I.	1 Legal reserves	800 946	0
		4 Other reserves	0	100 000
B.	II.	Long-term liabilities	3 389 819	3 772 686
B.	II.	1 Trade payables	7 862	317 530
		5 Long-term deposits received	546	1 148
		9 Other payables	196	0
		10 Deferred taxes	3 381 215	3 454 008
B.	III.	Short-term liabilities	20 663 653	21 919 860
B.	III.	1 Trade payables	2 716 402	2 299 323
		5 Payables to employees	16 975	22 566
		6 Social security and health insurance payable	140 376	148 074
		7 Payables from taxes and subsidies	17 469 304	19 134 797





7.1	Taxes payable	43 136	42 883
7.2	Subsidies	17 426 168	19 091 914
8	Short-term deposits received	60 064	71 776
10	Contingencies – loss	14 205	6 610
11	Other payables	246 327	236 714
B. IV.	Bank loans and short-term notes	3 420 767	3 777 097
B. IV. 1	Long-term bank loans	3 135 703	3 420 767
2	Short-term bank loans	285 064	356 330
C. I.	Accruals	681 442	656 572
C. I. 1	Accruals	11 528	55 286
2	Deferred income	669 914	601 286

Compiled on:
15 Feb. 2008

The legal form of the accounting entity is a
joint-stock company

Subject of business:
**Operation of city public transport
and other activities**

Signature of the accounting
entity's statutory body



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List of abbreviations

PIT	Prague Integrated Transport	UITP	Union Internationale des Transports Publics (International Union of Public Transportation)
SPŠD, a. s.	Střední průmyslová škola dopravní, a. s. (Secondary School of Transport)	OSC	Other staff costs
IDS a. s.	Inženýring dopravních staveb, a. s.	SPD2	Single Programming Document for Objective 2
T+E staff	Technical-economic employees	TSE	Traffic signals equipment
OA	Operators and attendants	TT	Tram track
BE	Blue-collar employees	CA	collective agreement
P+R	Park and Ride	P+0	zones covering the City of Prague
EU	European Union	TR	Tram repair garage
FP	fire prevention	ESF	European structural funds
		ROPIT	Regional Organizer of Prague Integrated Transport



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Appendix to annual financial statement as at 31 December 2007 – long form

1. Accounting entity

Company name: Dopravní podnik hl. m. Prahy, akciová společnost

Registered address: Praha 9, Sokolovská 217/42, PSČ 190 22

Legal form: joint-stock company

Subject of business:

- operation of tram lines, special lines (metro) and funicular lines (Petřín and ZOO) and operation of rail transport within the city of Prague
- passenger vehicle road transportation
- freight vehicle road transportation
- road vehicle repairs
- vehicle body repairs
- locksmithing
- repairs to other means of transportation
- manufacture, installation and repairs of electric machinery and apparatus
- driving school operation
- fuel stations operation
- purchase, sale and storage of fuel and lubricants including

their delivery with the exception of their exclusive purchase, sale and storage of fuels and lubricants in consumer packaging up to 50 kg per package.

- psychological consultation and diagnosis
- purchase of goods for the purpose of their later sale, and sales (except for business activities given in annexes 1-3 of Act no. 455/91 Coll., as amended)
- catering business
- accommodation services in facilities of a category lower than ++
- operation of non-governmental health facility
- assembly, repairs, inspections and testing of the designated electrical equipment.
- installation, maintenance and servicing of telecommunication services
- provision of telecommunication services
- operation of garages and parking facilities
- operation of technical inspection station
- operation of emissions inspection station

Company founding date: 11 July 1991

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Basic capital participation

100 % founder's share – sole shareholder City of Prague, Prague 1,
Mariánské náměstí 2, 110 00 – created by a non-cash deposit of CZK 30 726 125 000.

The company's basic capital is divided into a total of 3 001 registered shares, of which:

3 000 shares with a nominal value of CZK 10 000 i.e.	CZK 30 000 000 000
1 share with a nominal value of	CZK 726 125 000

Total nominal value of shares as at 31 Dec 2007	CZK 30 726 125 000

Shares in the company are issued to the name: „Obec – hlavní město Praha“

Amendments in the Commercial Register

Entry in the Commercial Register:

Vice-Chairman of the Board of Directors – Martin Dvořák

Position held since – 26 March 2007, entered in the Commercial Register on 4 May 2007.

The members of the Board of Directors:

David Vodrážka
Miroslav Sklenář
Antonín Weinert
Hana Žižková

The above individuals became members of the Board of Directors on 14 March 2007,
entered in the Commercial Register on 4 May 2007.

(Hana Žižková – termination of position: date of death – 27 June 2007)

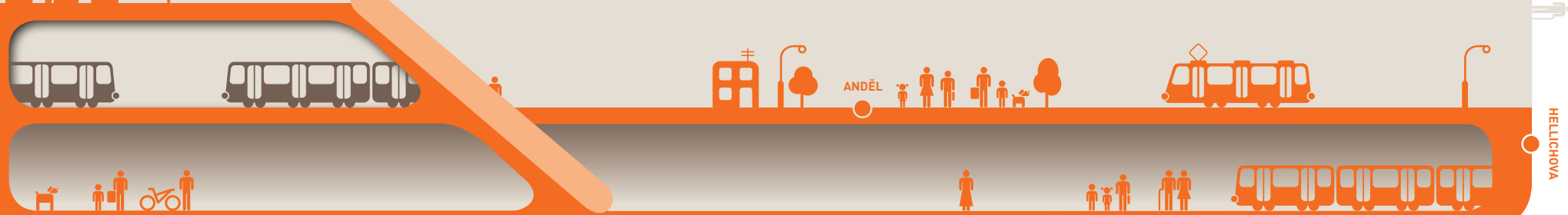
Chairman of the Supervisory Board – Rudolf Blažek

Position held since – 28 March 07, entered in the Commercial Register on 4 May 2007.

The members of the Supervisory Board:

Ivan Bednář
Karel Březina
Tomáš Homola

The above individuals became members of the Supervisory Board on 14 March 2007,
entered in the Commercial Register on 4 May 2007.





Deletion from Commercial Register:

Vice-Chairman of the Board of Directors – Petr Hulinský

Annulment of position and membership – 14 March 2007, deleted from the Commercial Register on 4 May 2007

The members of the Board of Directors:

Václav Pomazal
Karel Matouš
Vladimír Řihák
Petr Blažek

The above individuals had membership in the Board of Directors annulled as of 14 March 2007, deleted from the Commercial Register on 4 May 2007.

Chairman of the Supervisory Board – Martin Hejl

Annulment of position – 14 March 2007, deleted from the Commercial Register on 4 May 2007.

The members of the Supervisory Board:

Rudolf Blažek
Jiří Kaňák
Jan Štrof

The above individuals had their membership in the Supervisory Board annulled as of 14 March 2007, deleted from the Commercial Register on 4 May 2007.

Statutory and supervisory bodies as at 31 December 2007

The statutory body is the Board of Directors of the joint-stock company composed of:

Radovan Šteiner	chairman
Martin Dvořák	vice-chairman
Petr Hána	member
David Vodrážka	member
Jan Heroudek	member
Tomáš Jílek	member
Miroslav Sklenář	member
Antonín Weinert	member

(a new member was not elected after the annulled membership of Hana Žižková)

The supervisory body of the joint-stock company is the Supervisory Board composed of:

Rudolf Blažek	chairman
Jiří Čada	vice-chairman
Ivan Bednář	member
Karel Březina	member
Petr Zajíček	member
Petr Moos	member
Tomáš Homola	member
František Kadlec	member
Jiří Obitko	member





Organizational structure of Prague Public Transport Company as at 31 Dec. 2007

Company Bodies

SUPERVISORY BOARD

GENERAL MEETING

BOARD OF DIRECTORS

Company's macrostructure

GENERAL DIRECTOR

TRANSPORT DIVISION
100 000

Metro Operation Unit
110 000

Tram Operation Unit
120 000

Bus Operation Unit
130 000

TECHNICAL DIVISION
200 000

Metro Rolling Stock Management Unit
210 000

Tram Rolling Stock Management Unit
220 000

Bus Fleet Management Unit
230 000

Metro Transport Route Unit
240 000

Tram Transport Route Unit
250 000

SERVICE DIVISION
300 000

IT Unit
310 000

In-house Transport Unit
320 000

Supply Unit
330 000

Immovable Property Unit
340 000

Historical Vehicle Unit
360 000

ECONOMIC
DIVISION
400 000

PERSONNEL DIVISION
500 000

SECURITY DIVISION
600 000

GENERAL DIRECTOR'S
DIVISION
900 000



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In 2007, major organisational changes took place in the Prague Public Transport Company. At the start of 2007, organisational changes focusing on optimising activities in departments, which were transformed the year before, were made.

In Q II of 2007, top management of the Prague Public Transport Company ordered an audit by BNV Consulting with the aim of assessing the existing organisational structure of the company and the processes within its various divisions with regard to tasks and activities that these divisions carry out. In accordance with the conclusions drawn from the procedural-organisational audit for the purpose of streamlining work, reducing administrative and communicational difficulties, merging activities and reducing the number of departments and procedural changes, organisational changes took place that were broken down into two phases.

The first phase of organisational changes took effect on 1 Oct. 2007 and were carried out:

- in the General Director's Division
- in the Personnel Division
- in the Services Division, in which the most significant change was the cancellation of the Excursions Unit
- in the Technical Division
- in the Economic Division.

The second phase of organisational changes took effect on 1 Dec. 2007 and was carried out:

- in the Transport Division
- in the Security Division
- in the Strategy & Investment Department.

These organisational changes resulted in a jobs reduction of 725.



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2. Shares in private and public companies with shareholdings 20% – 50% or > 50%

Companies that DP, a. s. has shareholdings of 20% – 50% or > 50% (in CZK thou).

Company name and registered office	Share of registered capital in%	Own capital		Results	
		2007*	2006	2007*	2006
RENCAR PRAHA, a. s. Šaldova 425/12, Prague 8	28	59 932	60 584	42 248	43 023
Pražská strojírna a. s. Mladoboleslavská 133, Prague 9	100	140 169	158 153	– 16 722	26 368
Elaugen DP Praha, s.r.o. Na obrátce 16/102, Prague 9	40	7 840	6 696	1 145	369
Střední průmyslová škola dopravní, a. s. Plzeňská 102, Prague 5	100	27 457	27 374	82	340

*) Data for 2007 are states ascertained as at 29 Jan. 2008

No controlling agreements or profit transfer agreements have been concluded with the above companies to date.

DP, a. s. is a partner without a share in unlimited liability company Sdružení dopravních podniků (Association of Public Transport Companies) in the Czech Republic. The subject of business of this company is to procure and carry out work, performances and services in the area of the organisation, management and economic management of city public transport in the Czech Republic and securing its technical, operational and legislative aspects.



3. Employees and personnel expenses (in CZK thou.)

	2007	2006
Average adjusted number of employees of DP, a. s.	12 250	12 594
of which are executives	21	22
Total staff cost	5 227 822	5 099 935
of which are executives	41 666	32 107
Total wages and salaries	3 702 329	3 582 961
of which are executives	30 544	23 658
Total social insurance and other expenses	1 283 394	1 270 281
of which are executives	10 691	8 280
Total statutory social expenses	208 111	212 770
of which are executives	355	90
Costs of supplementary pension insurance	31 785	30 994
of which are executives	76	79
Bonuses to members of executive bodies	2 203	2 929

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4. Amount of loans, credit, provided guarantees and other performances

Select members of executive bodies were provided with the use of company cars (abiding by taxation regulations pursuant to Act no. 586/1992 Coll., on income tax, section 6 as amended).

No loans and credit were provided to shareholders or to members of statutory, supervisory or executive bodies.

Supplementary pension insurance was provided only to statutory and supervisory body members who were also employees of DP, a. s.

5. General accounting principles, accounting methods, methods of valuation and depreciation

These are applied in accordance with Act No. 563/1991 Coll., on accounting, as amended (the Accountancy Act) and with Finance Ministry Decree No. 500/2002 Coll., by which some provisions of the Accountancy Act are enacted, for accounting entities that utilise double-entry bookkeeping (hereinafter the Finance Ministry Decree) and in accordance with Czech Accounting Standards for Enterprises. No deviations from the accounting methods pursuant to Section 7, par. 5 of the Accountancy Act were applied in DP, a. s.

5.1 Valuation methods

a) Inventories purchased

are valued using a weighted arithmetic mean, except for goods in company canteens and recreation centres. These goods are valued by their actual acquisition costs.

Inventories created by own activities

are valued by their actual costs.



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Replacement parts and other materials created by the company's one-off activities are valued by their actual costs.

Replacement parts and other materials created by own activities and for which it is not possible to clearly determine the price per item (for constantly created replacement parts and other materials) are valued based on predetermined prices. Cost components included in the costs of replacement parts and other materials determined on the level of actual costs consist of: direct consumption of materials, energy, direct wages, social and health insurance, share of production overhead, cooperation and freight charges.

b) Fixed tangible assets created by own activities

are valued by actual costs, i.e. by any and all direct costs and by indirect costs that closely relate to the creation of the fixed assets. The company conducted its own activities in reconstructing the tram tracks, the traction lines and modernisation of means of transportation.

No fixed intangible assets were created by the company's own activities in 2007

c) Securities and shares

are valued by the acquisition price.

5.2 Method of determining replacement value for assets

The replacement value for inventories was determined according to the current average stock price at the moment of ascertaining the inventory surplus (diesel, cooling fluid). The replacement value was also used for valuation of surpluses in small assets maintained in the off-balance sheet and determined by an expert estimate.

For fixed assets in 2007, valorisation by replacement value was used for easements acquired free of charge. In this case the replacement value was determined by an expert opinion.

In ensuring the accord of the accounting records with the property records in the land registry, the newly ascertained property acquired before the end of 1992 were valued according to the methodology pursuant to Finance Ministry Decree No. 393/1991 Coll. In other cases pursuant to price maps or expert opinion.

5.3 Costs related to inventory acquisition

The acquisition price of inventories includes, above all, freight charges, packaging charges, postal charges, customs and discounts. If acquisition-related costs do not form part of the acquisition price of specific materials or goods, they are monitored on a separate analytical account of inventories and are released once a month to the consumption of materials and good pursuant to internal directives. This process is used in the company also for transport fees procured by the company's departmental services.

5.4 Costs related to fixed assets acquisition

The valuation of fixed intangible and tangible assets and of the technical appreciation of assets includes, up to the period of introducing the assets to a state appropriate for use, the following costs in particular:

- research, geologic, geodetic, project work, including variant solutions
- customs, assembly, freight, environmental clearance fee, packaging

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- residual value of disposed constructions or their parts due to new construction
- compensation for ownership rights restriction, compensation for financial damage to owner or lessee
- right of use established in connection with undertaking construction
- tests before introducing assets to a state appropriate for use
- preparatory work, including costs for expertise, fees, remuneration for consultancy and intermediary services related to the acquisition of fixed assets
- in the case of fixed assets financed from EU structural funds, the acquisition cost of the fixed assets includes an audit, consultancy activities and other costs related to the settlement of the request for financing from EU structural funds.

5.5 Valuation methods, depreciation and accounting procedures

In 2007, methods of valuation and depreciation and accounting procedures were applied in the company pursuant to the Accountancy Act, the Finance Ministry Decree and in accordance with Czech Accounting Standards for enterprises. For basic orientation in the methods of valuation, depreciation processes and accounting procedures in the company, we give the following:

- the limit for defining a fixed intangible asset is over CZK 60 000, except for easements, regardless of the acquisition price
- the limit for defining a fixed tangible asset is over CZK 40 000

- limit for defining technical appreciation of assets that increases the value of fixed assets is over CZK 40 000 (for fixed tangible assets in total for the accounting period, for fixed intangible assets for termination of the specific asset)
- if the valuation of a multi-licence (i.e. one licence for software that authorises multiple users to use the software) exceeds CZK 60,000 and the period of usability is greater than 1 years, then it is a fixed intangible asset (one inventory number)
- a subsidy for acquiring a fixed asset reduces the value of the fixed asset the moment the use of the asset is begun
- for capital participation of entities controlled and managed, and of accounting entities under 20%, our company conducted equivalent valuation, i.e. the ownership interest is adjusted to the a value corresponding to the degree of interest of the company in own capital of these companies. Equivalent valuation is entered in accounts as a change in the value of a security as a counter entry to item 414 – Gains or losses from revaluation of assets and liabilities
- acquisition and movement of inventories according to Czech Accounting Standard for Enterprises No. 15 is conducted pursuant to method A
- in connection with the effect of Act no. 235/2004 Coll., on value added taxes, as amended (VAT Act), the total paid amount is entered in the accounts of received and moved inventories upon reception of the invoice. This amount includes VAT and the correction in the VAT amount is monitored on the relevant analytical accounts of inventories ending in the numbers xxx96 and xxx98
- in accordance with the civil and commercial codes, a mutual crediting of receivables and payables is made according to the agreement of the business partners





- with respect to Section 25, par. 2 and Section 7 of the Accountancy Act, settlement of a payment for a loan in EUR currency is made by using the exchange rate that the loan was provided for. This means that a payable from a loan in a foreign currency is, for the date of balance, expressed in the real CZK value of the loan's payable.
- costs for the acquisition of small tangible and intangible assets are accrued for 2 years
- revenues from easements established on Prague Public Transport Company assets are accrued:
 easement in acquisition cost up to CZK 60 000: – no accrual
 easement in acquisition cost over CZK 60 000: – provided for a definite period of time
 – an accrual is made according to the period given in the agreement for which the easement is established
 – provided for an indefinite period of time – an accrual is made for 4 years from the month in which the easement is established

5.6 Method of determining provisions for assets

Provisions are created for assets accounts in the event of a temporary reduction in the valuation of the assets in accounting established on the basis of inventory-taking data in accordance with the provisions of Section 26 of the Accountancy Act, of the Czech Accounting Standard for Enterprises No. 005 and Act No. 593/1992 Coll., on reserves for ascertaining the income tax base, as amended (the Reserves Act).

In 2007, the following were created in the Prague Public Transport Company:

- provisions for trade receivables and for receivables from fare surcharges pursuant to the relevant laws and instructions of the legal department
- provisions for inventories according to the Supply Unit and according to the decision of the Economic Director. These provisions were created based on the inventory taken, following the review of level, length of storage and with regard to expected non-usability and minimum marketability
- provisions for assets according to expected future sales prices

5.7 Method of determining provisions for fixed assets and depreciation methods used in determining depreciation

Fixed intangible assets and fixed tangible assets are depreciated based on the depreciation plan using book depreciation, in accordance with Section 7, par. 1 of the Accountancy Act.

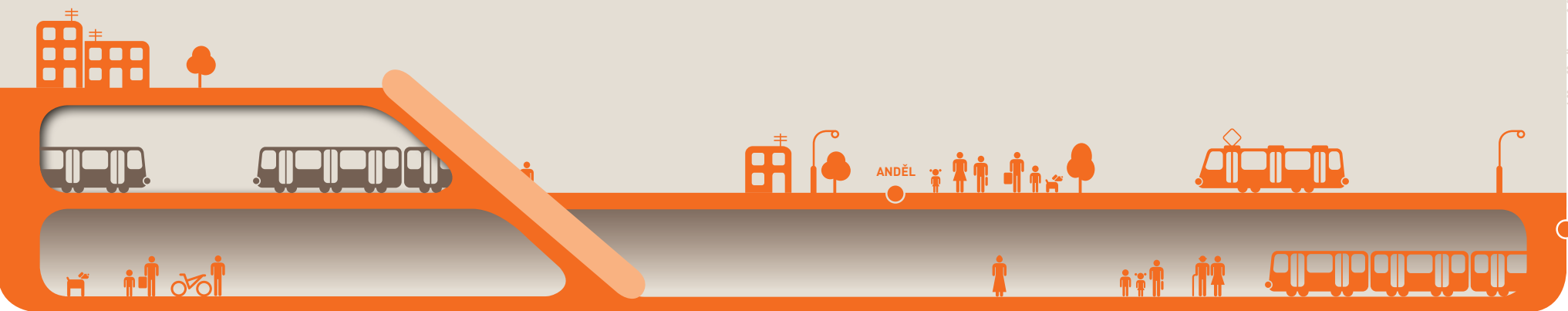
The depreciation plan is announced through an internal directive of the Prague Public Transport Company. The amount of provisions for fixed assets is determined by the service life, which is set with regard to wear and tear corresponding to normal conditions of use. Depreciation begins in the month the asset is first classified for use.





The service life for these assets has been set as follows:

Fixed assets	Service life in years
Metro tunnels	100
Metro power system	30
Tram track	30
Escalators	17
Means of transport:	
– metro cars acquired by end of 1991	20
– metro cars acquired from 2001	40
– renovated metro cars	15
– trams	20
– standard and articulated buses	7
– low-floor standard and articulated buses	10
– buses that have undergone technical enhancements	4



The length of depreciation of software is set at 36 months.

Depreciation of easements established to the benefit of Prague Public Transport Company: easements in acquisition price up to CZK 60 000 depreciate 24 months

easements in acquisition price over CZK 60 000:

- provided for a definite period of time – the period of depreciation is set according to the period given in the agreement for which the easement is established
- established for an indefinite period – depreciate 48 months

Assets acquired from subsidies for the acquisition of fixed assets and fixed tangible assets do not depreciate.

5.8 Conversion of data in foreign currencies

Accountancy of exchange rate differences is conducted pursuant to Section 60 of Finance Ministry Decree and to the Czech Accounting Standards for Enterprises No. 006.

Assets and payables, expressed in foreign currency, are converted to CZK by the bank's daily exchange rate in accordance with the valid regulations. The exchange register uses a fixed rate that is always determined as of the first business day of the relevant quarter in accordance with the exchange rate of the Czech National Bank.

Within the framework of the monthly financial statement for foreign currency bank

accounts conversion to CZK is made according to the exchange rate on the last day of the month.

As at the end of the date of balance for which the financial statement is prepared, the exchange rate difference from the valuation of assets and payables given in Section 4, par. 12 of the Accountancy Act is debited as an expense or credited as revenue.

5.9 Method of determining the fair value of securities

The Prague Public Transport Company used, in 2007, valuation by fair value of securities in the form of equivalent valuation (of shares of own capital) pursuant to Section 27 of the Accountancy Act.

5.10 Use of clearing

At the Prague Public Transport Company, the following is not considered as a breach of clearing pursuant to Section 58 of the Finance Ministry Decree:

- clearing of reserves and provisions
- clearing of deferred taxation
- summarized statement of exchange rate differences

5.11 Method of applying deferred tax method

The Prague Public Transport Company compiles, pursuant to Section 18, par. 3 of the Accountancy Act, the financial statement in long form. Therefore, there is the obligation to account for deferred tax.

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Deferred tax is ascertained from temporary differences that arise from a different accounting and tax perspective on accounting items. The deferred tax calculation is based on the liability method arising from the balance sheet approach. At the Prague Public Transport Company, deferred tax accounting concerned the following in 2007:

- fixed assets depreciated
- revenues from unpaid contractual fines and default interest
- receivables for unpaid contractual fare surcharges
- provisions for inventories
- provisions for fixed assets
- unpaid estimated payables for health and social insurance

6. Additional information regarding the profit and loss balance sheet

Items are given in an order in the balance sheet and profit and loss statement, as specified in the Finance Ministry Decree. The Prague Public Transport Company also lists in these statements other sub-items for better comprehension and information capability on the accounting entity. It consists of the following information:

balance sheet – liabilities – B. III.	7.1.	Payables from taxes and subsidies
	7.2.	Subsidies
profit and loss statement – II.	1.1.	Revenues from fares
	1.2.	Other revenues

The above were used for calculating the deferred taxes. Assessed tax loss was not used, however, since it is not likely to occur in the future in the Prague Public Transport Company. The tax loss can be set off against the tax profit that is not created in the company. The deferred tax receivable or deferred tax payable is identified as the product of the resulting difference and income tax rate set by the income tax law. The deferred tax payable is reported in the financial statement after the setoff of deferred tax receivables and payables. Expense – deferred income tax is entered as a change in status between the account balance in account group 48 – Deferred tax payable and receivable as at 1 January and 31 December.

B.2.1.	Repairs and maintenance
2.2.	Other services
C.5.	Costs of supplementary pension insurance
IV.1.	Subsidies to cover costs
2.	Other operating revenues

Lines XI and O contain summarised exchange rate differences.

The 2007 results show a loss of CZK 1 838 256 000. There also occurred a year-on-year reduction in assets and liabilities by CZK 3 090 687 000. This reduction in assets in the balance sheet signals an increase in assets in the off-balance sheet, i.e. an increase in fixed assets acquired from a subsidy.



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Below are the changes in the state of assets and liabilities in 2006 and 2007.

Changes in assets (in CZK thou.)

Text	2007	2006
Fixed assets	- 3 363 269	4 385 381
– intangible	46 169	3 557
– tangible	- 3 333 693	4 351 510
– financial	-75 745	30 314
Current assets	260 571	-11 365
– inventories	-68 744	26 824
– long-term receivables	385 439	-225 168
– short-term receivables	592 453	187 638
– short-term financial assets	-648 577	-659
Accruals	12 011	1 825

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**Changes in liabilities (in CZK thou.)**

Text	2007	2006
Own capital	- 1 821 099	23 552
– capital funds	17 157	23 552
– profit/loss for the current year	-1 838 256	0
Liabilities	- 1 294 458	4 320 405
– reserves	700 946	100 000
– long-term liabilities	- 382 867	582 752
– short-term liabilities	-1 256 207	3 922 717
– bank loans and short-term notes	-356 330	-285 064
Accruals	24 870	31 884





6.1 Significant items essential for assessing the financial and assets situation and the accounting entity's results

6.1.1 Results for 2007

The reported loss of CZK 1 838 256 000 was caused mainly by:

- non-coverage of operating budget under the depreciations item that in past years was created by a budget change of CZK 542 147 000
- entry of items in connection with Section 25, par. 2 of the Accountancy Act (taking into consideration all foreseeable risks and possible losses that concern assets and liabilities, as well as all reduction in value):
 - abandoned projects CZK 413 699 000

This consists of expenses on investment projects that were permanently suspended and will not be continued. These are mainly buildings of the Technical Centre for the Metro Protection System, whose construction was terminated on the basis of Prague City Council Resolution No. 1758 dated 19 Oct. 2004.

This amount influences the profit and loss lines.

- provisions for assets CZK 81 464 000

This is an expected loss from future sales of unneeded inventories and fixed tangible assets

- reserves for repairs and maintenance CZK 800 946 000

Based on the decision of the General Director and on an assessment of expected repairs to tangible assets, a reserve was created for repairs to tangible assets, whose depreciation period is set by the Income Tax Act as 5 or more years, and which is in the company's ownership and complies with the conditions for creating reserves for repairs of these assets pursuant to Section 7 of the Reserves Act, in accordance with the relevant provisions of the Reserves Act, the Accountancy Act and related legal regulations.

A reserve of CZK 800 946 000 was created for 2007; in 2008 we expect to create a reserve of CZK 800 928 000 and in 2009 a reserve of CZK 347 795 000. Materials for the creation of the reserve were prepared by the Technical Division and the Administration of Immovable Property Management Unit.

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An overview of reserves and provisions in the Prague Public Transport Company (in CZK thou.)

Reserves and provisions	2007	2006
Reserves for repairs to tangible assets		
Opening balance	0	0
Creation	800 946	0
Use	0	0
Final balance	800 946	0
Other reserves		
Opening balance	100 000	0
Creation	0	100 000
Use	100 000	0
Final balance	0	100 000
Provisions to receivables		
Opening balance	101 165	84 083
Creation	13 458	18 281



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Use	168	1 199
Final balance	114 455	101 165
Tax provisions		
Opening balance	21 407	32 750
Creation	2 188	3 865
Use	8 204	15 208
Final balance	15 391	21 407
Inventory provisions		
Opening balance	0	0
Creation	63 108	0
Use	0	0
Final balance	63 108	0
Assets provisions		
Starting balance	0	0
Creation	4 898	0
Use	0	0
Final balance	4 898	0

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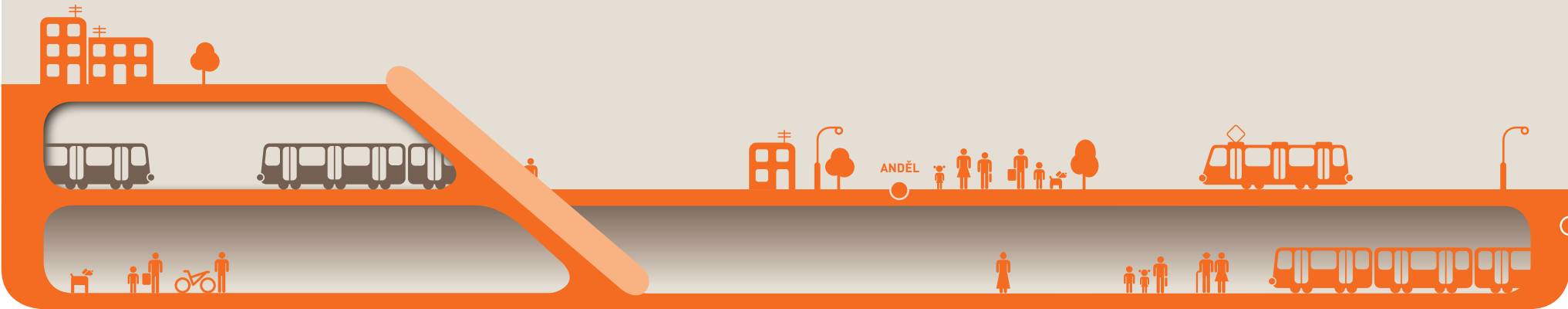
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6.1.2 Provided subsidies for operation and subsidies for acquiring fixed assets

The Prague Public Transport Company requested in 2007 subsidies to cover costs and for the acquisition of fixed assets amounting to CZK 15 254 357 000 in the following structure:

Subsidies according to sources (in CZK thou.)		
Project no.	Indicator	2007
	Total subsidies	15 254 357
	of which:	
	Subsidies to cover costs	7 687 869
	of which:	
	from the City of Prague's budget:	7 641 590
	– routine operation	7 601 420
	– EU TRENDSETTER project	170
	– civil defence	40 000
	subsidy within PIT framework	46 204
	special-purpose subsidy from state budget	75





Subsidies for the acquisition of fixed assets

7 566 488

of which:

from the City of Prague's budget

7 153 185

state subsidy

350 513

from the European Union

62 790

Subsidies according to sources (in CZK thou.)

Project no.

Indicator

2007

Total subsidies

15 254 357

of which:

Subsidies to cover costs

7 687 869

of which:

operating subsidy from City of Prague's budget

7 641 590

– in chapter 03: for operation of Prague public transport road – regular sources

7 601 420

to cover costs for EU TRENDSETTER project

170

– in chapter 07: for civil defence (operation of protection systems)

40 000



	subsidies within PIT framework:	46 204
	– subsidies for zone 0-PIT	31 962
	– subsidies from towns for zones PIT zones 1, 2	5 296
	– subsidies from SK-KÚ – zones 1,2	7 274
	– subsidies from SK-KÚ – pupil fares	741
	– strengthening line 112	931
	special-purpose subsidy from the state budget:	
	– energy intensity card	75
	Subsidies for the acquisition of fixed assets	7 566 488
	of which:	
	state subsidy:	350 513
	– metro line segment IV. C2 Ládví – Letňany	275 000
	– renovation of vehicles for Prague public transport – above ground	14 000
	– SPD2 projects:	
	reconstruction of wall on Petřín funicular line	16 126





	lifts in Florence station, metro B	5 505
	priority for Prague public transport buses at traffic signal intersections	6 068
	Modernisation of cable network for substation Klárov-Štefánikův Bridge	33 814
	subsidies from the European Union:	62 790
	– SPD2 projects:	
	reconstruction of wall – Petřín funicular line	23 784
	lifts in Florence station, metro B	8 316
	priority for Prague public transport buses at traffic signal intersections	8 950
	Modernisation of cable network for substation Klárov-Štefánikův Bridge	21 740
	from the City of Prague's budget:	7 153 185
6035	– metro station at depo Hostivař (2x P+R)	40 000
4532	– Tram track reconstruction Štefánikův Bridge + Letenský Tunnel	84 246
4531	– Tram track Laurová – Radlická	119 986
4534	– Metro A extension (Dejvická – Letiště Ruzyně)	92 015
5311	– Renovation of metro cars – modernisation	1 100 000
5535	– metro line segment IV. C2 Ládví – Letňany	4 375 000
5666	– modernisation of trams	454 000

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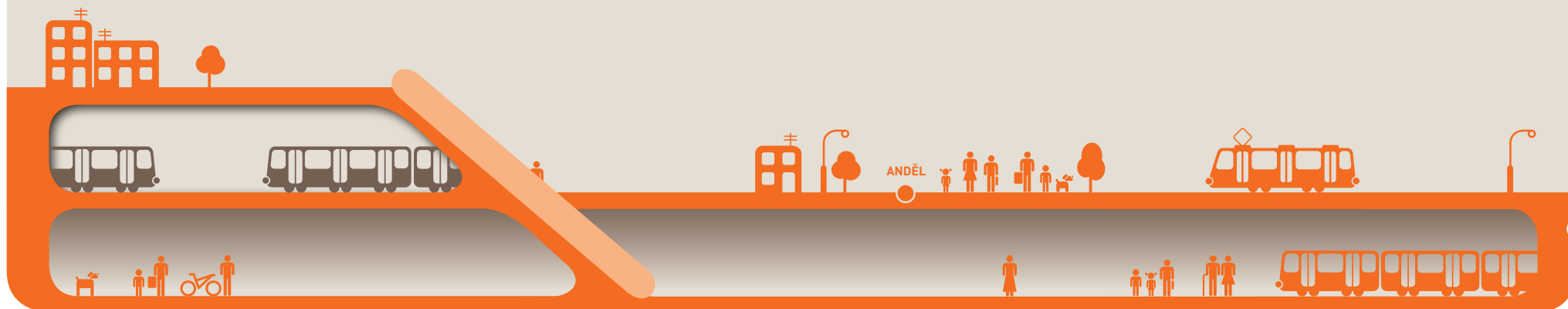




7762	– purchase of trams	820 000
4698	– OpenCard system for Prague public transport fare payment	47 587
	– SPD2 projects:	
1071	reconstruction of wall – Petřín funicular line	7 658
1001	lifts in Florence station, metro B	2 811
1070	priority for Prague public transport buses at traffic signal intersections	2 882
1069	modernisation of cable network for substation Klárov-Štefánikův Bridge	7 000

For comparison, in 2006 the Prague Public Transport Company was provided subsidies:

– to cover costs	CZK 8 514 889 000
– for the acquisition of fixed assets	CZK 6 004 133 000
Total	CZK 14 519 022 000





6.1.3 Revenues from sales of goods, products and services and revenues from fare surcharges (in CZK thou.)

	2007	2006
Revenues from goods, products and services	4 297 082	4 131 532
of which:		
Fare revenues	3 778 729	3 622 138
Other revenues	516 742	507 697
– of which rent	234 170	222 391
Goods	1 611	1 697
Revenues from fare surcharges	142 805	160 867

PIT revenues (not including those from fare surcharges) rose in 2007 by CZK 156 591 000 (an increase of 4.32%). This favourable development was influenced in 2007 by both the increase in the sale of prepaid fixed-period tickets as well as the increase in the sales of single-trip tickets.

To improve services for passengers and expand the tickets sale offer, the Prague Public Transport Company launched on 22 November 2007 the trial operation of

electronic ticket sales (SMS ticket) provided in the form of an SMS message to the passenger's mobile phone in the P tariff zone. The trial operation will last until 31 December 2008. The SMS ticket system supplements the existing system of paper ticket distribution. The Prague Public Transport Company expects that this will reduce the number of random non-paying passengers that don't buy a ticket due to the absence of a sales point at the stop.



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6.1.4 Capitalisation of fixed assets and depreciation

In 2007, the Prague Public Transport Company capitalised assets in the amount of CZK 14 440 801 000.

Capitalisation of major items of fixed assets in 2007 (in CZK thou.)

Name of investment project	Acquisition cost	Subsidy amount
Section IV. C1. Nádr. Holešovice (apart from) – Ládví	5 786 059	4 223 168
Modernisation of metro cars	2 154 979	1 504 430
TT Hlubočepy – Barrandov	1 088 217	863 737
Purchase of 60 trams	1 032 906	1 032 266
Depo Hostivař metro station	433 480	423 817
Renovation of T3 Trams	349 299	349 174
IV. Extension of metro B line segment	287 824	61 896
Protection against flooding of metro station	248 301	192 902
Reconstruction of Pankrác depot trackage	210 064	
Renovation of forty-seven KT8D5 trams	172 823	168 660



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Modernisation of Prague Public Transport Company radio networks

140 197

101 635

Anti-fire coating for B line cables

131 252

Modernisation of cable network for substation Klárov-Štefánikův Bridge

106 360

100 597

Total

12 141 761

9 022 282

This fact was influenced, as at 31 Dec 2007, by the balance of the account Unfinished fixed tangibles (balance sheet row B.II.7) and the amount of the subsidy amount (balance sheet row B.III. 7.2). The significant amount of assets classified as used also influenced the amount of depreciation. In comparison with 2006, the cost item of depreciation of fixed tangible and intangible assets shows an increase of CZK 373 040 000.

The highest increase in depreciations is in the assets category

- hardware and equipment via capitalisation of Hostivař metro repair base
- metro cars
- trams

Comparison of depreciations according to asset class (in CZK thou.)

Class		2007 depreciations	2006 depreciations
1310	Software	28 287	32 171
1400	Patents, rights and royalties	200	150
1900	Other intangible fixed assets	6 568	1 773

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2110	Tracks	213 649	168 409
2111	Metro power system	125 276	112 336
2112	Metro tunnels	360 315	345 893
2113	Metro technical equipment	16 432	14 422
2114	Station posts, waiting rooms, bus and tram shelters	3 757	3 579
2115	Buildings overhead	45 556	42 673
2116	Buildings and halls overhead	131 370	130 561
2117	Constructions overhead	40 671	70 092
2118	Communication and security equipment	34 983	27 664
2210	MYPOL handling system	14 617	15 210
2211	VT means – computers	62 538	62 263
2212	Communication and security equipment – hardware	267 427	270 008
2213	Metro technical equipment	98 484	73 691
2214	Hardware and equipment overhead	300 466	132 438
2215	Metro power system – hardware	70 492	64 590



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2216	Funicular line	0	0
2221	Metro cars	504 499	402 592
2222	Trams	164 017	111 575
2224	Standard buses	29 539	32 389
2225	Articulated buses	54 785	60 972
2226	Standard low-floor buses	102 388	128 717
2227	Articulated low-floor buses	16 627	16 627
2228	Metro escalators, lifts	67 162	65 252
2229	Company cars	7 724	8 022
2230	Other cars	16 603	16 260
2231	Other means of transport	24 545	26 182
2240	Inventory	1 610	1 036
	Total	2 810 587	2 437 547

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6.1.5 Fixed assets and assets in the off-balance sheet

a) Gains and losses of fixed assets in acquisition price (in CZK thou.)

Text	01 – Intangible fixed assets	
	2007	2006
Acquisition price of fixed assets as at 1 Jan.	424 607	380 372
Gains:		
– purchase	36 677	46 152
– own activities	0	0
– other	7 039	633
Total	43 716	46 785
Total losses	240	2 550
Acquisition price of fixed assets as at Dec 31	468 083	424 607



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Text	02 – Tangible fixed assets depreciated		03 – Tangible fixed assets not depreciated	
	2007	2006	2007	2006
Acquisition price of fixed assets as at 1 Jan.	81 205 532	76 124 841	3 501 475	3 490 470
Gains:				
– purchase	4 578 691	4 928 644	17 124	13 555
– own activities	561 161	394 651	0	0
– other	81 630	52 918	46 910	3 660
Total	5 221 482	5 376 213	64 034	17 215
Total losses	662 404	295 522	87 727	6 210
Acquisition price of fixed assets as at 31 Dec.	85 764 610	81 205 532	3 477 782	3 501 475



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b) The item Unfinished fixed tangible assets dropped by CZK 5 753 218 000 in comparison to 2006; but the amount continues to be significant in the area of assets.

List of started investment projects, including advances as at 31 Dec 2007 (in CZK thou.)

Name of investment project	04-Unfinished fixed tangibles	05-Advances for fixed tangibles
IV. C2 Ládví (apart from) – Letňany	12 190 561	399 884
IV. C1. Nádr. Holešovice (apart from) – Ládví	2 686 987	
Modernisation of metro cars	1 184 767	472 043
Cable replacement – increased fire resistance	698 857	10 900
Renovations on station and tunnel lighting, including distrib.	357 043	
Depo Hostivař metro station	316 546	
Purchase of 60 trams	229 535	50 832
Reconstruction of pressure couplings	175 000	
TT Hlubočepy – Barrandov	158 020	
RTT Na Moráni – Palackého nám. – Lidická	148 707	





Reconstruction of VN switchboard and IC and IA regulators	144 832	
Renovations to Muzeum C station	144 058	
Completion of installation of surveillance system in metro stations	141 065	
TT to Radlice – extension, including turnabout	136 600	
Linked bus transportation IV. C – Phase I	127 006	
Security equipment on B line (ARS)	114 906	
RTT Koněvova – Vápenka, including turnabout	113 620	
Purchase of 250 trams	0	584 810
Total	19 068 110	1 518 469

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c) Small assets not listed in the balance sheet monitored in the off-balance sheet (in CZK thou.)

Asset type	Acquisition cost	
	2007	2006
Small intangible assets	28 126	39 367
Small tangible assets	654 395	651 089

A significant fixed asset item, not listed in the balance sheet, registered in the off-balance sheet, is an asset acquired from subsidies (in CZK thou.)

2007	2006	2005	2004	2003
18 417 923	9 309 708	6 363 726	3 741 700	1 789 801

As is apparent from point 6.1.4, capitalisation increase in 2007, in which subsidies were provided for the acquisition of fixed assets, there was a considerable rise in the value of fixed assets, whose value is not listed in the assets accounts in the balance sheet.

d) As at 31 Dec 2007, the Prague Public Transport Company has entered in its books 3 land plots that were entered into accounts on the day of delivery of the proposal for entry into the land registry, but the entry into the land registry still hasn't taken legal effect.

e) On 15 June 2005, a lien agreement was concluded between the borrower Prague Public Transport Company and the creditors of banks that participated in the loan provided to the Prague Public Transport Company for new metro trains. One hundred vehicles were pledged and the lien is established for a period until the full and proper repayment of the loan.
As at 31 Dec. 2007 there were easements on 114 properties in the form of an agreement on the establishment of an easement.



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f) The Prague Public Transport Company has shares in controlled and managed entities:

Company name and registered office	Number of shares	Total nominal value (in CZK thou.)	% share of registered capital
Pražská strojírna a. s.	13	127 278	100
Elaugen DP Praha, s. r. o.	0	800	40
Střední průmyslová škola dopravní, a. s.	22	21 930	100

The Prague Public Transport Company has shares in accounting entities with shareholdings of 20%-50%:

Company name and registered office	Number of shares	Total nominal value (in CZK thou.)	% share of registered capital
RENCAR PRAHA, a. s.	84	840	28

In 2007, the Prague Public Transport Company sold to KVATRIS s.r.o. its remaining 34% share of registered capital of Inženýring dopravních staveb a. s.
The amount of shares in other companies did not change in 2007.

The Prague Public Transport Company obtained in 2007 revenues from the ownership of shares in RENCAR PRAHA, a. s. to the amount of CZK 12 012 000.
For comparison, in 2006 the Prague Public Transport Company obtained revenues totalling CZK 17 835 000. The drop resulted from the fact that dividends were not received from the company Inženýring dopravních staveb a. s. for 2006.





6.1.6 Deferred taxes

The reduction of CZK 72 793 000 in deferred taxes payable compared to 2006 was caused by a cut tax rate for legal entities from 24% to 21% valid for 2008.

The deferred tax payable balance as at 31 Dec. 2007 stood at CZK 3 381 215 000. A balance is created (in CZK thou.)

Text	Receivables	Payables
Fixed assets		3 336 511
Revenues from contractual fines and default interest		98
Receivables for unpaid contractual fare surcharges		59 108
Inventory provisions	13 253	
Assets provisions	1 029	
Health and social insurance – estimated payables	220	
Total:	14 502	3 395 717

A decisive influence on the amount of deferred taxes payable is the accelerated tax depreciation.



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6.1.7 Long-term bank loan

On 15 May 2002, a loan agreement was concluded between the borrower Prague Public Transport Company and the creditors Česká spořitelna, a. s. and Československá obchodní banka a. s. for the purchase of 20 new metro trains. The loan was drawn by November 2004 and paid back in quarterly instalments from December 2004. So far, thirteen of sixty-one instalments have been repaid. The loan will be fully repaid in 2019.

The loan's annual interest rates vary due to the fact that the various amounts are drawn at different times. From the part of the loan drawn in EUR via ČSOB, a. s. the interest rates are 5.98 % – 6.86 %, from the part of loan in EUR drawn via ČS, a. s. the interest rates up to the first half of the year were 5.45 % – 7 %. In the second half of the year, optimisation occurred to 6.25%. The interest rates from the part drawn in CZK are not fixed and in 2007 they ranged from 3.9 % – 4.84 %. In light of the current development of interest rates, their gradual rise can be expected.

	Loan drawn	Repayment as at 31 Dec. 2007	Balance as at 31 Dec. 2007
Credit in CZK (in CZK thou.)	1 500 000	319 672	1 180 328
Credit in EUR	89 928 060	19 164 996	70 763 064

In 2007, repaid interest from the loan stood at CZK 195 612 000 and repaid instalments at CZK 356 330 000.

As at 31 Dec. 2007, they stood at CZK 837 462 000.

6.1.8 Receivables

a) Trade and other long-term receivables consist of receivables that arise within the framework of investment activities of the Prague Public Transport Company that do not relate to the company's activities or mission. This consists of, for instance, lighting, sewers, ground work, roads, i.e. work that was done in projects mainly in constructing the metro and tram tracks. The owner of these assets is predominantly the City of Prague, to whom these receivables should be re-invoiced.

b) The Receivables from taxes and subsidies item show an excessive VAT deduction for November and December.

The balance of this receivable also depends on an increase in short-term payables.

c) Trade and other short-term receivables show a rise predominantly due to the sale of fixed assets, in which the payment of these receivables is bound to a clause of legal effect of the entry of the buyer's ownership right to the relevant land registry. These are receivables to the amount of CZK 181 million that were paid following the fulfilment of terms and conditions before the date the financial statement was created.





d) Total amount of trade receivables (in CZK thou.)

Receivables	2007	2006
Total receivables	469 844	550 800
Receivables after the payment due date	86 962	86 143

Receivables with a payment due date of 5 years or more are not listed.

e) Receivables for controlled and managed entities and accounting entities with shareholdings of > 20%-50% (in CZK thou.)

Receivables	2007	2006
Receivables for controlled and managed entities and accounting entities with shareholdings of > 20%-50%	93 047	75 020

f) The Prague Public Transport Company has established a lien on all receivables for the City of Prague, arising from the agreement on transport services and on receivables from the payment of indemnity for a claim on the metro cars purchased with the loan.

These liens are again established to cover the loan for the purchase of new metro cars.



6.1.9 Short-term liabilities

The increase in trade payables as at 31 Dec 2007 was influenced by Resolution No. 12/2 from 13 Dec. 2007 on increasing the budget for financing investment projects IV.

Extension of metro C line segment, stage 2 (Ládví – Letňany) by CZK 2 875 000 000 in which the funds were received in the bank account of the Prague Public Transport Company on 14 and 17 Dec. 2007.

a) Total amount of trade payables (in CZK thou.)

Payables	2007	2006
Total payables	2 715 556	2 298 557
Payables after the payment due date	131 853	3 756

Payables with a payment due date of 5 years or more are not listed.

b) As at 31 Dec 2007, no payable was covered by a lien, just like in 2006.

In 2007, the Prague Public Transport Company did not receive any guarantees for another enterprise by virtue of a bank loan or law of exchange.

As at 31 Dec 2007, the Prague Public Transport Company has no recorded outstanding balance to a regional financial office, or any overdue payable for insurance contribution or social security, contribution to the state employment policy or public health insurance.

c) Payables for controlled and managed entities and accounting entities with shareholdings of > 20%-50% (in CZK thou.)

Receivables	2007	2006
Payables for controlled and managed entities and accounting entities with shareholdings of > 20%-50%	3 349	10 438

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d) In connection with the loan agreement, an agreement on blank promissory note completion and use of cheques was concluded. This agreement ensures the performance of the obligations of the Prague Public Transport Company toward creditors from the loan agreement for the purchase of metro cars.

e) The Prague Public Transport Company does not have any significant lawsuits or restitution obligations that are not listed in the balance sheet.
Contract payables for the renovation and development of rolling stock and bus fleet from purchase agreements validly concluded up to the year 2019 is CZK 27 746.8m
The most significant item is the purchase of T15 low-floor articulate buses to the amount of CZK 15 188 000 000.
The following are contracted projects in the area of renewal and development of investments including construction projects: 2008 CZK 7 580 000 000
2009 CZK 3 142 000 000.

f) The drop in the part Tax payables and subsidies was caused by significant capitalisation of fixed assets acquired fully or partially from subsidies.

g) The Prague Public Transport Company is the recipient of subsidies from the state budget, from the City of Prague's budget and from the EU. Within the PIT framework, it is a recipient of subsidies from ROPIT, Central Bohemian Region and municipalities. As at 31 Dec. 2007, it shows a balance on line B.III.7.2 Subsidies balance of CZK 17 426 168 000, itemised (in CZK thou.)

Text	2007
For the acquisition of fixed assets:	
– from state subsidy	1 694 818
– from the European Union	13 492
– from the City of Prague's budget	15 709 996
For operation from the European Union	-694
Financial settlement	8 556



6.1.10 Own capital

The company's own capital contains accounts of the account group 41, 42 including profit and loss for the current accounting period.

During the 2007 accounting period their occurred a reduction in own capital by CZK 1 821 099 000.

Changes in own capital (in CZK thousand)

Balance, change / account	Registered capital	Other capital funds	Revaluation of assets and liabilities	Retained losses of previous years	Profit/loss results b.o.	Total
1. 1. 2006	30 726 125	30 914 577	62 415	-1 225 875	-409 801	60 067 441
Property valuation		2 899				
special-purpose subsidies from City of Prague		-11 436				
easements obtained free of charge		1 775				
gains from revaluation of securities and shares			30 314			
2005 loss carried forward				-409 801	-409 801	
Profit/loss results					0	
31 Dec. 2006–1 Jan. 2007	30 726 125	30 907 815	92 729	-1 635 676	0	60 090 993
Property valuation		33 700				

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special-purpose subsidies from City of Prague						
easements obtained free of charge		8 341				
gifts from sponsors		60				
gains from revaluation of securities and shares			-24 944			
2007 loss carried forward					-1 838 256	
31 Dec. 2007	30 726 125	30 949 916	67 785	-1 635 676	-1 838 256	58 269 894

7. Approval of 2006 financial statement

By resolution of the Prague City Council through the competence of the General Meeting of the Prague Public Transport Company No. 618 dated 15 May 2007, the financial statement for 2006 was approved. The Prague Public Transport Company showed a zero profit for 2006.





8. Significant events following the date of the financial statement

In the period between the balance sheet date of 31 Dec. 2007 and the moment of creating the financial statement, i.e. 14 Feb. 2007, a change in the fare price for Prague public transport went into effect from 1 Jan. 2008 in accordance with Prague City Council Resolution No. 1745 dated 13 Nov. 2007 that will positively influence all revenues in 2008.

In the period until the date of creating the financial statement, an increase in the registered capital of the subsidiary Pražská strojírna a. s. was planned in the form of capitalisation of the receivable of the sole shareholder Prague Public Transport Company in the amount of CZK 19 800 000. This plan, however, was not discussed by the company's board of directors by the date this document was prepared.

Overview of cash flow as at 31 Dec. 2007 (in CZK thou.)

		Celkem
P.	Cash and cash equivalents at the start of the accounting period	1 231 869
Z.	Profit/loss from ordinary activities before taxation	-1 911 049
A.1.	Adjustments by non-cash transactions (A.1.1 through A.1.5)	3 592 290
A.1.1.	Depreciation of fixed assets (+)	2 812 760
A.1.2.	Change in provisions, reserves (+/-)	776 226
A.1.3.	Profit (loss) from sale of fixed assets (profit-, loss+)	-151 407
A.1.4.	Revenues from fixed financial assets (-)	-12 012
A.1.5.	Interest expense (+) and revenue (-)	166 723
A*	Net cash flow from operational activity before changes (Z+A.1)	1 681 241

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A.2.	Change in working capital (A.2.1. through A.2.3.)	-2 193 254
A.2.1.	Change in receivables from operational activities (+/-), accrued assets	-1 006 063
A.2.2.	Change in short-term liabilities from operational activities (+/-), accrued liabilities	-1 192 827
A.2.2.1.	Short-term liabilities free of tax	470 266
A.2.2.2.	Taxes and subsidies	-1 663 093
A.2.3.	Change in inventories balance (+/-)	5 636
A**	Net cash flow from operational activity before taxation (A.*+A.2)	-512 013
A.3.	Interest paid (-)	-195 612
A.4.	Interest received (+)	28 889
A.5.	Paid income taxes on normal activity (-)	0
A.6.	Revenues and expenses related to extraordinary items (+/-)	
A***	Net cash flow from operational activity (A.**+A.3 through A.6)	-678 736
B.1.	Fixed asset acquisition (-)	397 006
B.2.	Sale of fixed assets A (+)	315 958





B.3.	Loans to related parties	
B.4.	Dividends and profit shares received (+)	12 012
B***	Net cash flow from long-term activity (B.1 through B.3)	724 976
C.1.	Impact of changes in long-term liabilities (+/-)	-694 817
C.1.1.	Loan repayment	-356 330
C.1.2.	Change in other long-term liabilities	-338 487
C.2.	Impact of changes in own capital on equity (C.2.1 through C.2.6)	0
C.2.1.	Increase in equity by virtue of increase in registered capital	
C.2.2.	Refund of own capital to shareholders (-)	
C.2.3.	Other cash contributions	
C.2.4.	Settling of loss by shareholders, results from past years	
C.2.5.	Direct payments debited to funds (-)	
C.2.6.	Paid-out dividends and profit shares (-)	
C***	Net cash flow from financial activity (C.1+C.2+C.3)	-694 817
F.	Net increase/decrease in cash (A.***+B.***+C.***)	-648 577
R.	Cash and cash equivalents at the end of the accounting period (P+/-F)	583 292

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Overview of cash flow as at 31 Dec 2006 (in CZK thou.)

		Celkem
P.	Cash and cash equivalents at the start of the accounting period	1 232 528
Z.	Profit/loss from ordinary activities before taxation (operation + financial)	265 435
A.1.	Adjustments by non-cash transactions (A.1.1 through A.1.5)	2 733 932
A.1.1.	Depreciation of fixed assets (+)	2 437 186
A.1.2.	Change in provisions, reserves (+/-)	105 740
A.1.3.	1 A (profit-, loss+)	-1 506
A.1.4.	Revenues from fixed financial assets (-)	-17 835
A1.5.	Interest expense (+) and revenue (-)	193 671
A1.6.	Adjustments by other non-cash transactions (receivables written off)	16 676
A*	Net cash flow from operational activity before changes (Z+A.1)	2 999 367
A.2.	Change in working capital (A.2.1. through A.2.3.)	3 957 743
A.2.1.	Change in short-term liabilities from operational activities (+/-), accrued liabilities	29 966
A.2.2.	Cash and cash equivalents at the start of the accounting period	3 954 601





A.2.3.	Change in inventories balance (+/-)	-26 824
A**	Net cash flow from operational activity before taxation (A.*+A.2)	6 957 110
A.3.	Interest paid (-)	-210 971
A.4.	Interest received (+)	17 300
A.5.	Paid income taxes on normal activity (-)	0
A.6.	Revenues and expenses related to extraordinary items (+/-)	0
A***	Net cash flow from operational activity (A.**+A.3 through A.6)	6 763 439
B.1.	Fixed asset acquisition (-)	-7 110 119
B.2.	Sale of fixed assets A (+)	6 946
B.3.	Loans to related parties (+/-)	-285 064
B.4.	Dividends and profit shares received (+)	17 835
B***	Net cash flow from long-term activity (B.1 through B.3)	-7 370 402
C.1.	Impact of changes in long-term liabilities (+/-), including deferred taxes	582 752
C.2.	Impact of changes in own capital on equity (C.2.1 through C.2.6)	23 552
C.2.1.	Increase in equity by virtue of increase in registered capital	0

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C.2.2.	Refund of own capital to shareholders (-)	0
C.2.3.	Other cash contributions (capital funds)	433 353
C.2.4.	Settling of loss by shareholders, results from past years	-409 801
C.2.5.	Direct payments debited to funds (-)	0
C.2.6.	Paid-out dividends and profit shares (-)	0
C***	Net cash flow from financial activity (C.1+C.2+C.3)	606 304
F.	Net increase/decrease in cash (A.***+B.***+C.***)	-659
R.	Cash and cash equivalents at the end of the accounting period (P+/-F)	1 231 869



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Approval

Dopravní podnik hl. m. Prahy, akciová společnost, Sokolovská 217/42, Prague 9

Approval

of appendix to annual financial statement as at 31 December 2007


– long form

Radovan Šteiner
Chairman of the Board of Directors

Dopravní podnik hl. m. Prahy,
akciová společnost



Martin Dvořák
Vice Chairman of the Board of Directors:
General Director
Dopravní podnik hl. m. Prahy,
akciová společnost



Prague, 4 March 2008

Prepared by: Pavla Maříková

MŮSTEK



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Auditor's Report

Report of an independent auditor on an audit of annual financial statements as at 31 December 2007, intended for the Board of Directors and shareholders

We have audited the enclosed financial statements of the company Dopravní podnik hl.m. Prahy, akciová společnost, comprising the Balance Sheet as at 31 December 2007, the Profit and Loss Statement covering the period from 1 January 2007 until 31 December 2007, and the attached Schedule, including a description of the major bookkeeping methods employed. Data referring to the Company are stated in the Schedule to the financial statements.

Responsibility of the statutory body of the accounting unit for the financial statements

In conformity with applicable Czech accounting regulations, the statutory body of the company Dopravní podnik hl.m. Prahy, akciová společnost, is responsible for the compilation and true presentation of the financial statements. The responsibility includes inter alia the obligation to propose, implement and carry out internal audits concerning the preparation and true presentation of the financial statement in a manner ensuring that they do not contain material inaccuracies attributable to fraud or error; to select and implement appropriate bookkeeping methods and carry out accounting estimates conforming to the given situation.

Responsibility of the auditor

It is our task and responsibility to give an award concerning the submitted financial statements on the basis of the effected audit. We have carried out the audit in conformity with the International Auditing Standards and the corresponding application appendices of the Chamber of Auditors of the Czech Republic. In compliance with the above regulations we are obliged to observe ethical standards and carry out the audit in a manner sufficient for reaching reasonable certainty that the financial statements do not contain material inaccuracies.

The audit comprises auditing procedures undertaken to obtain evidence of amounts and facts stated in the financial statements concerned. Selection of the auditing procedure employed rests with the auditor, including assessment of the risk that the financial statements contain material inaccuracies attributable to fraud or error. In assessing such risk, the auditor has taken into consideration the internal checks relevant for compilation and true presentation of the financial statements. The objective of assessing the internal checks is to propose suitable auditing procedures and not to express an opinion of the suitability of the internal checks. The audit also contains assessment of suitability of the bookkeeping methods employed, adequacy of the accounting estimates made by the management, and assessment of the overall presentation of the financial statements.

In our opinion, the evidence obtained is sufficient and suitable to express our award.

Auditor's Award

In our opinion, the submitted financial statements reflect in a true and fair manner the assets, liabilities and financial situation of the company Dopravní podnik hl.m. Prahy, akciová společnost, as at 31 December 2006, as well as the costs, revenues and economic results of the Company for the year 2007 in conformity with applicable Czech regulations.

Prague, 14 March 2008


Ing. Zdeněk RABAS,
Auditor

Chamber of Auditors' Certificate No. 64/
Responsible for preparation of the Audit





A & CE Auditři a znalci Praha, s.r.o.
Prague 4, Bělehradská 17
Chamber of Auditors' Certificate No. 157
By: Ing. Rostislav Otrisal, CSc
Auditor and Executive Secretary



ANDĚL



Report on relations between controlled and controlling entities

1. Preamble	3
2. Information on relations concerning Directly Controlling Entity	4
3. Information on relations concerning Other Entities controlled by Directly Controlling Entity	4
4. Conclusion	5

Appendix No. 1, Appendix No. 2

1. Preamble

- 1.1. Dopravní podnik hl. m. Prahy, akciová společnost, with its registered office at Sokolovská 217/42, Prague 9, Postal Code 190 22, Company Registration No.: 00005886, entered in the Commercial Register held at the Municipal Court in Prague, Section B, Insert 847 (hereinafter referred to as "Controlled Entity") is an entity controlled by the City of Prague, as the sole shareholder of the Controlled Entity.
- 1.2. The directly controlling entity controls, according to the information available to the Controlled Entity, the following other entities: (hereinafter referred to as the "Other entities controlled by the Directly Controlling Entity").
 - a) Kolektory Praha, a. s., with its registered office at Prague 9, Pešlova 341/3, Postal Code 190 00, entered in the Commercial Register held at the Municipal Court in Prague, Section B, Insert 7813, Company Registration Number: 26714124
 - b) Kongresové centrum Praha, a. s., with its registered office at Prague 4, 5. května 65, Postal Code 140 21, entered in the Commercial Register held at the Municipal Court in Prague, Section B, Insert 3275, Company Registration Number: 63080249
 - c) Obchodní společnost Praha – čisté město, a. s., with its registered office at Prague 1, Celetná 29, Postal Code 110 00, entered in the Commercial Register held at the Municipal Court in Prague, Section B, Insert 3320, Company Registration Number: 63080664



Report on relations between controlled and controlling entities

- d) Obecní dům, a. s., with its registered office at Prague 1, náměstí Republiky 1090/5, Postal Code 111 21, entered in the Commercial Register held at the Municipal Court in Prague, Section B, Insert 9990, Company Registration Number: 27251918
- e) Pražská energetika Holding a. s., with its registered office at Prague 10, Na Hroudě 4, Postal Code 100 05, entered in the Commercial Register held at the Municipal Court in Prague, Section B, Insert 7020, Company Registration Number: 26428059
- f) Pražská plynárenská Holding a. s., with its registered office at Prague 4, U Plynárny 500, Postal Code 140 00 entered in the Commercial Register held at the Municipal Court in Prague, Section B, Insert 7151, Company Registration Number: 26442272
- g) Pražská teplárenská Holding a. s., with its registered office at Prague 7, Partyzánská 1, Postal Code 17000, entered in the Commercial Register held at the Municipal Court in Prague, Section B, Insert 6889, Company Registration Number: 26416808
- h) Pražská vodohospodářská společnost a. s., with its registered office at Prague 1, Malá Strana, Cihelná 4, čp 548, Postal Code 11800, entered in the Commercial Register held at the Municipal Court in Prague, Section B, Insert 5290, Company Registration Number: 25656112
- i) Pražské služby, a. s., with its registered office at Prague 9, Pod Šancemi 444/1, Postal Code 19000, entered in the Commercial Register held at the Municipal Court in Prague, Section B, Insert 2432, Company Registration Number: 60194120
- j) TCP-Vidoule, a. s., with its registered office at Prague 2, Blanická 1008/28, Postal Code 120 00, entered in the Commercial Register held at the Municipal Court in Prague, Section B, Insert 5231, Company Registration Number: 25649329
- k) TRADE CENTRE PRAHA akciová společnost /TCP/, with its registered office at Prague 2, Blanická 1008/28, Postal Code 120 00, entered in the Commercial Register held at the Municipal Court in Prague, Section B, Insert 43, Company Registration Number: 00409316
- l) Úpravna vody Želivka, a. s., with its registered office at Prague 1, Cihelná 548, entered in the Commercial Register held at the Municipal Court in Prague, Section B, Insert 7437, Company Registration Number: 26496224
- m) Zdroj pitné vody Káraný, a. s., with its registered office at Prague 1, Cihelná 548, entered in the Commercial Register held at the Municipal Court in Prague, Section B, Insert 7438, Company Registration Number: 26496402

With respect to the fact that in relation to the Controlled Entity there was not concluded a controlling agreement, the board of directors of the Controlled Entity prepared, in accordance with the provisions of Section 66a, Par. 9 of Act no. 513/1991 Coll., of the Commercial Code as amended, this report on the relations between controlling and controlled entities. This report will be attached to the Controlled Entity's annual report and the sole shareholder of the Controlled Entity will have the opportunity to become acquainted with it within the same time period and under the same conditions as with the financial statement.



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2. Information on relations concerning the Directly Controlling Entity

- 2.1. The agreements listed in Appendix No. 1 were concluded between the Controlled Entity and the Directly Controlling Entity in the accounting period of 2007. These agreements were concluded under normal commercial conditions and their performance and consideration correspond to normal commercial conditions, so that in fulfilling these agreements the Controlled Entity cannot incur any losses.
- 2.2. No other legal acts were executed between the Controlled Entity and Directly Controlling Entity in the interest of the Directly Controlling Entity.
- 2.3. No measures were passed in the interest of the Directly Controlling Entity.
- 2.4. No measures were introduced in the interest of the Directly Controlling Entity.
- 2.5. No measures were passed upon the impetus of the Directly Controlling Entity.
- 2.6. No measures were introduced upon the impetus of the Directly Controlling Entity.

3. Information on relations concerning Other Entities controlled by Directly Controlling Entity

- 3.1. The agreements listed in Appendix No. 2 were concluded between the Controlled Entity and Other Controlled Entities in the accounting period of 2007. These agreements were concluded under normal commercial conditions and their performance and consideration correspond to normal commercial conditions, so that in fulfilling these agreements the Controlled Entity cannot incur any losses.
- 3.2. No other legal acts were executed between the Controlled and Other Controlled Entities

in the interest of Other Entities controlled by the Directly Controlling Entity.

- 3.3. No measures were passed in the interest of Other Entities controlled by the Directly Controlling Entity.
- 3.4. No measures were introduced in the interest of Other Entities controlled by the Directly Controlling Entity.
- 3.5. No measures were passed upon the impetus of Other Entities controlled by the Directly Controlling Entity.
- 3.6. No measures were introduced upon the impetus of Other Entities controlled by the Directly Controlling Entity.

4. Conclusion

It is therefore clear that in the accounting period of 2007, the Controlled Entity did not incur any asset loss.

On behalf of Dopravní podnik hl. m. Prahy, akciová společnost:



Radovan Šteiner
Chairman of the Board of Directors



Ing. Martin Dvořák
Vice-Chairman of the Board of Directors:

Dopravní podnik hl. m. Prahy
akciová společnost (2)
představenstvo
190 22 Praha 9, Sokolovská 217/42

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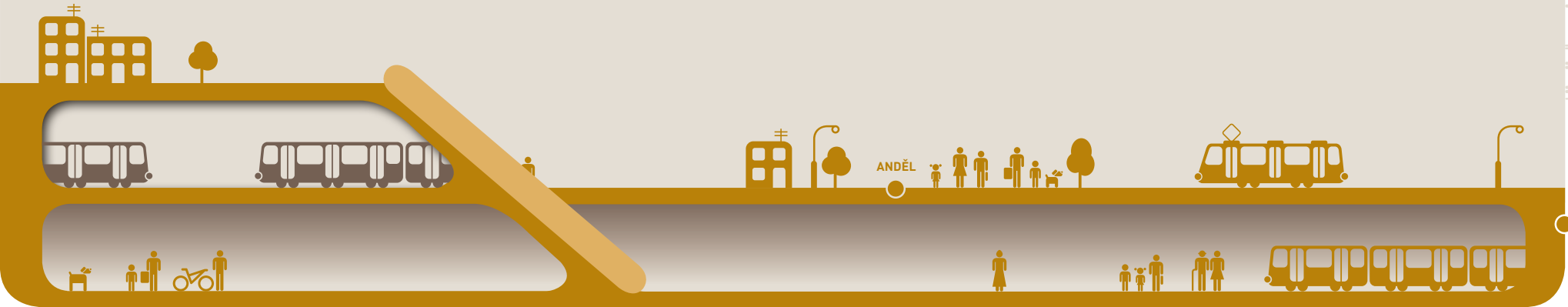
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Appendix No. 1

Controlling Entity	Controlled Entity	Number of concluded agreements
City of Prague	Dopravní podnik hl. m. Prahy, akciová společnost	39

Appendix no. 2

Other Entities controlled by the Directly Controlling Entity	Controlled Entity	Number of concluded agreements
Kolektory Praha, a. s..	Dopravní podnik hl. m. Prahy, akciová společnost	4
Kongresové centrum Praha, a. s.	Dopravní podnik hl. m. Prahy, akciová společnost	0
Obchodní společnost Praha-čisté město, a. s.	Dopravní podnik hl. m. Prahy, akciová společnost	0
Obecní dům, a. s.	Dopravní podnik hl. m. Prahy, akciová společnost	0
Pražská energetika Holding, a. s.	Dopravní podnik hl. m. Prahy, akciová společnost	4
Pražská plynárenská Holding, a. s.	Dopravní podnik hl. m. Prahy, akciová společnost	3
Pražská teplárenská Holding, a. s.	Dopravní podnik hl. m. Prahy, akciová společnost	0
Pražská vodohospodářská společnost, a. s.	Dopravní podnik hl. m. Prahy, akciová společnost	4
Pražské služby, a. s.	Dopravní podnik hl. m. Prahy, akciová společnost	3





LETIŠTĚ
RUŽYNE



TCP-Vidoule, a. s.	Dopravní podnik hl. m. Prahy, akciová společnost	0
TRADE CENTRE Praha, a. s.	Dopravní podnik hl. m. Prahy, akciová společnost	0
Úpravna vody Želivka, a. s.	Dopravní podnik hl. m. Prahy, akciová společnost	0
Zdroj pitné vody Káraný, a. s.	Dopravní podnik hl. m. Prahy, akciová společnost	0



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Annual Report 2007

Dopravní podnik hl. m. Prahy, akciová společnost

Sokolovská 217/42, 190 22 Prague 9

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The appendix to the Annual Report on CD consists of: Appendix to annual financial statement as at 31 December 2007 – long form, and the Report on the relations between controlling and controlled entities



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I. P. PAVLOVA



Dopravní podnik
hlavního města Prahy