

Dalekovod d.d.  
Marijana Čavića 4  
10 000 Zagreb



## Management Report for Jan-Dec 2012

**\* IMPORTANT NOTE TO THE MANAGEMENT REPORT:**

*The financial statements within the Management Report represent preliminary, unaudited, unconsolidated statements.*

*There may be certain inconsistencies between the preliminary and final audited financial statements which will not significantly affect business results.*

*The annual audited financial statements will be published as required by law, by 30 April 2013.*

*Unaudited, unconsolidated*

Zagreb, 14 February 2013

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## I. MANAGEMENT REPORT

Below is an overview of the annual business activities and a presentation of the unaudited financial statements for Dalekovod Group (hereinafter referred to as the "Group") and for Dalekovod d.d. (hereinafter referred to as "DALEKOVOD"). Unless otherwise indicated, all information is stated in HRK.

### Key financial indicators for DALEKOVOD Group in Q4 2012:

- **Total revenues of HRK 1,255 million**  
+ 7.9% compared to the same period last year
- **Los before interest, taxes, depreciation and amortization (EBITDA) of HRK 222.777 million**  
Considering the continued negative economic trends, DALEKOVOD had a negative EBITDA margin in 2012
- **Loss before interest and taxes (EBIT) of HRK 273.267 million**  
As a result of negative economic trends, DALEKOVOD had a negative EBIT
- **Net loss after minority interests of HRK 350.084 million**  
A loss of HRK 278,337 million was recorded in the same period last year
- **Decrease in Group's total financial debt by HRK 67 million**  
- 8.0% compared to the same period last year (except for Sky Office – project financing).

DALEKOVOD Group's sales revenue in 2012 totaled HRK 1,255 million, which is 7.9% more than the same period last year. DALEKOVOD's sales revenue generated during the same period totaled HRK 887.8 million, which is 15% less than the same period last year. Such decrease in revenue for DALEKOVOD was caused by the fact that the Production segment was an integral part of DALEKOVOD in 2011. The Group had a negative EBITDA of HRK 222.8 million. The Group incurred a total net loss of HRK 350.1 million, while DALEKOVOD incurred a total net loss of HRK 383.1 million in the same period.

The negative net operating result for DALEKOVOD and the Group recorded in 2012 is mostly a result of value adjustments of assets and adjustments in accounts receivable made by DALEKOVOD as of 30.09.2012 and extensions in performance of Group's present contracts.



The most significant factors relative to the negative net result include:

➤ **Value adjustment in accounts receivable and value adjustment of other assets**

A pre-bankruptcy proceeding was brought against DALEKOVOD on 20 December 2012; to present as realistic a situation as possible and a new clean start, DALEKOVOD adjusted the values of different asset items. The negative effect of one-time write-offs was HRK 329.6 million.

➤ **Extension of performance at present construction sites**

A significant effect on DALEKOVOD's business is reflected in the road building segment where substantial extensions were recorded as a result of economic difficulties suffered by consortium partners, especially Konstruktor d.d. As regards its international markets, DALEKOVOD faced a project extension on the Ukrainian market in 2012, but the project continued with its expected intensity in 2013.

➤ **Significant pressure of financial expenses on DALEKOVOD's business**

As a result of a high level of financial costs (6.2% of total revenue), DALEKOVOD has been under a lot of pressure with regard to servicing its loan principals and interest, which had a further negative impact on working capital and, consequently, on profitability. Having duly serviced the loan principal and having been blocked by banks in Q4 2012, DALEKOVOD decreased its financial indebtedness (principal amount) by HRK 67 million.

Although positive shifts were observed in the first two quarters with regard to profitability, the Management Board is aware that that it is necessary to continue the financial and operating restructuring efforts with a focus on further internationalization in the core business of building supporting infrastructure in the energy industry, and on selling non-core assets and reducing its loan debts. As a result of new circumstances, DALEKOVOD and its new Management Board will focus on finalizing the pre-bankruptcy process conducted against DALEKOVOD.

### **Key event during the 12-month period ended 31 December 2012**

In July of 2012, the Supervisory Board relieved the former Management Board members Luka Miličić (Chairman) and Damir Skansi (member) of duty and appointed new Management Board members. As of 1 October 2012, the Management Board has comprised new members: Matjaž Gorjup – Chairman of the Management Board, Marko Jurković – Management Board member, Krešimir Anušić- Management Board member, and Željko Lekšić – Management Board member. In December of 2012, the Supervisory Board appointed Mr. Goran Brajdić a new Management Board member responsible for financial operations.

Having met the requirements, the new Management Board made a resolution to file an petition for a pre-bankruptcy proceeding against DALEKOVOD in November of 2012, in accordance with the Financial Operations and Pre-bankruptcy Settlement Act. The petition was approved by FINA and a pre-bankruptcy proceeding was initiated on 20 December. Mr. Mladen Janiška was appointed the pre-bankruptcy commissioner.

The primary tasks for the new Management Board are to successfully finalize the pre-bankruptcy proceeding and to continue implementing the defined measures of operating and financial restructuring by optimizing the balance sheet through reducing the loan debts and all fixed costs across DALEKOVOD and the entire Group, with a major emphasis on local and international market expansion.

It is important to underline that the Group has remained competitive despite the unfavorable 2012, both on the international and local markets, as confirmed by DALEKOVOD's new contracts worth HRK 400 million negotiated in 2012. It should also be underlines that DALEKOVOD is still intensively active in local and international tenders. To additionally enhance its competitiveness and exploit great opportunities on international markets, the Group has been decisive in implementing further measures for internal restructuring, optimizing its cost structure according to its strategy of further internationalization, and additionally optimizing its balance sheet through reducing its financial indebtedness by selling its entire non-core assets. Another significant fact is that the total value of DALEKOVOD's current contracts is approximately HRK 1.6 billion, and most of these contracts are planned to be performed in 2013.

As stated above, the new Management Board continues to implement strategic measures in connection with maintaining and prudently managing DALEKOVOD Group's liquidity, and focusing on developing risk management for all segments of company's business. Together with the new Management Board, the Supervisory Board enhanced monthly reporting on Group's cash receipts and expenditure, their comparison against the planned amounts, anticipated revenues for the upcoming period, and the financial debt repayment schedule (in line with the focus on and the need to reduce the debts). The Group has continuously integrated and improved its controlling system to efficiently monitor the planned savings measures and to reach the pre-crisis EBITDA margin between 7% and 10%.



Comment from the Management Board of Dalekovod d.d.

Considering the expected unfavorable macroeconomic environment, the Management Board believes that the implemented measures as mentioned in this Report, as well as further restructuring measures planned, confirm its intention to substantially and quickly adjust the interests of DALEKOVOD Group to those of its shareholders and creditors. In 2012, the impact of these measures is already reflected in decreased fixed costs, which will allow the Group to remain competitive in the long term and successfully pursue its business internationalization strategy.

After such adjustments in shareholders' and creditors' interest, we will focus on intensive penetration of international markets, as confirmed by the fact that we have been awarded a contract for equipping the Markovec tunnel in Slovenia (with our Slovenian partner), which is our first contract outside Croatia in the road and motorway segment, where y has proved to be highly successful. Group's competitiveness is also a result of several decades of excellent performance in implementing demanding projects, with an exhaustive list of international references and employee expertise. DALEKOVOD is one of the most important exporters in Croatia, negotiating profitable projects with high value added. The internal changes to be made will allow DALEKOVOD to ensure stable operation and reduce its financial exposure. During the upcoming period, the Management Board will primarily focus on optimizing the maturity of its financial debt and further optimizing its working capital, and will continue to undertake all measures necessary to ensure business sustainability and growth under the present circumstances.

For the Management Board:

  
Matjaž Gorjup  
Chairman of the Management Board,  
Dalekovod d.d., signed

## II. DECLARATION

Pursuant to Article 410, paragraph 2, and Article 407, paragraph 2, subparagraph 3, and paragraph 3 of the Capital Market Act, the persons responsible for preparing the Report: Matjaž Gorjup – Chairman of the Management Board, Krešimir Anušić – Management Board member, Marko Jurković – Management Board member, Željko Lekšić – Management Board member, and Goran Brajdić – Management Board member, hereby issue this

### DECLARATION

To the best of our knowledge, the summary set of financial statements for DALEKOVOD and the Group, prepared in compliance with the appropriate financial reporting standards, provides a complete and true view of the assets and liabilities and business results of DALEKOVOD and the Group, with a brief comment on the causes of the stated information. The financial statements have not been audited.

For the Management Board:

Matjaž Gorjup  
Chairman of the Management Board,  
Dalekovod d.d., signed





**III. BALANCE SHEET**

Name of position:	AOP	Previous year (net)	Current year (net)	Previous year (net)	Current year (net)	
1	2	3	4	5	6	
			<b>DALEKOVOD jsc</b>		<b>DALEKOVOD GROUP</b>	
<b>ASSETS</b>						
A) SUBSCRIBED CAPITAL UNPAID	001	0	0	0	0	
B) NON CURRENT ASSETS (003+010+020+029+033)	002	1.127.395.180	1.051.497.662	1.222.229.586	1.204.578.134	
I. INTANGIBLE ASSETS (004 do 009)	003	18.148.117	10.369.957	27.482.563	12.557.668	
1. Research & Development expenditure	004	0	0	0	0	
2. Patents, licences, royalties, trade marks, software&similar rights	005	16.914.361	10.356.357	21.669.580	12.062.698	
3. Goodwill	006	0	0	4.559.000	0	
4. Prepayments for intangible assets	007	0	0	0	0	
5. Intangible assets under construction	008	1.233.756	13.600	1.253.983	171.885	
6. Other intangible assets	009	0	0	0	323.084	
II. TANGIBLE ASSETS (011 do 019)	010	585.879.705	542.499.168	984.034.145	1.007.173.377	
1. Land	011	164.913.887	164.913.887	212.124.393	207.470.086	
2. Property	012	71.460.820	67.252.688	114.871.611	100.450.748	
3. Plants and equipment	013	97.775.867	81.384.152	154.580.883	135.821.837	
4. Tools, plants&vehicles	014	14.050.127	8.175.967	22.851.301	16.789.254	
5. Biological asset	015	0	0	0	0	
6. Prepayments for tangible assets	016	0	0	44.595	118.952	
7. Assets under construction	017	7.100.194	0	248.725.101	325.357.692	
8. Other tangible assets	018	0	0	0	14.224	
9. Investments property	019	230.578.810	220.772.474	230.856.261	221.150.585	
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	523.367.357	498.628.537	210.711.440	184.847.089	
1. Share in related parties	021	427.498.522	442.633.596	101.551.520	90.795.640	
2. Loans to related parties	022	2.929.980	0	2.929.980	0	
3. Participating interests (stakes)	023	30.277.334	26.455.988	30.324.677	51.315.503	
4. Loans to participating interest	024	8.551.101	0	8.551.101	0	
5. Investments in securities	025	28.053.190	25.902.009	29.876.847	25.902.009	
6. Loans & deposits	026	26.057.230	3.636.944	26.137.315	5.211.992	
7. Other non-current financial assets	027	0	0	11.340.000	11.621.945	
8. Investment accounted by equity method	028	0	0	0	0	
IV. TRADE RECEIVABLES (030 do 032)	029	0	0	1.438	0	
1. Receivables from related parties	030	0	0	0	0	
2. Receivables from credit sales	031	0	0	0	0	
3. Other receivables	032	0	0	1.438	0	
V. DEFERRED TAX ASSETS	033	0	0	0	0	
C) CURENT ASSETS (035+043+050+056)	034	1.024.699.655	481.261.942	1.253.962.988	737.867.957	
I. INVENTORIES (036 do 042)	035	20.144.725	14.766.044	189.960.872	164.422.581	
1. Raw materials & consumables	036	14.390.404	12.368.844	77.117.651	75.227.641	
2. Work in progress	037	0	0	12.788.435	23.803.918	
3. Products	038	5.724.889	2.350.660	83.110.705	48.313.424	
4. Merchandise	039	29.432	46.540	16.273.707	16.693.030	
5. Prepayments for inventories	040	0	0	552.703	265.425	
6. Other available-for-sale assets	041	0	0	117.671	119.142	
7. Biological asset	042	0	0	0	0	
II. RECEIVABLES (044 do 049)	043	838.895.899	378.194.044	919.192.995	504.513.785	
1. Receivables from related parties	044	73.178.702	56.719.163	0	0	
2. Trade receivables	045	548.920.800	240.146.176	640.754.965	392.880.566	
3. Receivables from participating parties	046	4.037.721	516.632	4.037.721	1.068.019	
4. Amounts receivable from employees	047	656.421	506.063	1.879.956	600.084	
5. Receivables from government agencies	048	56.245.870	0	65.426.835	3.113.236	
6. Other receivables	049	155.856.385	80.306.010	207.093.518	106.851.879	
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	135.545.130	76.296.746	98.874.386	45.878.563	
1. Share in related parties	051	0	0	0	0	
2. Loans to related parties	052	48.684.603	71.086.026	0	0	
3. Participating interests (stakes)	053	0	0	0	0	
4. Loans to participating interest	054	9.631.534	311.737	9.631.534	311.737	
5. Investments in securities	055	26.629	26.629	26.629	12.862.563	
6. Loans & deposits	056	77.202.364	4.872.354	88.905.357	32.543.397	
7. Other financial assets	057	0	0	310.866	360.866	
IV. CASH ON HAND AND IN THE BANK	058	30.113.902	12.005.108	45.934.735	23.053.028	
D) PREPAYMENTS AND ACCRUED INCOME	059	5.637.911	2.907.097	9.619.059	16.172.771	
E) TOTAL ASSETS (001+002+034+059)	060	2.157.732.746	1.535.666.701	2.485.811.633	1.958.618.862	
F) OFF-BALANCE SHEET ITEMS	061	614.789.122	1.072.969.963	643.491.396	1.719.229.954	



Name of position:	AOP	Previous year (net)	Current year (net)	Previous year (net)	Current year (net)
		<b>DALEKOVOD jsc</b>		<b>DALEKOVOD GROUP</b>	
	1	2	3	4	5
<b>EQUITY AND LIABILITIES</b>					
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	583.638.994	191.218.982	610.228.565	228.052.941
<b>I. SHARE CAPITAL</b>	<b>063</b>	286.726.500	286.726.500	286.726.500	286.726.500
<b>II. CAPITAL RESERVES</b>	<b>064</b>	80.478.889	80.478.889	80.478.889	80.478.889
<b>III. RESERVES FROM PROFIT (066+067-068+069+070)</b>	<b>065</b>	434.445.578	157.131.299	441.552.955	149.502.282
1. Legal reserves	066	11.486.600	11.486.600	13.171.867	12.590.761
2. Reserves for own shares	067	7.773.071	7.773.071	7.773.071	7.773.071
3. Own shares and stakes (less)	068	7.773.071	7.773.071	7.773.071	7.773.071
4. Statutory reserves	069	310.195.565	32.881.286	310.420.110	32.966.988
5. Other reserves	070	112.763.413	112.763.413	117.960.978	103.944.533
<b>IV. REVALUATION RESERVES</b>	<b>071</b>	59.302.306	50.020.716	59.302.306	49.997.098
<b>V. RETAINED EARNINGS OR LOSS BROUGHT FORWARD (073-074)</b>	<b>072</b>	0	0	17.711.613	9.321.678
1. Retained earnings	073	0	0	27.868.908	32.510.812
2. Loss brought forward	074	0	0	10.157.295	23.189.135
<b>VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR (076-077)</b>	<b>075</b>	-277.314.279	-383.138.422	-278.179.473	-350.069.189
1. Profit for the financial year	076	0	0	0	#REF!
2. Loss for the financial year	077	277.314.279	383.138.422	278.179.473	350.069.189
<b>VII. MINORITY INTEREST</b>	<b>078</b>	0	0	2.635.775	2.095.683
<b>B) PROVISIONS (080 do 082)</b>	<b>079</b>	3.762.000	3.762.000	7.068.583	8.581.157
1. Provisions for pensions, severance pay and similar liabilities	080	3.762.000	3.762.000	6.579.068	8.062.367
2. Provisions for tax obligations	081	0	0	0	32.823
3. Other provisions	082	0	0	489.515	485.967
<b>C) NON-CURRENT LIABILITIES (084 do 092)</b>	<b>083</b>	482.436.118	471.723.206	672.477.705	716.252.435
1. Liabilities to related parties	084	0	0	633.333	0
2. Liabilities for loans, deposits and other	085	0	0	0	0
3. Liabilities towards banks and other financial institutions	086	329.101.121	334.650.265	517.686.271	578.731.473
4. Amounts payable for prepayment	087	0	0	0	0
5. Trade payables	088	153.334.997	137.072.941	154.158.101	137.520.962
6. Amounts payable for securities	089	0	0	0	0
7. Liabilities toward participating interests	090	0	0	0	0
8. Other non-current liabilities	091	0	0	0	0
9. Deferred tax	092	0	0	0	0
<b>D) CURRENT LIABILITIES (094 do 105)</b>	<b>093</b>	1.084.844.932	868.962.513	1.192.865.836	993.522.696
1. Liabilities to related parties	094	52.724.327	95.425.884	0	0
2. Liabilities for loans, deposits and other	095	1.159.071	34.691.571	1.226.407	35.327.840
3. Liabilities towards banks and other financial institutions	096	356.960.472	308.006.749	407.334.632	350.067.350
4. Amounts payable for prepayment	097	196.951.533	41.847.110	224.669.303	44.387.446
5. Trade payables	098	355.053.342	294.342.242	415.550.167	429.120.901
6. Amounts payable for securities	099	64.948.782	57.407.251	64.948.782	57.407.251
7. Liabilities toward participating interests	100	1.906.148	6.464.836	1.906.148	6.464.836
8. Liabilities to employees	101	17.345.107	9.984.549	23.668.192	18.565.027
9. Taxes, contributions and similar liabilities	102	4.777.585	11.760.047	16.922.163	36.733.642
10. Liabilities arising from share in the result	103	1.899.762	1.899.762	2.899.762	1.899.762
11. Liabilities arising from non-current assets held for sale	104	0	0	0	0
12. Other current liabilities	105	31.118.803	7.132.512	33.740.280	13.548.641
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>106</b>	3.050.702	0	3.170.944	12.209.634
<b>F) TOTAL LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	2.157.732.746	1.535.666.701	2.485.811.633	1.958.618.862
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>108</b>	614.789.122	1.072.969.963	643.491.396	1.719.229.954
<b>ANNEX TO THE BALANCE SHEET (to be filled in by a company preparing the consolidated annual financial statements)</b>					
<b>A) CAPITAL AND RESERVES</b>					
1. Attributable to equity holders of the parent company's capital	109			607.592.790	225.957.258
2. Attributable to non-controlling interests	110			2.635.775	2.095.683



**IV. COMPREHENSIVE INCOME STATEMENT**

ITEM 1	AOP 2	2011	2012	2011	2012
		3	4	5	6
<b>DALEKOVOD J.S.C.</b>					
<b>DALEKOVOD GROUP</b>					
I. OPERATING INCOME (112+113)	111	1.037.286.479	887.849.691	1.163.704.924	1.256.632.893
1. Sales revenue	112	1.002.091.799	869.667.279	1.129.182.694	1.236.672.312
2. Other operating income	113	35.193.680	18.182.412	34.522.230	20.060.581
III. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	1.076.160.811	1.202.026.096	1.366.002.606	1.542.361.630
1. Changes in inventories of finished products and work in progress	115	69.388.438	3.374.413	61.166.225	23.716.447
2. Material costs (117 do 119)	116	709.039.928	761.168.290	792.716.267	920.684.599
a) Cost of raw materials & consumables	117	133.222.897	178.760.115	152.437.634	439.619.374
b) Cost of goods sold	118	165.661.347	122.430.680	216.804.746	41.477.818
c) Other costs	119	410.155.684	449.977.495	423.473.877	439.587.407
3. Staff costs (121 do 123)	120	130.911.500	142.956.122	256.763.959	246.232.680
a) Net salaries	121	89.071.983	91.098.577	163.825.146	154.531.247
b) Employee income tax	122	26.936.936	25.214.560	58.126.110	52.434.094
c) Tax on payroll	123	14.902.581	26.641.985	33.812.703	39.267.340
4. Depreciation and amortisation	124	36.600.924	39.064.422	54.510.028	50.489.604
5. Other expenditures	125	97.878.321	118.615.313	169.186.364	149.226.934
6. Value adjustment (127+128)	126	9.199.298	102.023.698	14.855.050	103.128.486
a) non-current assets (without financial assets)	127	0	2.529.939	0	2.529.939
b) current assets (without financial assets)	128	9.199.298	99.493.759	14.855.050	100.598.547
7. Provisions	129	0	0	74.743	0
8. Other operating expenses	130	22.142.402	44.824.838	27.730.880	48.883.879
III. FINANCIAL INCOME (132 do 136)	131	7.613.930	7.865.035	7.747.128	9.463.212
1. Interest income, foreign exchange differences, dividends and other financial income related to subsidiaries	132	2.152.928	2.519.228	2.256.330	3.836.401
2. Interest income, foreign exchange differences, dividends and other financial income related to third parties	133	4.059.009	4.997.495	4.086.117	5.282.477
3. Part of income from associates and participating interests	134	1.401.993	338.312	1.401.993	338.312
4. Unrealized gains (income) from the financial assets	135	0	0	0	0
5. Other financial income	136	0	0	2.688	6.021
IV. FINANCIAL COSTS (138 do 141)	137	72.135.796	76.617.062	80.176.383	78.448.680
1. Interest, foreign exchange differences and other expenses related to subsidiaries	138	304.498	869.106	679.311	997.571
2. Interest, foreign exchange differences and other expenses related to third parties	139	67.125.179	61.359.226	74.590.870	62.802.173
3. Unrealized loss (expenses) from the financial assets	140	496.819	7.461.907	544.529	7.461.907
4. Other financial expenses	141	4.209.300	7.126.813	4.361.673	7.187.029
V. SHARE OF INCOME OF ASSOCIATES	142	0	0	398.448	3.816.810
VI. SHARE OF LOSS OF ASSOCIATES	143	0	0	0	0
VII. EXTRAORDINARY - OTHER INCOME	144	0	0	0	9.645.845
VIII. EXTRAORDINARY - OTHER EXPENSES	145	171.999.141	0	0	143
IX. TOTAL INCOME (111+131+142 + 144)	146	1.044.899.409	896.704.726	1.171.850.500	1.276.557.769
X. TOTAL EXPENSES (114+137+143 + 145)	147	1.319.295.748	1.278.843.148	1.446.178.889	1.620.810.454
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	-274.396.339	-383.138.422	-274.328.389	-342.252.684
1. Profit before tax (146-147)	149	0	0	0	0
2. Loss before tax (147-146)	150	274.396.339	383.138.422	274.328.389	342.252.684
XII. INCOME TAX EXPENSE	151	2.917.940	0	4.009.053	7.831.813
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-277.314.279	-383.138.422	-278.337.442	-350.084.507
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	277.314.279	383.138.422	278.337.442	350.084.507
<b>ANNEX TO THE PROFIT AND LOSS ACCOUNT (to be filled in by entities submitting consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributable to owners of the company	155	0	0	-278.179.473	-350.069.189
2. Attributable to non-controlling interests	156	0	0	-157.969	-15.318
<b>STATEMENTS OF COMPREHENSIVE INCOME (to be filled in by entities who work in compliance with IFRS)</b>					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	-277.314.279	-383.138.422	-278.337.442	-350.084.507
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 do 165)	158	44.264.589	0	46.841.574	0
1. Exchange differences arising from foreign operations	159	0	0	2.576.985	0
2. Revaluation of non-current assets and intangible assets	160	50.020.716	0	50.020.716	0
3. Gains or loss available for sale investments	161	-5.756.127	0	-5.756.127	0
4. Gains or loss on net movement on cash flow hedges	162	0	0	0	0
5. Gains or loss on net investments hedge	163	0	0	0	0
6. Share of the other comprehensive income/loss of associates	164	0	0	0	0
7. Actuarial gain / loss on post employment benefit obligations	165	0	0	0	0
III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD	166	0	0	0	0
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (158-166)	167	44.264.589	0	46.841.574	0
RAZDOBLJA (158-166)					
V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (157+167)	168	-233.049.690	-383.138.422	-231.496.868	-350.084.507
<b>APPENDIX Statement of Comprehensive Income (to be filled in by entities submitting consolidated financial statements)</b>					
<b>VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD</b>					
1. Attributable to owners of the company	169	0	0	-231.408.671	-350.069.189
2. Attributable to non-controlling interests	170	0	0	-87.197	-15.318



**V. CASH FLOW STATEMENT**

ITEM	AOP	Previous period	Current period	Previous period	Current period
1	2	3	4	5	6
			<b>DALEKOVOD jsc</b>		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
1. Pre-tax profit	001	-274.396.339	-383.138.422	-274.328.389	-342.252.694
2. Depreciation	002	36.600.924	39.064.422	54.510.028	50.489.604
3. Increase in short-term liabilities	003	237.196.099	0	323.929.451	0
4. Decrease in short-term receivables	004	0	196.029.554	0	150.006.909
5. Reduction of stocks	005	294.622.721	5.378.681	164.766.441	25.538.291
6. Other increase in cash flow	006	0	323.600.797	0	323.600.797
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>294.023.405</b>	<b>180.935.032</b>	<b>268.877.531</b>	<b>207.382.907</b>
1. Decrease in short-term liabilities	008	0	157.084.372	0	132.864.868
2. Increase in short-term receivables	009	85.718.115	0	151.231.243	0
3. Increase in stocks	010	0	0	0	0
4. Other decrease in cash flow	011	15.654.761	2.302.793	37.135.474	4.236.475
<b>II Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>101.372.876</b>	<b>159.387.165</b>	<b>188.366.717</b>	<b>137.101.343</b>
<b>A1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>013</b>	<b>192.650.529</b>	<b>21.547.867</b>	<b>80.510.814</b>	<b>70.281.564</b>
<b>A2) NET DECREASE IN CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>014</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>					
1. Cash receipts from sale of fixed tangible and intangible assets	015	49.939.456	718.950	49.939.456	718.950
2. Cash receipts from sale of treasury and debt financial instruments	016	125.912.799	20.603.667	303.240.205	40.624.458
3. Cash receipts from interests	017	1.305.032	374.967	1.311.247	374.967
4. Cash receipts from dividends	018	0	0	0	0
5. Other cash receipts from investment activities	019	0	25.543.844	632.066	25.543.844
<b>III. Total cash receipts from investment activities (015 do 019)</b>	<b>020</b>	<b>177.157.287</b>	<b>47.241.428</b>	<b>355.122.974</b>	<b>67.262.219</b>
1. Expenditures for buying fixed assets and intangible assets	021	5.720.341	4.554.849	69.055.954	59.422.891
2. Expenditures for purchasing treasury and debt financial instruments	022	368.986.015	15.135.074	368.986.015	15.135.074
3. Other expenditures from investment activities	023	0	0	95.914.739	65.466.774
<b>IV. Total expenditures from investment activities (021 to 023)</b>	<b>024</b>	<b>374.706.356</b>	<b>19.689.923</b>	<b>533.956.708</b>	<b>140.024.739</b>
<b>B1) NET INCREASE IN CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>025</b>	<b>0</b>	<b>27.551.505</b>	<b>0</b>	<b>0</b>
<b>b2) NET DECREASE IN CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>026</b>	<b>197.549.069</b>	<b>0</b>	<b>178.833.734</b>	<b>72.762.520</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>					
1. Cash receipts from issuance of treasury and debt financial instruments	027	47.224.260	0	47.224.260	0
2. Cash receipts from loan principal, bonds, borrowings and other loans	028	680.769.529	5.549.144	803.129.504	61.045.201
3. Total cash receipts from financial activities	029	0	0	76.829.287	0
<b>V. Total cash receipts from financial activities (027 To 029)</b>	<b>030</b>	<b>727.993.789</b>	<b>5.549.144</b>	<b>927.183.051</b>	<b>61.045.201</b>
1. Expenditures for repayment of loan principal and bonds	031	759.295.323	56.495.254	779.432.659	64.808.813
2. Expenditures for payment of dividends	032	0	0	0	0
3. Expenditures for financial leasing	033	19.777.311	16.262.056	19.943.870	16.637.139
4. Expenditures for redemption of treasury shares	034	0	0	0	0
5. Other expenditures from financial activities	035	0	0	82.962.010	0
<b>VI. Total expenditures from financial activities (031 to 035)</b>	<b>036</b>	<b>779.072.634</b>	<b>72.757.310</b>	<b>882.338.539</b>	<b>81.445.952</b>
<b>C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>037</b>	<b>0</b>	<b>0</b>	<b>44.844.512</b>	<b>0</b>
<b>C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>038</b>	<b>51.078.845</b>	<b>67.208.166</b>	<b>0</b>	<b>20.400.751</b>
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	0	0	0	0
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	55.977.385	18.108.794	53.478.408	22.881.707
<b>Cash and cash equivalents at the beginning of the period</b>	<b>041</b>	<b>86.091.287</b>	<b>30.113.902</b>	<b>99.413.143</b>	<b>45.934.735</b>
Increase in cash and cash equivalents	042	0	0	0	0
Decrease in cash and cash equivalents	043	55.977.385	18.108.794	53.478.408	22.881.707
<b>Cash and cash equivalents at the end of the period</b>	<b>044</b>	<b>30.113.902</b>	<b>12.005.108</b>	<b>45.934.735</b>	<b>23.053.028</b>



**VI. STATEMENT OF CHANGES IN EQUITY**

	AOP	Previous period	Current period	Previous period	Current period
		<b>DALEKOVOD jsc</b>		<b>DALEKOVOD GROUP</b>	
1. Share capital	001	286.726.500	286.726.500	286.726.500	286.726.500
2. Capital reserves	002	80.478.889	80.478.889	80.478.889	80.478.889
3. Reserves from profit	003	434.445.578	157.131.299	441.552.955	149.502.282
4. Retained profit or loss carried forward	004	0	0	17.711.613	9.321.678
5. Profit or loss of current year	005	-277.314.279	-383.138.422	-278.179.473	-350.069.189
6. Revaluation of longterm tangible assets	006	50.020.716	50.020.716	50.020.716	49.997.098
7. Revaluation of intangible assets	007	0	0	0	0
8. Revaluation of financial assets available for sale	008	9.281.590	0	9.281.590	0
9. Other revaluations	009	0	0	0	0
<b>10. Total equity and reserves (AOP 001 to 009)</b>	<b>010</b>	<b>583.638.994</b>	<b>191.218.982</b>	<b>607.592.790</b>	<b>225.957.258</b>
11. Foreign exchange differences arising from the titles of net investment in foreign operations	011	0	0	0	0
12. Current and deferred taxes (part)	012	0	0	0	0
13. Cash flow protection	013	0	0	0	0
14. Changes in accounting policies	014	0	0	0	0
15. Correction of significant errors in the previous period	015	0	0	0	0
16. Other changes in equity	016	0	0	0	0
<b>17. Total increase or decrease in equity (AOP 011 to 016)</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
17 a. Attributed to parent company equity holders	018			607.592.790	225.957.258
17 b. Attributed to minority interest	019			2.635.775	2.095.683

## VII. NOTES TO FINANCIAL STATEMENTS

### 1. MANAGEMENT BOARD MEMBERS

1. Chairman: Matjaž Gorjup, M-Mech.Eng.
2. Member: Krešimir Anušić, M-El.Eng.
3. Member: Marko Jurković, M-El.Eng.; M-Econ.
4. Member: Željko Lekšić, M-Mech.Eng.
5. Member: Goran Brajdić, M-Econ.

### 2. SUPERVISORY BOARD MEMBERS

Chairman: Marijan Pavlović, LL.M.  
 Member: Nataša Ivanović, M-Econ.  
 Member: Dubravko Štimac, MSc, M-Econ.  
 Member: Davor Doko, M-Econ.  
 Member: Ante Ćurković, PhD, M-Eng.  
 Member: Viktor Miletić

### 3. SHAREHOLDING STRUCTURE (as at 31.12.2012):

NATURAL PERSONS	1,478,039
PENSION FUNDS	636,237
BANKS	303,486
TELEGRA d.o.o.	164,753
OTHERS	240,816
OWN SHARES	43,934
TOTAL	2,867,265

### 4. MERGERS AND CONSOLIDATIONS

There were no mergers and acquisitions in 2012.

### 5. UNCERTAINTY

Dubious and disputed receivables were identified in 2012, which affected the result.

## **6. DESCRIPTION OF PRODUCTS AND SERVICES**

Over time, Dalekovod d.d. has become specialized in performing turnkey contracts in the following areas:

- electrical facilities, especially transmission lines between 0.4 and 500 kV
- substations of all types and voltage levels of up to 500 kV
- air, underground and underwater cables of up to 110 kV
- telecommunication facilities
- all types of networks and antennas
- production of suspension and joining equipment for all types of transmission lines and substations of 0.4 to 500 kV
- production and installation of all metal components for roadways, especially for road lighting, crash barriers and traffic signalization
- tunnel lighting and traffic management
- electrification of railways and tramways

## **7. CHANGES IN ACCOUNTING POLICIES**

There are no new accounting policies.