

MANAGEMENT REPORT FOR I – VI 2019

Unaudited, consolidated and separate

1. MANAGEMENT REPORT	2
2. DECLARATION	7
3. STATEMENT OF FINANCIAL POSITION (unaudited)	8
4. INCOME STATEMENT (unaudited)	10
5. CASH FLOW STATEMENT (unaudited)	12
6. STATEMENT OF CHANGES IN EQUITY (unaudited)	14
7. NOTES TO FIANCIAL STATEMENTS	15

Tel: +385 1 2459 708; +385 1 24 11 111

e-mail: glasnogovornik@dalekovod.hr

1. MANAGEMENT REPORT

Key financial indicators for the period 1.1.-30.6.2019.

Following the traditional decline in activity during the first quarter, the second quarter was marked by an increase in activity, which had a positive impact on second quarter's operating results. The business result of Dalekovod Group (Group) and Dalekovod dd (Company) in the second quarter of 2019 was marked by an increase in net profit before interest, taxes and depreciation (EBITDA) (+ 12.5% YoY Group, + 99% YoY Company), net profit before interest and taxes "EBIT" (+ 33% YoY Group, 3.2x YoY Company) and net profit compared to the same period of the previous year. Cumulatively, result for the first six months of the Group recorded a decrease in EBITDA level (-58% YoY), while at the Company level EBITDA recorded a slight increase (+ 8% YoY) and was at similar levels as in the same period of the previous year. The Group's worse performance at the EBITDA level in the first six months was mostly influenced by the negative result of the company Proizvodnja MK and OSO d.o.o. (-6.2 mln HRK EBITDA) and activity reductions and lower productivity (due to bad weather in Norway) during the first quarter.

Operating income during the second quarter of 2019 for Group and Company were at similar levels as in the same period of the previous year, while in the first six months operating income was lower (-5.3% YoY Group, -10% YoY Company) and in accordance with the business plan. As mentioned in the previous Management Report, business result during the first quarter of 2019 was largely influenced by the cyclical trends of the industry during 2018, that is, by fall in number of contracted operations and sales, which had a negative impact on operating revenues in six-month period. Due to the aforementioned negative operating results in 2018, the Group currently operates with limited liquidity and depends on the immediate support of key creditors - financial institutions.

Group and Company recorded strong net profit growth in the first six months, which was largely result of Dalekovod Professio d.d. sale (recorded under item "Other financial income"), and in the second quarter, result of better realization of contracted projects..

<i>Dalekovod Group in 000 hrk</i>	<i>2018</i>		<i>2019</i>	
	<i>I - VI</i>	<i>IV - VI</i>	<i>I - VI</i>	<i>IV - VI</i>
<i>Business revenue</i>	588.236	335.639	556.786	336.095
<i>EBIT</i>	341	17.688	-8.968	23.466
<i>EBITDA</i>	22.278	28.841	9.353	32.435
<i>Net profit</i>	-8.874	13.054	30.042	18.062

<i>Dalekovod d.d. in 000 hrk</i>	<i>2018</i>		<i>2019</i>	
	<i>I - VI</i>	<i>IV - VI</i>	<i>I - VI</i>	<i>IV - VI</i>
<i>Business revenue</i>	464.494	258.721	416.040	258.508
<i>EBIT</i>	10	6.350	4.516	23.038
<i>EBITDA</i>	17.241	15.118	18.619	30.142
<i>Net profit</i>	-4.014	7.826	36.686	20.001

Of all Group members, all subsidiaries recorded operating income and EBITDA at planned level, except for Proizvodnja MK i OSO d.o.o. which achieved lower result than expected, mainly due to difficult financing of raw materials and delays in project activities. Newly founded company Cinčaonica usluge d.o.o. (spin-off of corrosion protection segment from the company Proizvodnja MK i OSO d.o.o.), which started operations on April 1 this year, recorded result above the plan both at operating income and EBITDA level. Such business results of Cinčaonica usluge d.o.o. are derived from spin-off from company Proizvodnja MK i OSO d.o.o. in the context of operational restructuring process and positive market circumstances.

	2018		2019	
	H1	Q2	H1	Q2
<i>Dalekovod d.d.</i>	464.494	258.721	416.040	258.508
<i>Proizvodnja MK i OSO d.o.o.</i>	130.212	86.796	106.313	49.465
<i>Dalekovod Mostar d.o.o.</i>	28.651	17.674	36.282	17.449
<i>Dalekovod Projekt d.o.o.</i>	15.090	9.502	18.565	11.556
<i>Cinčaonica usluge d.o.o.</i>	-	-	16.693	16.693
<i>EMU</i>	1.555	977	1.609	993
<i>Other connected companies</i>	18.810	10.487	16.716	13.205
<i>Eliminations</i>	-70.576	-48.518	-55.432	-31.774
Total	588.236	335.639	556.786	336.095

	2018		2019	
	H1	Q2	H1	Q2
<i>Dalekovod d.d.</i>	17.241	15.118	18.619	30.142
<i>Proizvodnja MK i OSO d.o.o.</i>	4.550	11.274	-11.803	-2.970
<i>Dalekovod Mostar d.o.o.</i>	1.031	903	1.955	1.112
<i>Dalekovod Projekt d.o.o.</i>	658	2.262	543	2.302
<i>Cinčaonica usluge d.o.o.</i>	-	-	2.499	2.499
<i>EMU</i>	-181	296	371	402
<i>Other connected companies</i>	-1.021	-1.012	-2.952	-1.345
<i>Eliminations</i>	-	-	121	294
Total	22.278	28.841	9.353	32.435

Regarding markets in which Group and Company operate above the plan, it was mostly on foreign market, and primarily refers to the markets of Norway and Sweden, while in the domestic market the sales revenue is well below the plan. The reasons for the poor performance in domestic market are external in nature, that is, reduced activities of main domestic investors. In terms of sectors, and in line with expectations, the majority of the Company's revenue comes from transmission line segment, or approximately 81% of revenue, followed by the Infrastructure sector with a share of 15% and Transformer Stations with a share of 4% of revenue.

The total assets of Group decreased compared to the last day of previous year, mainly as a result of Dalekovod Professio d.d. sale, a decrease in receivables from retentions and cash. On the liability side, there has been a decrease in financial debt and, consequently, in net debt, and is related to the regular fulfillment of obligations arising from the pre-bankruptcy settlement. The Group's capital was increased from the last day of the previous year to positive net result of the Group in the first half of 2019.

Dalekovod Group in 000 hrk	12-2018	6-2019
<i>Financial debt</i>	520.398	471.783
<i>Cash</i>	66.179	43.812
Net debt	454.219	427.971
<i>Separate satisfactory debt*</i>	66.673	66.673
<i>Mezzanine*</i>	83.807	28.415
Net debt (without separate satisfactory debt and mezzanine)	303.739	332.884

* financial debt which has no impact on the operating business and is not covered from operating cash flow

Market perspective

The first half of 2019 is marked by a strong positive trend in contracting new jobs. As stated in previous Management Report, Company entered 2019 with strong order book. This trend continued during the first half of 2019, and from the beginning of the year until the date of this Report, Company contracted or was selected as the most favorable bidder in projects worth **more than HRK 1.450 million**, which classifies this year as one of the most promising business years. **The current value of the contracted and selected contracts where company is the best bidder is more than HRK 2,300 million.** The largest part of the contracts that Company has contracted or selected as the most favorable bidder for the works relate to transmission line segment in excess of HRK 1,000 million, followed by the Transformer Station segment with more than HRK 300 million and Infrastructure sector with over HRK 70 million. Subsequently, Company and Group are currently participating in many open tenders, and similar tendering activity is expected during the second part of the calendar year.

Considering the aforementioned market perspective and the success of tenders so far, the management of the Group places the greatest emphasis on the need to ensure sufficient guarantee frameworks with commercial banks, which is the most important lever for successful execution of business activities in the coming period.

Overview of contracted operations in H1 / 2019, that is, where the Company has been selected as the most favorable bidder:

Naziv projekta	Sektor	Država	Iznos ugovora (HRK)
420 kV Lyse - Fagrafjell	Dalekovodi	Norveška	340.347.830
Uvod DV 110kV Obrovac - Zadar u TS 30(33)/110 kV Kor	Dalekovodi	Hrvatska	9.994.960
400 kV Overhead line Snösättra – Ekudden	Dalekovodi	Švedska	158.784.677
420 kV Skillemoen - Skaidi	Dalekovodi	Norveška	373.523.493
400 kV Ringhals - Horred	Dalekovodi	Švedska	37.739.963
145 kV Forshult - Kalhyttan	Dalekovodi	Švedska	39.819.844
RTP Cirkovci	Dalekovodi	Slovenija	32.783.724
132 kV Trolltjärn - Dubblabergen	Dalekovodi	Švedska	58.622.163
Nabava vodiča i OSO DV Bilice - Velika Glava	Dalekovodi	Hrvatska	1.244.651
Revitalizacija Dv 30 kV Bilice - Vodice	Dalekovodi	Hrvatska	2.700.000
Žičara Sljeme	Dalekovodi	Hrvatska	7.221.360
UKUPNO DALEKOVODI			1.062.782.664
TS Sućidar	Trafostanice	Hrvatska	86.669.885
Uređenje obračunskih mjernih mjesta PrP Zagreb	Trafostanice	Hrvatska	1.976.205
TS Sopot	Trafostanice	Hrvatska	2.637.893
TS Bilice	Trafostanice	Hrvatska	3.495.936
SDC (SpaceNet Datacenter) Kirchheim	Trafostanice	Hrvatska / Njemačka	160.905
SS Mitrovica	Trafostanice	Kosovo	146.251
Project Sauda - High Voltage Cable installation	Trafostanice	Norveška	3.939.516
HPP Solhom - High Voltage Cable installation	Trafostanice	Norveška	2.751.456
Tjorhom gantry	Trafostanice	Norveška	1.482.000
RTP Pekre	Trafostanice	Slovenija	170.188
TS Brestanica	Trafostanice	Slovenija	227.195
MEPSO	Trafostanice	Makedonija	877.343
Transformers for 330 kV SS «Zaliutyne», 750 kV SS “Zaporizka” and 750 kV SS “Dniprovska	Trafostanice	Ukrajina	231.128.492
UKUPNO TRAFOSTANICE			335.663.265
Mjerenje CO Remetinec	Infrastruktura	Hrvatska	4.099.529
Žičana ograda Breznički Hum	Infrastruktura	Hrvatska	11.048.670
Obilaznica Čakovec	Infrastruktura	Hrvatska	4.491.136
50 ŽCP-ova	Infrastruktura	Hrvatska	6.117.729
Zagrebačka obala	Infrastruktura	Hrvatska	25.794.680
Sesvetska Sopnica	Infrastruktura	Hrvatska	5.014.719
PUO Popovača	Infrastruktura	Hrvatska	5.278.270
HŽ Infrastruktura, 4 kolodvora	Infrastruktura	Hrvatska	12.645.523
UKUPNO INFRASTRUKTURA			74.490.256

Operational and financial restructuring

During the year, an operational restructuring process was initiated to identify activities that adversely affect the company's cash flows and value. The operational restructuring program is divided into 2 phases:

- Phase 1 - overhead cost optimization (costs not related to project activities)
- Phase 2 - optimization of direct costs (costs related to project activities)

The new Management Board has started and, to a considerable extent, already implemented operational restructuring measures aimed at optimizing overheads and the number of employees in the business support sectors. Through the collective redundancy procedure, we expect more than 140 employees to leave the Group by the end of the year, and a number of employees has already left the Group subject to previously mentioned reorganization process. These significant operational restructuring measures will in no way diminish the Group's ability to carry out current and new projects. The new Group Management is also making additional efforts in further operational restructuring measures aimed at optimizing business model and processes, which should make Group even more efficient in its operations.

These measures will have a significant impact on the Group's and the Company's EBITDA levels, and the full effect on the financial results will be evident during 2020 due to the one-off restructuring costs, which mostly relate to severance pay.

In period I – VI 2019, the one-off cost related to the operational restructuring process that also affected the EBITDA level amounted to HRK 1.5 million. With the completion of the collective redundancy procedure, we expect an increase in restructuring costs during the third and fourth quarter of 2019.

In addition to the aforementioned activities, the process of operational restructuring is also focused on the identification of non-operating assets and non-core segments of the Group. The financial restructuring program aims to reduce Group's and Company's total indebtedness and improve its cash flow and continue to reduce its financial liabilities.

Dalekovod d.d. Management Board:



Tomislav Rosandić
President of the Management Board



Tomislav Đurić
Management Board Member



Ivan Kurobasa
Management Board Member



Đuro Tatalović
Management Board Member

2. DECLARATION

Pursuant to Article 410 Paragraph 1 and Article 407 Paragraph 2 Subparagraph 3 and Paragraph 3 of the Capital Market Act, the authorized persons for drawing up the report: Tomislav Rosandić – President of the Board, Tomislav Đurić – Member of the Board, Ivan Kurobasa – Member of the Board, Đuro Tatalović – Member of the Board, issue the following

DECLARATION

According to our best knowledge, the financial Reports for the reporting period were drawn up in compliance with the appropriate financial reporting standards; they provide a complete and honest representation of assets and obligations, and the result of Dalekovod's business activities, as well as of other companies included in the consolidation, with a brief overview of the causes for data provided. Financial reports are not revised.

Dalekovod d.d. Management Board:



President of the Management Board



Management Board Member



Management Board Member



Management Board Member

3. STATEMENT OF FINANCIAL POSITION (unaudited)

<i>Separate Statement of financial position</i>	<i>31 December 2018</i>	<i>30 June 2019</i>
ASSETS	878,374,309	870,257,994
Non current assets	415,295,707	433,674,284
Intangible assets	7,575,844	5,357,259
Tangible assets	293,500,000	290,978,059
Non current financial assets	86,145,883	111,085,867
Trade receivables	28,073,980	26,253,099
Current assets	463,078,602	436,583,710
Inventories	11,642,356	10,101,513
Other available-for-sale assets	73,375,145	-
Receivables	291,009,356	361,998,806
Current financial assets	33,151,080	26,723,041
Cash on hand and in the Bank	51,076,527	32,918,497
Prepayments and accrued income	2,824,138	4,841,853
Off-Balance sheet items	475,674,346	403,655,150
EQUITY AND LIABILITES	878,374,309	870,257,994
Capital and reserves	25,913,115	60,504,746
Share capital	247,193,050	247,193,050
Capital reserves	88,235,980	86,141,670
Reserves from profit	43,675,007	43,675,007
Revaluation reserves	40,706,979	40,706,979
Retained earnings or loss brought forward	(160,874,981)	(393,897,901)
Profit or (loss) for the financial year	(233,022,920)	36,685,941
Provisions	23,548,349	23,351,328
Non-current liabilities	413,517,418	420,560,023
Liabilites to related parties	9,817,413	9,790,277
Liabilities towards banks and other financial institutions	350,111,986	356,054,034
Amounts payable for securities	43,797,127	45,266,904
Trade payables	855,214	513,130
Deffered tax	8,935,678	8,935,678
Current liabilities	415,395,427	365,841,897
Liabilites to related parties	21,917,078	11,122,635
Liabilities toward participating interests	19,209	19,209
Liabilities towards banks and other financial institutions	48,442,592	60,011,406
Amounts payable for securities	58,695,787	250,881
Trade payables	254,710,111	266,916,892
Accrued expenses and deferred income	31,610,650	27,520,874
Off-Balance sheet items	475,674,346	403,655,150

<i>Consolidated Statement of financial position</i>	<i>31 December 2018.</i>	<i>31 June 2019.</i>
ASSETS	1,072,667,491	1,016,056,233
Non current assets	425,155,408	415,192,222
Intangible assets	10,696,580	7,361,956
Tangible assets	361,349,842	353,013,742
Non current financial assets	24,900,041	28,586,378
Trade receivables	28,208,945	26,230,145
Current assets	647,512,083	600,864,011
Inventories	97,419,459	97,325,963
Other available-for-sale assets	65,037,377	-
Receivables	389,513,637	429,867,183
Current financial assets	25,083,021	24,143,141
Cash on hand and in the Bank	66,179,291	43,811,951
Prepayments and accrued income	4,279,298	5,715,773
Off-Balance sheet items	519,157,671	445,331,798
EQUITY AND LIABILITES	1,072,667,491	1,016,056,233
Capital and reserves	82,319,251	108,501,596
Share capital	247,193,050	247,193,050
Capital reserves	88,235,980	86,141,670
Reserves from profit	76,091,965	74,326,293
Revaluation reserves	40,706,979	40,706,979
Retained earnings or loss brought forward	(249,638,779)	(369,208,977)
Profit or (loss) for the financial year	(119,570,198)	30,041,879
Minority interest	(699,746)	(699,299)
Provisions	29,036,593	28,799,747
Non-current liabilities	403,981,676	411,294,693
Liabilities towards banks and other financial institutions	350,482,561	356,510,538
Amounts payable for securities	43,797,126	45,266,989
Trade payables	766,311	581,488
Deffered tax	8,935,678	8,935,678
Current liabilities	557,329,971	467,460,197
Liabilities towards banks and other financial institutions	68,055,397	70,005,082
Amounts payable for securities	58,062,705	-
Trade payables	406,683,719	376,923,799
Accrued expenses and deferred income	24,528,150	20,531,316
Off-Balance sheet items	519,157,671	445,331,798

4. INCOME STATEMENT (unaudited)

<i>Separate Income statement</i>	<i>H1 2018</i>	<i>H1 2019</i>
<i>Operating income</i>	<i>464,493,540</i>	<i>416,040,181</i>
Sales revenue	441,212,083	399,021,096
Other operating income	23,281,457	17,019,085
<i>Operating expenses</i>	<i>464,483,229</i>	<i>411,523,710</i>
Changes in inventories of finished products and work in progress:	21,168	-
Material costs	292,109,205	245,322,024
Staff costs	102,723,078	102,305,911
Depreciation and amortisation	17,230,860	14,102,617
Other expenditures	5,759,560	6,314,353
Other operating expenses	46,639,358	41,866,519
Provisions	-	1,612,286
<i>Financial income</i>	<i>31,366,604</i>	<i>45,230,217</i>
<i>Financial costs</i>	<i>35,390,487</i>	<i>13,060,747</i>
<i>Total income</i>	<i>495,860,144</i>	<i>461,270,398</i>
<i>Total expenses</i>	<i>499,873,716</i>	<i>424,584,457</i>
<i>Profit or (loss) before tax</i>	<i>(4,013,572)</i>	<i>36,685,941</i>
Income tax expense	-	-
<i>Profit or (loss) for the period</i>	<i>(4,013,572)</i>	<i>36,685,941</i>

<i>Consolidated Income statement</i>	<i>Q2 2018</i>	<i>Q2 2019</i>
Operating income	588,235,744	556,786,322
Sales revenue	559,298,711	539,263,364
Other operating income	28,937,033	17,522,958
Operating expenses	587,894,299	565,754,181
Changes in inventories of finished products and work in progress	(10,053,555)	(6,009,918)
Material costs	362,660,246	339,819,466
Staff costs	147,836,319	146,248,841
Depreciation and amortisation	21,936,360	18,320,469
Other expenditures	9,879,969	13,118,296
Value adjustments	67	30,111
Provisions	10,586	1,612,286
Other operating expenses	55,624,307	52,614,630
Financial income	26,586,731	52,564,506
Financial costs	35,701,247	13,362,296
Share of income/(loss) of associates	-	-
Total income	614,822,475	609,350,828
Total expenses	623,595,546	579,116,477
Profit or (loss) before tax	(8,773,071)	30,234,351
Income tax expense	100,722	192,472
Profit or (loss) for the period	(8,873,793)	30,041,879

5. CASH FLOW STATEMENT (unaudited)

<i>Separate Cash Flow Statement</i>	<i>H1 2018</i>	<i>H1 2019</i>
<i>Cash flow from operating activities</i>		
Profit before taxation	(4,013,572)	36,685,941
Depreciation and amortisation	17,230,860	14,102,617
Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	1,350,294	(37,538,518)
Interest and dividend income	(15,411,323)	(3,324,254)
Interest expenses	8,083,026	6,000,185
Provisions	(353,647)	(197,022)
Exchange rate differences (unrealised)	6,668,183	43,774
Other adjustments for non-cash transactions and unrealised gains and losses	-	(2,094,311)
Cash flow increase or decrease before changes in working capital	13,553,821	13,678,412
Changes in the working capital	(41,312,724)	(67,915,830)
Increase or decrease in short-term liabilities	34,843,118	1,315,257
Increase or decrease in short-term receivables	(91,700,538)	(78,356,293)
Increase or decrease in inventories	(1,134,608)	1,540,843
Other increase or decrease in working capital	16,679,304	7,584,363
Cash from operations	(27,758,903)	(54,237,418)
Interest paid	(7,689,613)	(6,470,869)
Income tax paid	-	-
<i>Net cash flow from operating activities</i>	(35,448,516)	(60,708,287)
<i>Cash flow from investment activities</i>		
Cash receipts from sales of fixed tangible and intangible assets	244,606	-
Cash receipts from sales of financial instruments	-	108,702,713
Interest received	1,970,427	968,348
Dividends received	4,907,027	-
Cash receipts from repayment of loans and deposits	1,314,653	10,377,458
Cash payments for the purchase of fixed tangible and intangible assets	(24,527,485)	(9,362,091)
Cash payments for loans and deposits for the period	(6,941,471)	(12,211,293)
Acquisition of a subsidiary, net of cash acquired	0	(20,000)
<i>Net cash flow from investment activities</i>	(23,032,243)	98,455,135
<i>Cash flow from financial activities</i>		
Cash receipts from credit principals, loans and other borrowings	7,915,781	24,830,780
Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	(6,194,128)	(75,297,413)
Cash payments for finance lease	(8,199,458)	(5,438,245)
<i>Net cash flow from financing activities</i>	(6,477,805)	(55,904,878)
<i>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</i>	<i>89,349,072</i>	<i>51,076,527</i>
<i>Increase/(decrease) of cash and cash equivalents</i>	<i>(64,958,564)</i>	<i>(18,158,030)</i>
<i>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</i>	<i>24,390,508</i>	<i>32,918,497</i>

<i>Consolidated Cash Flow Statement</i>	<i>Q2 2018</i>	<i>Q2 2019</i>
<i>Cash flow from operating activities</i>		
Profit before taxation	(8,773,070)	30,041,879
Depreciation and amortisation	21,936,360	18,320,469
Gains and losses from sale and value adjustment of fixed tangible and intangible assets	(234,590)	(80,562)
Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	1,326,799	(47,350,902)
Interest and dividend income	(2,260,491)	(430,890)
Interest expenses	10,526,024	7,975,219
Provisions	(6,736,222)	1,612,286
Exchange rate differences (unrealised)	1,417,475	228,089
Other adjustments for non-cash transactions and unrealised gains and losses	17,202,286	10,315,587
Cash flow increase or decrease before changes in working capital	(57,418,033)	(56,675,766)
Increase or decrease in short-term liabilities	9,618,670	(35,703,366)
Increase or decrease in short-term receivables	(67,349,569)	(42,239,378)
Increase or decrease in inventories	(22,949,519)	93,496
Other increase or decrease in working capital	23,262,385	21,173,481
Cash from operations	(40,215,748)	(46,360,179)
Interest paid	(7,320,060)	(6,213,430)
Income tax paid	-	-
<i>Net cash flow from operating activities</i>	(47,535,808)	(52,573,609)
<i>Cash flow from investment activities</i>		
Cash receipts from sales of fixed tangible and intangible assets	321,590	10,000
Cash receipts from sales of financial instruments	249,775	108,702,713
Interest received	3,261,752	652,158
Cash receipts from repayment of loans and deposits	-	136,840
Cash payments for the purchase of fixed tangible and intangible asset	(25,920,539)	(4,655,226)
		(10,896,528)
Other cash payments from investment activities	6,955,800	-
<i>Net cash flow from investment activities</i>	(15,131,622)	93,949,957
<i>Cash flow from financial activities</i>		
Cash receipts from credit principals, loans and other borrowings	14,621,858	24,830,780
Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	(21,084,128)	(82,916,539)
Cash payments for finance lease	(8,333,913)	(5,548,350)
Other cash payments from financing activities	(830,253)	(109,578)
<i>Net cash flow from financing activities</i>	(15,626,436)	(63,743,687)
<i>Cash and cash equivalents at the beginning of the period</i>	107,378,391	66,179,291
<i>Increase/(decrease) of cash and cash equivalents</i>	(78,293,866)	(22,367,340)
<i>Cash and cash equivalents at the end of the period</i>	29,084,525	43,811,951

6. STATEMENT OF CHANGES IN EQUITY (unaudited)

Separate Statement of changes in equity	31 December 2018	30 June 2019
Share capital	247,193,050	247,193,050
Capital reserves	88,235,980	86,141,670
Profit reserves	43,675,007	43,675,007
Retained earnings or loss carried forward	(160,874,981)	(393,897,901)
Profit or (loss) of the current year	(233,022,920)	36,685,941
Revaluation of fixed tangible assets	40,706,979	40,706,979
Total capital and reserves	25,913,115	60,504,746
Other equity changes	(260,697,188)	34,591,631
Total equity increase or decrease	(260,697,188)	34,591,631
Consolidated Statement of changes in equity	31 December 2018	31 June 2019
Share capital	247,193,050	247,193,050
Capital reserves	88,235,980	86,141,670
Profit reserves	76,091,965	74,326,293
Revaluation of fixed tangible assets	40,706,979	40,706,979
Retained earnings or loss brought forward	(249,638,779)	(369,208,977)
Profit or (loss) of the current year	(119,570,198)	30,041,879
Total capital and reserves	83,018,997	109,200,894
Exchange rate differences from translation of foreign operations	1,225,179	(1,765,672)
Other equity changes	(28,695,510)	-
Total equity increase or decrease	(27,470,331)	(1,765,672)
Total attributable to owners of the parent	83,018,997	109,200,894
Minority (non-controlling) interest	(699,746)	(699,299)

7. NOTES TO FIANCIAL STATEMENTS

I. BASIC INFORMATION

MANAGEMENT BOARD

Tomislav Rosandić – President of the Management Board

Tomislav Đurić – Management Board Member

Ivan Kurobasa – Management Board Member

Đuro Tatalović – Management Board Member

SUPERVISORY BOARD

UNTIL 21.03.2019.

Željko Perić – President

Hrvoje Markovinović – Member

Hrvoje Habuš – Member

Dinko Novoselec – Member

Gordan Kuvек – Member

Vladimir Maoduš – Member

Rajko Pavelić – Member

FROM 21.03.2019.

Željko Perić - President

Hrvoje Markovinović - Member

Toni Đikić - Member

Dinko Novoselec - Member

Gordan Kuvек - Member

Vladimir Maoduš - Member

Rajko Pavelić - Member

Dalekovod JSC for engineering, production 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: 247,193,050.00 HRK. Number of shares: 24,719,305

IBAN: HR8323600001101226102 ZABA Zagreb

Reg. No.: 080010093, Commercial Court in Zagreb

Stat. No.: 3275531

PIN: 47911242222

Activity code: 4222 (Construction of electricity and telecommunications lines)

II. SHAREHOLDERS STRUCTURE (on 30 June 2019):

Konsolidator d.o.o.	15.000.000
Domestic natural persons	5.093.156
Financial institutions	3.871.324
Others	655.984
Own shares	98.841
TOTAL	24.719.305

III. ACQUISITIONS, MERGERS, SALE FOUNDATION

During the first six months, Dalekovod Professio d.o.o. is sold, Cinčaonica usluge d.o.o. is founded and takes over the galvanizing activity of the company Proizvodnja MK i OSO d.o.o. and Dalcom GmbH is shut down.

There were no other statutory changes.

IV. UNCERTAINTY

There were no identified suspicious or disputable claims in the first six months of 2019 which would affect the continuity of business.

V. DESCRIPTION OF PRODUCTS AND SERVICES

Over time, Dalekovod d.d. specialized for the realization of “turn-key” contracts in the following fields:

- electricity facilities, especially transmission lines between 0.4 and 750 kV
- transformer substations of all levels and voltages up to 500 kV
- air, underground and underwater cables up to 100 kV
- telecommunications facilities, all types of networks and antennas
- production of suspension and jointing equipment for all types of transmission lines and substations between 0.4 and 750 kV
- manufacture and installation of all metal parts for roads, especially for road lighting, security barriers and traffic signals, tunnel lighting and traffic management
- electrification of railroads and tramways

VI. CHANGES IN ACCOUNTING POLICIES

There are no new accounting policies.