

Zagreb, 28 February 2018

MANAGEMENT REPORT
FOR JAN-DEC 2017
Unaudited
Consolidated - Separate

* 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 2018



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The business results achieved in 2017 serve as an indicator of the continuity of recovery and growth in all segments of business in Dalekovod d.d. (the "Company") and Dalekovod Group ("the Group"). Its business in 2017 was marked by positive developments in operations both at the level of Dalekovod d.d. and at the level of the Dalekovod Group:

- Focus on revenue growth
- Focus on efficiency of project delivery and increase in gross margin
- A strong orientation towards the contracting of new projects, both abroad and in the Croatian market
- Employee empowerment at all levels and nurturing leadership skills and building a supportive corporate culture

These determinants are also key strategic guidelines for Dalekovod for the future.

According to preliminary unaudited data, operating income in 2017 at the level of Dalekovod d.d. amounted to HRK 1,184 million, and HRK 1,528 million for the Dalekovod Group, which is respectively 33% and 24% more than in 2016. The increase in revenue is the result of a significant increase in activity compared to the same period last year, both in the foreign markets, among which the most significant are Norway, Ukraine and Finland, as well as in the Croatian market. In 2017, the share of income from abroad in Dalekovod d.d. amounted to 75%.

The entire Dalekovod Group is still very much focused on the foreign markets, and the trend of contracting new business projects abroad continued. As for 2017, a special focus needs to be put on contracting two new projects worth 85 MEUR in Norway, a project worth 20 MEUR in Bosnia and Herzegovina, and a project in Sweden, which is especially important due to the opening of new markets in which Dalekovod had not been present in recent years.

At the Company level, EBITDA was 7.4% lower compared to 2016 and it amounted to 89 MHRK which was in line with expectations, due to the effects of non-recurring items in 2016, most notably the sale of rights to the Ministry of Finance in 2016 (50 MHRK), whereas they had no impact in 2017. Normalised EBITDA without non-recurring items amounted to 99 MHRK, which represents a 57% growth compared to 2016. Gross profit as the most important indicator of operational performance amounted to 148 MHRK, representing a 37.5% increase compared to 2016. A trend of strong growth in cash flow resulting from business operations is therefore continued.



The realized net profit for 2017 at the level of the Company amounts to 16.6 MHRK; when compared to the same period in the previous year, it decreased by 34%, which was due to the impact of non-recurring items in 2016, which also affected the other indicators.

At the level of the Group, EBITDA saw a decrease by 8% compared to 2016 and it amounted to 89 MHRK. Comparably to the Company level, this is a result of the impact that non-recurring items had on the EBITDA increase in 2016, whereas they had no impact in 2017. Normalised EBITDA without non-recurring items amounted to 101 MHRK, which represents a 32% growth compared to 2016.

Realised net profit for the Group in 2017 amounted to 10.4 MHRK, which means a decrease by 1.7 MHRK compared to 2016, which is also a consequence of the impact that non-recurring items had in 2016.

As in previous years, Dalekovod d.d. fulfilled all its obligations arising from the financial restructuring in 2017. Thus, in 2017 the creditors were paid 97 million HRK, and cumulatively for the period between 2014 and 2017, Dalekovod d.d. paid 321.3 million HRK to its creditors, which continues to help strengthen trust and build solid relationships with all our partners.

For the Management Board:

Alen Premužak

Chairman of the Management Board

Dalekovod d.d.



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. CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

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
ASSETS					
A) SUBSCRIBED CAPITAL UNPAID	001	0	0		
B) NON CURRENT ASSETS (003+010+020+029+033)	002	729.484.108	691.980.084	519.144.893	493.140.695
I. INTANGIBLE ASSETS (004 to 009)	003	9.817.024	6.785.437	14.088.947	11.003.454
1. Research and Development expenditure	004	0	0		
2. Patents, licences, royalties, trade marks, software&similar rights	005	9.000.768	5.969.181	10.400.077	7.211.209
3. Goodwill	006	0	0	1.213.000	1.213.000
4. Prepayments for intangible assets	007	0	0		
5. Intangible assets under construction	008	816.256	816.256	2.475.870	2.579.245
6. Other intangible assets	009	0	0		
II. TANGIBLE ASSETS (011 to 019)	010	367.468.166	337.228.391	449.683.983	416.597.255
1. Land	011	1.157.642	0	21.792.041	20.611.199
2. Property	012	6.491.873	803.875	149.728.949	136.337.822
3. Plants and equipment	013	20.960.778	21.611.924	76.064.955	62.323.499
4. Tools, plants and vehicles	014	13.468.054	15.411.161	25.372.856	28.243.137
5. Biological asset	015	0	0		
6. Prepayments for tangible assets	016	0	0		
7. Assets under construction	017	0	0	8.928.218	9.256.438
8. Other tangible assets	018	161.425.158	159.336.759	161.425.158	159.336.759
9. Investments property	019	163.964.661	140.064.672	6.371.806	488.401
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	020	326.699.590	309.162.902	29.677.574	26.424.980
1. Share in related parties	021	276.891.774	280.798.810		
2. Loans to related parties	022	18.924.528	7.988.415		
3. Participating interests (stakes)	023	8.290.373	4.000	2.742.698	7.000
4. Loans to participating interest	024	0	0		
5. Investments in securities	025	4.073.972	1.346.025	4.568.447	1.599.335
6. Loans and deposits	026	18.518.943	19.025.652	22.366.429	24.818.645
7. Other non-current financial assets	027	0	0		
8. Investment accounted by equity method	028	0	0		
IV. TRADE RECEIVABLES (030 to 032)	029	25.499.328	38.803.354	25.694.389	39.115.006
1. Receivables from related parties	030	0	0		
2. Receivables from credit sales	031	0	0		
3. Other receivables	032	25.499.328	38.803.354	25.694.389	39.115.006
V. DEFERRED TAX ASSETS	033	0	0		
C) CURENT ASSETS (035+043+050+058)	034	620.960.788	581.422.941	890.410.772	822.812.810
I. INVENTORIES (036 to 042)	035	11.059.440	8.285.543	185.441.655	160.812.020
1. Raw materials and consumables	036	10.347.176	6.545.946	74.662.747	54.990.050
2. Work in progress	037	0	0	13.008.882	10.160.871
3. Products	038	235.023	217.672	25.861.654	22.833.919
4. Merchandise	039	477.241	1.521.925	6.337.640	7.530.187
5. Prepayments for inventories	040	0	0	527.886	254.147
6. Non-current assets available-for-sale	041	0	0	65.042.846	65.042.846
7. Biological asset	042	0	0		
II. RECEIVABLES (044 to 049)	043	460.315.534	452.796.121	533.768.966	527.036.711
1. Receivables from related parties	044	37.496.398	30.048.154		
2. Trade receivables	045	177.715.374	226.922.497	275.484.785	322.825.555
3. Receivables from participating parties	046	519.386	0	1.056.277	0
4. Amounts receivable from employees	047	197.497	20.730	221.562	53.056
5. Receivables from government agencies	048	10.334.763	9.677.714	16.176.070	14.640.035
6. Other receivables	049	234.052.116	186.127.026	240.830.272	189.518.065
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	62.736.871	30.980.577	65.772.027	27.559.334
1. Share in related parties	051	0	0		
2. Loans to related parties	052	2.207.466	7.855.714		
3. Participating interests (stakes)	053	0	0		
4. Loans to participating interest	054	0	0		
5. Investments in securities	055	30.485.060	496.950	30.485.060	496.950
6. Loans and deposits	056	30.044.345	22.627.913	35.286.967	27.062.384
7. Other financial assets	057	0	0		
IV. CASH ON HAND AND IN THE BANK	058	86.848.943	89.360.700	105.428.124	107.404.745
D) PREPAYMENTS AND ACCRUED INCOME	059	2.271.497	2.583.328	2.608.625	3.104.509
E) TOTAL ASSETS (001+002+034+059)	060	1.352.716.393	1.275.986.353	1.412.164.290	1.319.058.014
F) OFF-BALANCE SHEET ITEMS	061	669.618.925	609.258.038	793.206.354	663.985.533

(CONTINUED)

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	271.183.667	287.835.752	223.366.673	233.173.646
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	43.675.007	43.675.007	75.581.849	74.948.829
1. Legal reserves	066	11.486.600	11.486.600	11.652.410	11.652.410
2. Reserves for own shares	067	8.465.950	8.465.950	8.465.950	8.465.950
3. Own shares and stakes (less)	068	-8.465.950	-8.465.950	8.465.950	8.465.950
4. Statutory reserves	069	32.188.407	32.188.407	67.117.790	67.117.790
5. Other reserves	070	0	0	-3.188.351	-3.821.371
IV. REVALUATION RESERVES	071	69.396.583	69.402.489	69.396.583	69.402.489
V. RETAINED EARNINGS OR LOSS BROUGHT FORWARD (073-074)	072	-200.410.664	-175.222.643	-266.436.350	-254.251.971
1. Retained earnings	073				
2. Loss brought forward	074	200.410.664	175.222.643	266.436.350	254.251.971
VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR (076-077)	075	25.188.021	16.646.179	12.184.379	10.433.310
1. Profit for the financial year	076	25.188.021	16.646.179	12.184.379	10.433.310
2. Loss for the financial year	077	0	0		
VII. MINORITY INTEREST	078	0	0	-694.508	-693.731
B) PROVISIONS (080 to 082)	079	22.654.443	19.989.032	25.855.947	23.318.939
1. Provisions for pensions, severance pay and similar liabilities	080	4.404.568	3.154.198	7.542.238	6.418.406
2. Provisions for tax obligations	081	0	0		
3. Other provisions	082	18.249.875	16.834.834	18.313.709	16.900.533
C) NON-CURRENT LIABILITIES (084 to 092)	083	428.509.757	385.196.802	415.859.698	371.758.126
1. Liabilities to related parties	084	13.141.088	10.352.893		
2. Liabilities for loans, deposits and other	085	0	0		
3. Liabilities towards banks and other financial institutions	086	347.508.682	315.901.100	347.718.745	312.746.960
4. Amounts payable for prepayment	087	0	0		
5. Trade payables	088	9.742.640	1.368.346	9.811.399	1.436.702
6. Amounts payable for securities	089	42.495.986	42.339.770	42.495.987	42.339.771
7. Liabilities toward participating interests	090	387.965	0	600.171	
8. Other non-current liabilities	091	0	0		
9. Deferred tax	092	15.233.396	15.234.693	15.233.396	15.234.693
D) CURRENT LIABILITIES (094 to 105)	093	614.606.694	569.656.399	731.320.138	677.498.933
1. Liabilities to related parties	094	37.787.055	18.006.427		
2. Liabilities for loans, deposits and other	095	0	0		
3. Liabilities towards banks and other financial institutions	096	113.854.477	114.921.873	157.023.499	151.071.725
4. Amounts payable for prepayment	097	130.455.505	65.385.512	135.581.042	67.322.277
5. Trade payables	098	154.428.383	218.589.659	225.830.671	279.218.733
6. Amounts payable for securities	099	60.832.636	60.346.066	60.832.637	59.669.539
7. Liabilities toward participating interests	100	0	19.209	1.153.639	19.209
8. Liabilities to employees	101	25.739.721	34.754.700	48.739.877	57.208.540
9. Taxes, contributions and similar liabilities	102	28.301.085	40.753.999	33.408.724	46.131.300
10. Liabilities arising from share in the result	103	100.985	100.985	100.985	100.985
11. Liabilities arising from non-current assets held for sale	104	0	0		
12. Other current liabilities	105	63.106.847	16.777.969	68.649.064	16.756.625
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	15.761.832	13.308.368	15.761.833	13.308.369
F) TOTAL LIABILITIES (062+079+083+093+106)	107	1.352.716.393	1.275.986.353	1.412.164.290	1.319.058.014
G) OFF-BALANCE SHEET ITEMS	108	669.618.925	609.258.038	793.206.354	663.985.533
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			260.602.024	233.867.378
2. Attributable to non-controlling interests	110			-694.508	-693.731

IV. CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Name of position	AOP	Previous period	Current period	Previous period	Current period	
1	2	3	4	5	6	
			DALEKOVOD J.S.C.		DALEKOVOD GROUP	
I. OPERATING INCOME (112+113)	111	890.373.172	1.183.522.171	1.233.259.157	1.528.146.237	
1. Sales revenue	112	815.215.496	1.134.602.847	1.159.693.965	1.477.326.895	
2. Other operating income	113	75.157.676	48.919.324	73.565.192	50.819.342	
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	828.383.485	1.128.711.078	1.188.559.814	1.483.181.522	
1. Changes in inventories of finished products and work in progress	115	35.024	15.688	-8.565.572	6.092.054	
2. Material costs (117 to 119)	116	542.278.014	794.104.684	749.934.565	998.525.030	
a) Cost of raw materials & consumables	117	197.224.452	292.939.072	282.283.122	375.055.252	
b) Cost of goods sold	118	85.945.957	150.814.871	157.298.410	211.334.242	
c) Other costs	119	259.107.605	350.350.741	310.353.033	412.135.536	
3. Staff costs (121 to 123)	120	163.162.176	191.171.416	257.848.489	285.473.465	
a) Net salaries	121	121.997.086	150.079.885	179.782.568	209.468.401	
b) Employee income tax	122	26.331.278	25.526.702	50.598.421	47.697.914	
c) Tax on payroll	123	14.833.812	15.564.829	27.467.500	28.307.150	
4. Depreciation and amortisation	124	34.321.500	34.368.285	51.334.625	43.628.867	
5. Other expenditures	125	12.739.803	16.307.743	24.617.493	30.671.353	
6. Value adjustment (127+128)	126	9.763	198.145	2.343.829	3.057.607	
a) non-current assets (without financial assets)	127	9.763	0	1.788.499	189.268	
b) current assets (without financial assets)	128	0	198.145	555.330	2.868.339	
7. Provisions	129	10.910.167	3.281.037	10.910.167	3.303.359	
8. Other operating expenses	130	64.927.038	89.264.080	100.136.218	112.429.787	
III. FINANCIAL INCOME (132 to 136)	131	10.143.691	10.103.303	24.672.842	14.234.891	
1. Interest income, foreign exchange differences, dividends and other financial income related to subsidiaries	132	5.381.912	3.983.130			
2. Interest income, foreign exchange differences, dividends and other financial income related to third parties	133	4.730.967	5.234.086	3.167.261	13.045.361	
3. Part of income from associates and participating interests	134	0	0			
4. Unrealized gains (income) from the financial assets	135	0	0			
5. Other financial income	136	30.812	886.087	21.505.581	1.189.530	
IV. FINANCIAL COSTS (138 to 141)	137	33.974.192	26.994.593	41.370.801	25.782.760	
1. Interest, foreign exchange differences and other expenses related to subsidiaries	138	1.460.676	1.150.556			
2. Interest, foreign exchange differences and other expenses related to third parties	139	20.562.789	24.353.622	29.417.310	25.782.760	
3. Unrealized loss (expenses) from the financial assets	140	11.950.727	0			
4. Other financial expenses	141	0	1.490.415	11.953.491	0	
V. SHARE OF INCOME OF ASSOCIATES	142	0	0	26.116		
VI. SHARE OF LOSS OF ASSOCIATES	143	0	0	0	1.329.903	
VII. EXTRAORDINARY - OTHER INCOME	144	0	0			
VIII. EXTRAORDINARY - OTHER EXPENSES	145	0	0			
IX. TOTAL INCOME (111+131+142 + 144)	146	900.516.863	1.193.625.474	1.257.958.115	1.542.381.128	
X. TOTAL EXPENSES (114+137+143 + 145)	147	862.357.677	1.155.705.671	1.229.930.615	1.510.294.185	
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	38.159.186	37.919.803	28.027.500	32.086.943	
1. Profit before tax (146-147)	149	38.159.186	37.919.803	28.027.500	32.086.943	
2. Loss before tax (147-146)	150	0	0	0	0	
XII. INCOME TAX EXPENSE	151	12.971.165	21.273.624	15.843.121	21.653.633	
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	25.188.021	16.646.179	12.184.379	10.433.310	
1. Profit for the period (149-151)	153	25.188.021	16.646.179	12.184.379	10.433.310	
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	12.184.379	10.433.310	
2. Attributable to non-controlling interests	156	0	0	0	0	
STATEMENTS OF COMPREHENSIVE INCOME (to be filled by entities who work in compliance with IFRS)						
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	25.188.021	16.646.179	12.184.379	10.433.310	
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 to 165)	158	1.692.600	5.906	1.623.385	-627.114	
1. Exchange differences arising from foreign operations	159			-71.160	-633.020	
2. Revaluation of non-current assets and intangible assets	160	1.692.600	5.906	1.694.545	5.906	
3. Gains or loss available for sale investments	161					
4. Gains or loss on net movement on cash flow hedges	162					
5. Gains or loss on net investments hedge	163					
6. Share of the other comprehensive income/loss of associates	164					
7. Actuarial gain / loss on post employment benefit obligations	165					
III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD	166					
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (158-166)	167	1.692.600	5.906	1.623.385	-627.114	
V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (157+167)	168	26.880.621	16.652.085	13.807.764	9.806.196	
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	13.809.126	9.805.391	
2. Attributable to non-controlling interests	170	0	0	-1.362	805	



V. CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

Name of position:	AOP	Previous period	Current period	Previous period	Current period
1	2	3	4	5	6
DALEKOVID jsc				DALEKOVID GROUP	
CASH FLOW FROM OPERATING ACTIVITIES					
1. Pre-tax profit	001	38.159.186	37.919.803	28.027.500	32.086.943
2. Depreciation	002	34.321.500	34.368.285	51.334.625	43.628.867
3. Increase in short-term liabilities	003	0	44.399.857		
4. Decrease in short-term receivables	004	79.490.594	0	56.274.123	5.125.921
5. Reduction of stocks	005	9.429.121	2.773.897		24.629.634
6. Other increase in cash flow	006	22.894.021	0		7.203
I. Total increase in cash flow from operating activities (001 to 006)	007	184.294.422	119.461.842	135.636.248	105.478.568
1. Decrease in short-term liabilities	008	111.993.059	0	58.877.151	46.706.333
2. Increase in short-term receivables	009	0	41.239.493		
3. Increase in stocks	010	0	0	13.903.319	
4. Other decrease in cash flow	011	39.509.288	60.446.388	34.749.655	39.372.579
II Total decrease in cash flow from operating activities (008 to 011)	012	151.502.346	101.685.881	107.530.125	86.078.912
A1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (007-012)	013	32.792.076	17.775.961	28.106.123	19.399.656
A2) NET DECREASE IN CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	0		
CASH FLOW FROM INVESTMENT ACTIVITIES					
1. Cash receipts from sale of fixed tangible and intangible assets	015	173.000	2.539.153	608.123	2.970.034
2. Cash receipts from sale of treasury and debt financial instruments	016	0	0		
3. Cash receipts from interests	017	2.696.709	1.539.865	2.709.457	1.606.334
4. Cash receipts from dividends	018	2.257.545	5.220.617		
5. Other cash receipts from investment activities	019	46.022.141	32.856.255	4.299.836	35.692.920
III. Total cash receipts from investment activities (015 to 019)	020	51.149.395	42.155.890	7.617.416	40.269.288
1. Expenditures for buying fixed assets and intangible assets	021	18.112.561	13.676.666	29.214.327	20.594.704
2. Expenditures for purchasing treasury and debt financial instruments	022	53.469.631	0		
3. Other expenditures from investment activities	023	4.855.701	10.200.123	3.238.426	1.319.314
IV. Total expenditures from investment activities (021 to 023)	024	76.437.892	23.876.789	32.452.753	21.914.018
B1) NET INCREASE IN CASH FLOW FROM INVESTMENT ACTIVITIES (020-024)	025	0	18.279.101		18.355.270
b2) NET DECREASE IN CASH FLOW FROM INVESTMENT ACTIVITIES (024-020)	026	25.288.497	0	24.835.337	
CASH FLOW FROM FINANCIAL ACTIVITIES					
1. Cash receipts from issuance of treasury and debt financial instruments	027	0	0		
2. Cash receipts from loan principal, bonds, borrowings and other loans	028	7.805.681	3.600.000	44.710.568	5.772.367
3. Total cash receipts from financial activities	029	0	0		
V. Total cash receipts from financial activities (027 to 029)	030	7.805.681	3.600.000	44.710.568	5.772.367
1. Expenditures for repayment of loan principal and bonds	031	0	19.216.895	34.215.123	25.863.818
2. Expenditures for payment of dividends	032	0	0		
3. Expenditures for financial leasing	033	9.659.601	15.059.741	9.764.923	15.059.741
4. Expenditures for redemption of treasury shares	034	649.740	0		
5. Other expenditures from financial activities	035	0	2.866.669	650.425	627.113
VI. Total expenditures from financial activities (031 to 035)	036	10.309.341	37.143.305	44.630.471	41.550.672
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)	037	0	0	80.097	
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)	038	2.503.660	33.543.305		35.778.305
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	4.999.919	2.511.757	3.350.883	1.976.621
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	0	0		
Cash and cash equivalents at the beginning of the period	041	81.849.024	86.848.943	102.077.241	105.428.124
Increase in cash and cash equivalents	042	4.999.919	2.511.757	3.350.883	1.976.621
Decrease in cash and cash equivalents	043	0	0		
Cash and cash equivalents at the end of the period	044	86.848.943	89.360.700	105.428.124	107.404.745



VI. CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

Name of position:	AOP	Previous period	Current period	Previous period	Current period
1	2	DALEKOVOD jsc		DALEKOVOD GROUP	
		3	4	5	6
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	43.675.007	43.675.007	75.581.849	74.948.829
4. Retained profit or loss carried forward	004	-200.410.664	-175.222.643	-266.436.350	-254.251.971
5. Profit or loss of current year	005	25.188.021	16.646.179	12.184.379	10.433.310
6. Revaluation of longterm tangible assets	006	69.396.583	69.402.489	69.396.583	69.402.489
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	271.183.667	287.835.752	224.061.181	233.867.377
11. Foreign exchange differences arising from the titles of net	011			-71.160	-633.020
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				
16. Other changes in equity	016			37.812.521	10.439.216
17. Total increase or decrease in equity (AOP 011 to 016)	017	0	0	37.741.361	9.806.196
17 a. Attributed to parent company equity holders	018			37.742.723	9.805.391
17 b. Attributed to minority interest	019			-1.362	805

*** 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 2018

1. BASIC DETAILS

MANAGEMENT BOARD

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

Milan Račić – Supervisory Board Member

Marko Makek – Supervisory Board Member

Mirela Tomljanović Radović – Supervisory Board Member

Rajko Pavelić – Supervisory Board Member

DALEKOVOD JSC FOR ENGINEERING, MANUFACTURING AND CONSTRUCTION

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 2017):

KONSOLIDATOR LTD	15.000.000
INDIVIDUALS	4.680.685
FINANCIAL INSTITUTIONS	4.149.466
DALEKOVOD	98.841
OTHERS	790.313
TOTAL	24.719.305

3. MERGERS AND CONSOLIDATIONS

There were no mergers or consolidations in 2017.

4. UNCERTAINTY

No items of doubtful and bad debt affecting business continuity were identified in 2017.

5. 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

6. CHANGES IN ACCOUNTING POLICIES

There are no new accounting policies.