

Zagreb, 28 February 2017

MANAGEMENT REPORT FOR JAN-DEC 2016 Unaudited, unconsolidated

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

These financial statements, being an integral part of the Management Report, are preliminary, unaudited, unconsolidated statements. There may be discrepancies between the preliminary and final audited financial statements of the Company, which will not have a material impact on the Company's business result.

The audited annual financial statements will be disclosed as required by law, by 30 April 2017.



TABLE OF CONTENTS:

- I. MANAGEMENT BOARD'S REPORT
- II. DECLARATION
- III. BALANCE SHEET
- IV. STATEMENT OF COMPREHENSIVE INCOME
- V. CASH FLOW STATEMENT
- VI. STATEMENT OF CHANGES IN EQUITY
- VII. NOTES TO FINANCIAL STATEMENTS

I. MANAGEMENT BOARD'S REPORT

Dalekovod Group aims to increase its revenue while improving its operating efficiency. Consequently, although the **operating revenue** in 2016 for **Dalekovod d.d.** was according to the preliminary unaudited figures **HRK 897 million** or HRK 1,230 million on the Dalekovod Group level, which is 11% and 4%, respectively, less compared to 2015, a significant growth in profitability was achieved, where the **gross margin** increased by 2.6 p.p. on the **Dalekovod d.d.** level and by 1.8 p.p. on the Dalekovod Group level in 2016. The relatively lower revenue on the Dalekovod d.d. level in 2016 is a result of a substantially slower rate of launching tenders for infrastructural projects on the domestic market.

According to the preliminary unaudited figures, the **(EBITDA)** for **Dalekovod d.d.** for 2016 was **HRK 98.0 million**, which is **22.4%** more than in 2015. Dalekovod Group's EBITDA increased from 95.7 to 124.9 (30.5%). The gross income obtained from projects, which demonstrates operating efficiency in project implementation, increased by 9.6% on the Dalekovod d.d. level and by 9.1% on the Dalekovod Group level.

The financial position of Dalekovod Group is presently stable – at 31 December 2016, the total **net debt** was **HRK 414.7 million** on the Dalekovod d.d. level and HRK 416.8 million on the Dalekovod Group level. To reflect the actual balance of assets and debt according to the Pre-Bankruptcy Settlement ("PBS"), the balance sheets of Dalekovod d.d. and Dalekovod Group were adjusted both on the asset side and the liability side by removing from assets such items that the Company will derive no future economic benefits from and by removing from liabilities a debt for which Dalekovod d.d. has no future obligations. This resulted in an adjustment of the initial balance of HRK 101.8 million in 2015 and, consequently, in 2016.

During the same period, the **net income** obtained by **Dalekovod d.d.** in 2016 was **HRK 40.2 million**, which is **29.2%** more compared to 2015. On the Dalekovod Group level, net income increased from HRK 4.0 million to HRK 53.8 million (1,239.0%).

Like it did in previous years, in 2016 Dalekovod d.d. performed all its obligations arising from PBS, cumulatively paid its creditors HRK 238.2 million in previous periods, and continues to build strong relationships with its partners.

The key markets for Dalekovod d.d. in 2016 were Norway, Ukraine and Croatia and the share of revenue obtained on foreign markets in total revenue exceeded 78.1%. On the Dalekovod Group level, this share was 77.6%, which indicates that the Company is strongly focused on exports. **The total amount of newly awarded contracts in 2016 for the upcoming period exceeded HRK 1 billion.** It is particularly important to mention a new project in the Kingdom of Norway worth HRK 605.0 million and the award of contract for the reconstruction and construction of the second track of the Dugo Selo-Križevci line in a consortium with Croatian partners.



Business in 2016 was marked by positive shifts, both on the Dalekovod d.d. level and on the Dalekovod Group level:

- Focus on increasing well-structured revenue
- Focus on project implementation efficiency and increasing the gross margin
- Strong focus on obtaining new contracts, both abroad and locally
- HR empowerment on all levels and increasing the level of corporate culture

The foregoing are also the Dalekovod's key strategic guidelines for the upcoming period.

For the Management Board:

Alen Premužak
Chairman of the Management Board
Dalekovod d.d.





II. DECLARATION

Pursuant to Article 410, paragraph 1, and Article 407, paragraph 2, subparagraph 3 and paragraph 3 of the Capital Market Act, the persons responsible for preparing the financial statements: Alen Premužak, Chairman of the Management Board, Helena Jurčić Šestan, Management Board Member, Marko Jurković, Management Board Member, Ivica Kranjčić, Management Board Member, and Ivan Kurobasa, Management Board Member, hereby make this

DECLARATION

To the best of our knowledge, the financial statements for the reporting period, prepared in compliance with the appropriate financial reporting standards, provide a full and true view of the assets, liabilities and income of DALEKOVOD and the companies included in consolidation, with a brief comment on the causes of the information provided. The financial statements have not been audited.

For the Management Board:



Alen Premužak

Chairman of the Management Board

Dalekovod d.d.



III. BALANCE SHEET (unaudited)

ASSETS

Name of position:	AOP	Previous year (net)	Current year (net)	Previous year (net)	Current year (net)	
1	2	3	4	5	6	
			DALEKOVOD jsc		DALEKOVOD GROUP	
ASSETS						
A) SUBSCRIBED CAPITAL UNPAID	001	0	0	0	0	
B) NON CURRENT ASSETS (003+010+020+029+033)	002	590.067.779	585.040.883	738.559.406	371.827.393	
I. INTANGIBLE ASSETS (004 to 009)	003	14.869.072	9.817.024	17.711.383	14.088.947	
1. Research & Development expenditure	004	0	0	0	0	
2. Patents, licences, royalties, trade marks, software&similar rights	005	14.139.000	9.000.768	15.640.602	10.400.076	
3. Goodwill	006	0	0	1.213.000	1.213.000	
4. Prepay ments for intangible assets	007	0	0	0	0	
5. Intangible assets under construction	008	730.072	816.256	857.781	2.475.870	
6. Other intangible assets	009	0	0	0	0	
II. TANGIBLE ASSETS (011 to 019)	010	213.872.823	205.325.336	654.460.483	289.166.828	
1. Land	011	1.157.642	1.157.642	21.832.690	21.792.041	
2. Property	012	6.130.426	5.774.201	157.935.419	149.011.278	
3. Plants and equipment	013	49.865.075	39.023.984	88.906.744	76.064.955	
4. Tools, plants&v ehicles	014	2.286.758	13.468.055	11.640.831	25.372.856	
5. Biological asset	015	0	0	0	0	
6. Prepay ments for tangible assets	016	0	0	0	0	
7. Assets under construction	017	0	0	10.712.208	10.553.892	
8. Other tangible assets	018	0	0	0	0	
9. Investments property	019	154.432.922	145.901.454	363.432.590	6.371.806	
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	020	332.553.305	344.399.195	34.382.908	41.639.679	
1. Share in related parties	021	285.996.508	276.891.774	0	0	
2. Loans to related parties	022	13.729.680	24.662.953	0	0	
3. Participating interests (stakes)	023	20.241.100	20.241.100	14.667.309	14.704.804	
4. Loans to participating interest	024	0	0	0	0	
5. Investments in securities	025	4.254.377	4.073.972	4.537.472	4.568.447	
6. Loans & deposits	026	8.331.640	18.529.396	15.178.127	22.366.428	
7. Other non-current financial assets	027	0	0	0	0	
8. Investment accounted by equity method	028	0	0	0	0	
IV. TRADE RECEIVABLES (030 to 032)	029	28.772.579	25.499.328	32.004.632	26.931.939	
1. Receiv ables from related parties	030	0	0	720.774	0	
2. Receiv ables from credit sales	031	0	0	0	0	
3. Other receiv ables	032	28.772.579	25.499.328	31.283.857	26.931.939	
V. DEFERRED TAX ASSETS	033	0	0	0	0	
C) CURENT ASSETS (035+043+050+058)	034	695.998.212	614.861.487	950.046.366	926.276.836	
I. INVENTORIES (036 to 042)	035	20.488.561	11.063.115	182.776.062	221.773.765	
1. Raw materials & consumables	036	18.474.196	10.350.850	68.599.673	77.214.036	
2. Work in progress	037	0	0	13.132.497	30.502.896	
3. Products	038	266.435	235.024	25.926.563	41.683.014	
4. Merchandise	039	1.747.930	477.241	9.016.213	6.803.287	
5. Prepay ments for inventories	040	0	0	1.058.270	527.685	
6. Other av ailable-for-sale assets	041	0	0	65.042.846	65.042.846	
7. Biological asset	042	0	0	0	0	
II. RECEIVABLES (044 to 049)	043	506.497.579	454.204.207	582.682.800	533.283.929	
1. Receiv ables from related parties	044	34.476.796	31.757.973	0	0	
2. Trade receiv ables	045	300.959.133	177.366.899	397.230.328	274.792.225	
3. Receiv ables from participating parties	046	715.227	519.386	798.643	1.056.277	
4. Amounts receiv able from employ ees	047	255.351	197.497	322.613	221.562	
5. Receiv ables from gov ernment agencies	048	20.992.331	10.316.404	29.432.856	16.159.134	
6. Other receiv ables	049	149.098.741	234.046.048	154.898.360	241.054.731	
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	87.163.048	62.726.079	82.510.264	65.771.566	
1. Share in related parties	051	0	0	0	0	
2. Loans to related parties	052	31.585.316	2.207.126	0	0	
3. Participating interests (stakes)	053	0	0	0	0	
4. Loans to participating interest	054	0	0	0	0	
5. Investments in securities	055	30.377.143	30.485.060	30.377.143	30.485.060	
6. Loans & deposits	056	25.200.589	30.033.893	52.133.120	35.286.506	
7. Other financial assets	057	0	0	0	0	
IV. CASH ON HAND AND IN THE BANK	058	81.849.024	86.868.086	102.077.241	105.447.576	
D) PREPAYMENTS AND ACCRUED INCOME	059	1.897.912	2.271.497	2.401.002	2.375.832	
E) TOTAL ASSETS (001+002+034+059)	060	1.287.963.903	1.202.173.867	1.691.006.774	1.300.480.060	
F) OFF-BALANCE SHEET ITEMS	061	652.402.930	669.618.925	680.360.486	739.206.354	

LIABILITIES

Name of position:	AOP	Previous year (net)	Current year (net)	Previous year (net)	Current year (net)
		DALEKOVOD jsc		DALEKOVOD GROUP	
1	2	3	4	5	6
EQUITY AND LIABILITIES					
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	183.257.787	222.840.252	160.472.518	213.558.449
I. SHARE CAPITAL	063	247.193.050	247.193.050	247.193.050	247.193.050
II. CAPITAL RESERVES	064	86.141.670	86.141.670	86.141.670	86.141.670
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	44.324.747	43.675.007	76.306.051	75.577.221
1. Legal reserves	066	11.486.600	11.486.600	11.652.410	11.652.410
2. Reserves for own shares	067	7.816.210	8.465.950	7.816.210	8.465.950
3. Own shares and stakes (less)	068	-7.816.210	-8.465.950	-7.816.210	-8.465.950
4. Statutory reserves	069	32.838.147	32.188.407	32.838.147	32.188.407
5. Other reserves	070	0	0	31.815.494	31.736.404
IV. REVALUATION RESERVES	071	0	0	-1.951	0
V. RETAINED EARNINGS OR LOSS BROUGHT FORWARD (073-074)	072	-225.551.550	-194.401.680	-252.489.075	-248.470.432
1. Retained earnings	073	0	0	0	0
2. Loss brought forward	074	225.551.550	194.401.680	252.489.075	248.470.432
VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR (076-077)	075	31.149.870	40.232.205	4.018.643	53.811.449
1. Profit for the financial year	076	31.149.870	40.232.205	4.018.643	53.811.449
2. Loss for the financial year	077	0	0	0	0
VII. MINORITY INTEREST	078	0	0	-695.870	-694.508
B) PROVISIONS (080 to 082)	079	26.468.723	22.628.875	29.625.995	25.830.379
1. Provisions for pensions, severance pay and similar liabilities	080	3.841.498	4.379.000	6.794.225	7.516.670
2. Provisions for tax obligations	081	0	0	0	0
3. Other provisions	082	22.627.225	18.249.875	22.831.770	18.313.710
C) NON-CURRENT LIABILITIES (084 to 092)	083	488.228.366	435.688.854	463.081.998	421.692.134
1. Liabilities to related parties	084	25.699.137	13.873.126	0	0
2. Liabilities for loans, deposits and other	085	0	0	0	0
3. Liabilities towards banks and other financial institutions	086	372.246.507	366.865.771	372.750.778	367.202.163
4. Amounts payable for prepayment	087	0	0	0	0
5. Trade payables	088	46.557.538	9.742.640	46.606.037	9.282.655
6. Amounts payable for securities	089	43.056.560	44.819.352	43.056.559	44.819.352
7. Liabilities toward participating interests	090	668.624	387.965	668.624	387.965
8. Other non-current liabilities	091	0	0	0	0
9. Deferred tax	092	0	0	0	0
D) CURRENT LIABILITIES (094 to 105)	093	575.502.902	505.254.054	1.023.320.136	623.637.265
1. Liabilities to related parties	094	51.323.164	37.055.017	0	0
2. Liabilities for loans, deposits and other	095	402.220	0	0	0
3. Liabilities towards banks and other financial institutions	096	52.335.222	15.094.882	395.284.610	51.850.059
4. Amounts payable for prepayment	097	105.548.698	130.307.747	109.296.214	135.433.002
5. Trade payables	098	209.940.651	154.269.056	274.679.369	226.104.192
6. Amounts payable for securities	099	58.509.271	58.509.271	58.509.272	58.509.272
7. Liabilities toward participating interests	100	0	0	1.571.520	1.153.639
8. Liabilities to employees	101	17.605.673	25.843.621	41.690.867	48.843.778
9. Taxes, contributions and similar liabilities	102	12.063.713	27.769.585	18.832.466	33.766.004
10. Liabilities arising from share in the result	103	100.985	100.985	100.985	110.743
11. Liabilities arising from non-current assets held for sale	104	0	0	0	0
12. Other current liabilities	105	67.673.305	56.303.890	123.354.833	67.866.577
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	14.506.126	15.761.832	14.506.127	15.761.833
F) TOTAL LIABILITIES (062+079+083+093+106)	107	1.287.963.904	1.202.173.867	1.691.006.774	1.300.480.060
G) OFF-BALANCE SHEET ITEMS	108	652.402.930	669.618.925	680.360.486	739.206.354
ANNEX TO THE BALANCE SHEET (to be filled in by a company preparing the consolidated annual financial statements)					
A) CAPITAL AND RESERVES					
1. Attributable to equity holders of the parent company's capital	109			161.168.388	214.252.957
2. Attributable to non-controlling interests	110			-695.870	-694.508

IV. STATEMENT OF COMPREHENSIVE INCOME (unaudited)

Name of position	AOP	Previous period	Current period	Previous period	Current period
1	2	3	4	5	6
DALEKOVOĐ J.S.C.				DALEKOVOĐ GROUP	
I. OPERATING INCOME (112+113)	111	1.010.252.316	897.294.352	1.284.974.148	1.230.392.560
1. Sales revenue	112	928.316.646	804.564.380	1.202.046.131	1.147.193.731
2. Other operating income	113	81.935.670	92.729.972	82.928.017	83.198.828
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	964.140.547	831.407.033	1.240.228.626	1.154.687.671
1. Changes in inventories of finished products and work in progress	115	75.889	35.024	10.645.751	-33.149.486
2. Material costs (117 to 119)	116	653.640.629	541.838.804	741.395.673	748.320.583
a) Cost of raw materials & consumables	117	185.466.428	197.204.200	244.824.153	279.207.281
b) Cost of goods sold	118	127.533.607	85.798.749	143.223.507	160.181.400
c) Other costs	119	340.640.594	258.835.855	353.348.013	308.931.902
3. Staff costs (121 to 123)	120	138.205.806	163.162.176	231.175.988	257.842.679
a) Net salaries	121	95.845.222	121.997.086	152.119.473	179.776.758
b) Employee income tax	122	27.006.259	26.331.278	51.127.921	50.598.421
c) Tax on payroll	123	15.354.325	14.833.812	27.928.594	27.467.500
4. Depreciation and amortisation	124	33.949.894	32.141.920	50.907.247	49.155.045
5. Other expenditures	125	18.392.245	12.829.367	33.504.864	24.695.826
6. Value adjustment (127+128)	126	3.038.341	9.763	9.583.067	718.154
a) non-current assets (without financial assets)	127	28.846	9.763	1.181.304	162.824
b) current assets (without financial assets)	128	3.009.495	0	8.401.763	555.330
7. Provisions	129	19.302.625	10.910.167	19.679.129	10.910.167
8. Other operating expenses	130	97.535.118	70.479.812	143.336.907	96.194.702
III. FINANCIAL INCOME (132 to 136)	131	17.420.508	11.049.326	13.442.737	34.320.410
1. Interest income, foreign exchange differences, dividends and other financial income related to subsidiaries	132	13.614.979	5.381.912	0	0
2. Interest income, foreign exchange differences, dividends and other financial income related to third parties	133	2.999.121	5.636.602	12.531.895	12.814.830
3. Part of income from associates and participating interests	134	0	0	0	0
4. Unrealized gains (income) from the financial assets	135	0	0	0	0
5. Other financial income	136	806.408	30.812	910.842	21.505.580
IV. FINANCIAL COSTS (138 to 141)	137	24.413.110	24.422.288	45.422.154	40.257.466
1. Interest, foreign exchange differences and other expenses related to subsidiaries	138	1.883.118	1.460.676	0	0
2. Interest, foreign exchange differences and other expenses related to third parties	139	22.529.992	22.961.612	45.420.440	40.254.703
3. Unrealized loss (expenses) from the financial assets	140	0	0	0	0
4. Other financial expenses	141	0	0	1.714	2.764
V. SHARE OF INCOME OF ASSOCIATES	142	0	0	13.735	37.494
VI. SHARE OF LOSS OF ASSOCIATES	143	0	0	0	0
VII. EXTRAORDINARY - OTHER INCOME	144	0	0	0	0
VIII. EXTRAORDINARY - OTHER EXPENSES	145	0	0	0	0
IX. TOTAL INCOME (111+131+142 + 144)	146	1.027.672.824	908.343.678	1.298.430.620	1.264.750.464
X. TOTAL EXPENSES (114+137+143 + 145)	147	988.553.657	855.829.321	1.285.650.780	1.194.945.137
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	39.119.167	52.514.357	12.779.840	69.805.327
1. Profit before tax (146-147)	149	39.119.167	52.514.357	12.779.840	69.805.327
2. Loss before tax (147-146)	150	0	0	0	0
XII. INCOME TAX EXPENSE	151	7.969.297	12.282.152	8.761.199	15.993.878
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	31.149.870	40.232.205	4.018.641	53.811.449
1. Profit for the period (149-151)	153	31.149.870	40.232.205	4.018.641	53.811.449
2. Loss for the period (151-148)	154	0	0	0	0
ANNEX TO THE PROFIT AND LOSS ACCOUNT (to be filled in by entities submitting consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to owners of the company	155	0	0	4.282.083	53.810.087
2. Attributable to non-controlling interests	156	0	0	-263.440	1.362
STATEMENTS OF COMPREHENSIVE INCOME (to be filled in by entities who work in compliance with IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	31.149.870	40.232.205	4.018.641	53.811.449
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 to 165)	158	0	0	-632.072	370.538
1. Exchange differences arising from foreign operations	159	0	0	0	370.538
2. Revaluation of non-current assets and intangible assets	160	0	0	0	0
3. Gains or loss available for sale investments	161	0	0	0	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	0	0	-632.072	370.538
V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (157+167)	168	31.149.870	40.232.205	3.386.569	54.181.987
APPENDIX Statement of Comprehensive Income (to be filled in by entities submitting consolidated financial statements)					
VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD					
1. Attributable to owners of the company	169	0	0	3.650.011	54.184.229
2. Attributable to non-controlling interests	170	0	0	-263.440	-2.242



V. CASH FLOW STATEMENT (unaudited)

Name of position:	AOP	Previous period	Current period	Previous period	Current period
1	2	3	4	5	6
			DALEKOVOD jsc		
CASH FLOW FROM OPERATING ACTIVITIES					
1. Pre-tax profit	001	39.119.167	52.514.357	12.779.842	69.805.327
2. Depreciation	002	33.949.894	32.141.920	50.907.247	49.155.045
3. Increase in short-term liabilities	003	122.375.593	0	87.083.123	0
4. Decrease in short-term receivables	004		126.506.898		122.180.469
5. Reduction of stocks	005		9.425.446	33.509.234	0
6. Other increase in cash flow	006		22.521.081	62.345	329.077.361
I. Total increase in cash flow from operating activities (001 to 006)	007	195.444.654	243.109.702	184.341.791	570.218.202
1. Decrease in short-term liabilities	008		69.939.742		48.993.058
2. Increase in short-term receivables	009	133.671.974	0	104.853.962	0
3. Increase in stocks	010	175.082	0		38.997.703
4. Other decrease in cash flow	011		153.436.164		471.358.999
II Total decrease in cash flow from operating activities (008 to 011)	012	133.847.056	223.375.906	104.853.962	559.349.760
A1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (007-012)	013	61.597.598	19.733.796	79.487.829	10.868.442
A2) NET DECREASE IN CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	0		0
CASH FLOW FROM INVESTMENT ACTIVITIES					
1. Cash receipts from sale of fixed tangible and intangible assets	015	2.540.000	0	1.448.567	0
2. Cash receipts from sale of treasury and debt financial instruments	016	5.000.000	149.430		0
3. Cash receipts from interests	017	3.091.252	0	4.649.678	0
4. Cash receipts from dividends	018	14.498.258	2.144.668		0
5. Other cash receipts from investment activities	019	24.409.472	9.104.734	17.912.789	9.658.312
III. Total cash receipts from investment activities (015 to 019)	020	49.538.982	11.398.832	24.011.034	9.658.311
1. Expenditures for buying fixed assets and intangible assets	021	17.238.652	18.542.385	29.238.890	28.906.656
2. Expenditures for purchasing treasury and debt financial instruments	022	46.414	30.975		30.975
3. Other expenditures from investment activities	023	53.192.308	6.891.815	29.529.901	145.411
IV. Total expenditures from investment activities (021 to 023)	024	70.477.374	25.465.175	58.768.791	29.083.042
B1) NET INCREASE IN CASH FLOW FROM INVESTMENT ACTIVITIES (020-024)	025	0	0		0
b2) NET DECREASE IN CASH FLOW FROM INVESTMENT ACTIVITIES (024-020)	026	20.938.392	14.066.343	34.757.757	19.424.731
CASH FLOW FROM FINANCIAL ACTIVITIES					
1. Cash receipts from issuance of treasury and debt financial instruments	027	7.548.052	0		0
2. Cash receipts from loan principal, bonds, borrowings and other loans	028		0	30.011.232	25.669.799
3. Total cash receipts from financial activities	029		9.599.001		10.194.315
V. Total cash receipts from financial activities (027 to 029)	030	7.548.052	9.599.001	30.011.232	35.864.114
1. Expenditures for repayment of loan principal and bonds	031		0	30.765.492	2.446.378
2. Expenditures for payment of dividends	032		0		0
3. Expenditures for financial leasing	033	8.077.579	9.597.651	8.242.646	13.296.553
4. Expenditures for redemption of treasury shares	034	43.139	649.741		725.518
5. Other expenditures from financial activities	035		0	43.139	7.469.042
VI. Total expenditures from financial activities (031 to 035)	036	8.120.718	10.247.392	39.051.277	23.937.490
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)	037	0	0		11.926.624
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)	038	572.666	648.391	9.040.045	0
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	40.086.540	5.019.062	35.690.027	3.370.335
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	0	0		0
Cash and cash equivalents at the beginning of the period	041	41.762.484	81.849.024	66.387.214	102.077.241
Increase in cash and cash equivalents	042	40.086.540	5.019.062	35.690.027	3.370.335
Decrease in cash and cash equivalents	043	0	0		0
Cash and cash equivalents at the end of the period	044	81.849.024	86.868.086	102.077.241	105.447.576



VI. STATEMENT OF CHANGES IN EQUITY (unaudited)

Name of position:	AOP	Previous period	Current period	Previous period	Current period
1	2	3	4	5	6
DALEKOVOD jsc					
1. Share capital	001	247.193.050	247.193.050	247.193.050	247.193.050
2. Capital reserves	002	86.141.670	86.141.670	86.141.670	86.141.670
3. Reserves from profit	003	44.324.747	43.675.007	76.306.051	75.577.221
4. Retained profit or loss carried forward	004	-225.551.550	-194.401.680	-253.184.945	-249.164.940
5. Profit or loss of current year	005	31.149.870	40.232.205	4.018.643	53.811.449
6. Revaluation of longterm tangible assets	006			-1.951	0
7. Revaluation of intangible assets	007				
8. Revaluation of financial assets available for sale	008				
9. Other revaluations	009				
10. Total equity and reserves (AOP 001 to 009)	010	183.257.787	222.840.252	160.472.518	213.558.449
11. Foreign exchange differences arising from the titles of net	011			-632.000	370.538
12. Current and deferred taxes (part)	012				
13. Cash flow protection	013				
14. Changes in accounting policies	014				
15. Correction of significant errors in the previous period	015	0	0		
16. Other changes in equity	016	0	0	-138.234.612	52.716.754
17. Total increase or decrease in equity (AOP 011 to 016)	017	0	0	-138.866.612	53.087.292
17 a. Attributed to parent company equity holders	018			-138.915.482	53.085.931
17 b. Attributed to minority interest	019			48.870	1.362

* IMPORTANT NOTE TO THE MANAGEMENT REPORT:

These financial statements, being an integral part of the Management Report, are preliminary, unaudited, unconsolidated statements. There may be discrepancies between the preliminary and final audited financial statements of the Company, which will not have a material impact on the Company's business result.

The audited annual financial statements will be disclosed as required by law, by 30 April 2017.

VII. NOTES TO FINANCIAL STATEMENTS

1. BASIC DETAILS

MANAGEMENT

Alen Premužak – Chairman of the Management Board

Helena Jurčić Šestan – Management Board Member

Marko Jurković – Management Board Member

Ivica Kranjčić – Management Board Member

Ivan Kurobasa – Management Board Member

SUPERVISORY BOARD

Marko Lesić – Chairman of the Supervisory Board

Ivan Peteržilnik – Deputy Chairman of the Supervisory Board

Krešimir Ružđak – Supervisory Board Member

Vlado Čović – Supervisory Board Member

Hrvoje Markovinović – Supervisory Board Member

Uwe Heiland – Supervisory Board Member

Marko Makek – Supervisory Board Member

Mirela Tomljanović Radović – Supervisory Board Member

Anton Pernar – Supervisory Board Member

Dalekovod dioničko društvo za inženjering, proizvodnju i izgradnju

Marijana Čavića 4, 10 000 Zagreb, Croatia

10001 Zagreb, P.P. 128

URL: www.dalekovod.hr, www.dalekovod.com

E-mail: dalekovod@dalekovod.hr

Share capital: HRK 247,193,050.00. Number of shares: 24,719,305

IBAN: HR8323600001101226102 ZABA Zagreb

REG. NO.: (MBS): 080010093, Commercial Court in Zagreb

Stat. No.: 3275531

PIN: 47911242222

Activity code: 4222 (Construction of utility projects for electricity and telecommunications)

2. SHAREHOLDINGS (as at 31 December 2016):

Individuals	4,233,668
Financial institutions	4,399,874
Konsolidator d.o.o.	15,000,000
Others	986,922
Own shares	98,841
TOTAL	24,719,305

1. MERGERS AND CONSOLIDATIONS

There were no mergers or consolidations in Q4 2016.

2. UNCERTAINTY

No items of doubtful and bad debt affecting business continuity were identified in Q4 2016.

3. DESCRIPTION OF PRODUCTS AND SERVICES

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

- electrical facilities, especially transmission lines between 0.4 and 500 kV
- transformer stations of all levels and voltages up to 500 kV
- air, underground and underwater cables 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 transformer stations between 0.4 and 500 kV
- production and installation of all metal parts for roads, especially for road lighting, security barriers and traffic signals, tunnel lighting and traffic management
- electrification of railway tracks and tramways

4. CHANGES IN ACCOUNTING POLICIES

There are no new accounting policies.