

# MANAGEMENT REPORT FOR I – IX 2019

## Unaudited, consolidated and separate

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

e-mail: [glasnogovornik@dalekovod.hr](mailto:glasnogovornik@dalekovod.hr)

## 1. MANAGEMENT REPORT

### Key financial indicators for the period 1.1.-30.9.2019.

During the third quarter of 2019, intensive business activity continued with regard to project activities, “tendering” and contracting. Business result of Dalekovod Group (Group) and Dalekovod d.d. (Company) in the third quarter was marked by a significant increase in profitability compared to the same period last year, with almost the same level of business revenues. If we look at the business period since the beginning of the year, there has also been a significant increase in profitability with a slightly lower level of business revenues. Earnings before interest and taxes “EBIT” of the Group increased by almost HRK 29 million in the first nine months, and earnings before interest, taxes and depreciation “EBITDA” increased by almost HRK 23 million compared to the same period last year. In the first nine months of this year, EBIT increased by HRK 41 million, and EBITDA HRK 36 million compared to the same period last year. The Group's poorer performance compared to the Company was mostly influenced by operations of company Proizvodnja MK i OSO d.o.o. which generated negative EBITDA of HRK 14.7 million over nine months. In line with the growth of the EBIT and EBITDA level, in the first nine months, Group's net profit (+ HRK 68 million) and the Company's (+ HRK 70 million) also increased compared to the same period of the previous year.

<i>Dalekovod Group in 000 hrk</i>	2018		2019	
	I-IX	VI-IX	I-IX	VI-IX
<i>Business revenue</i>	915.784	327.548	886.601	329.815
<i>EBIT</i>	-36.824	-37.166	-7.971	997
<i>EBITDA</i>	-3.906	-26.184	18.971	9.618
<i>Net profit</i>	-45.538	-36.665	22.381	-7.661

<i>Dalekovod d.d. in 000 hrk</i>	2018		2019	
	I-IX	VI-IX	I-IX	VI-IX
<i>Business revenue</i>	702.110	237.616	665.968	249.928
<i>EBIT</i>	-31.787	-31.798	9.316	4.800
<i>EBITDA</i>	-6.008	-23.249	29.868	11.249
<i>Net profit</i>	-34.959	-30.945	35.778	-907

Despite the increase in profitability, the Group still operates with limited liquidity and depends on the support of key creditors, financial institutions. Limited liquidity is still largely the result of a negative performance in 2018, pre-bankruptcy settlement, and current working capital needs with goal of supporting the growth of business activities and the process of operational restructuring.

Similar to previous periods, the majority of the Company's revenue, 83%, comes from the Transmission line sector, 13% from the Infrastructure sector and 4% from the Substation sector. Analyzing geographical activity, the Company continues to generate a very large share of its revenue in foreign markets, which is a consequence of the decrease in activity and the delay of numerous tenders on the domestic market. Among the numerous projects of the transmission line sector, we would point out the operationally demanding Norwegian project 420 kV Modalen - Mongstad, which is in final phase, which, during the year, had a negative impact on the gross profit of the Company.

As already mentioned in the text, the company Poizvodnja MK i OSO d.o.o. had a significant negative contribution to the Group's overall performance. Such a result is consequence of lack of liquidity, difficulties in the procurement of raw materials, which ultimately reflected in the dynamics of production, increased costs and business result. In addition to the ongoing restructuring process in the company, Group's management is actively working to find a long-term solution for the company.

<i>Group: Business revenue in 000 hrk</i>	2018		2019	
	I-IX	VI-IX	I-IX	VI-IX
<i>Dalekovod d.d.</i>	702,110	237,616	665,968	249,928
<i>Proizvodnja MK i OSO d.o.o.</i>	219,629	91,632	160,533	54,362
<i>Dalekovod Mostar d.o.o.</i>	48,627	19,977	49,443	13,161
<i>Dalekovod Projekt d.o.o.</i>	19,126	4,415	26,351	7,850
<i>Cinčaonica usluge d.o.o.</i>	0	0	30,313	13,620
<i>EMU</i>	2,085	542	2,320	741
<i>Other connected companies</i>	23,780	9,736	23,525	13,954
<i>Eliminations</i>	-99,573	-36,370	-71,852	-23,801
<b>Total</b>	<b>915.784</b>	<b>327.548</b>	<b>886.601</b>	<b>329.815</b>

<i>Group: EBITDA in 000 hrk</i>	2018		2019	
	I-IX	VI-IX	I-IX	VI-IX
<i>Dalekovod d.d.</i>	-6,008	-23,249	29,868	11,249
<i>Proizvodnja MK i OSO d.o.o.</i>	1,204	-3,346	-14,736	-2,932
<i>Dalekovod Mostar d.o.o.</i>	2,045	1,014	2,318	363
<i>Dalekovod Projekt d.o.o.</i>	-1,364	-2,022	410	-133
<i>Cinčaonica usluge d.o.o.</i>	0	0	3,000	501
<i>EMU</i>	-225	-44	537	166
<i>Other connected companies</i>	4,348	27,647	-21,050	-9,214
<i>Eliminations</i>	0	0	-347	0
<b>Total</b>	<b>-3.906</b>	<b>-26.184</b>	<b>18.971</b>	<b>9.618</b>

The Group's total assets decreased compared to the last day of the previous year, mainly as a result of sale of Dalekovod Professio d.d., a decrease in receivables from retentions and change in the item cash. The increase in receivables was largely due to the increase in trade receivables from abroad, due to increased project activities. On the liability side, there was a decrease in financial debt and an increase in equity compared to the last day of the previous year, due to positive net result of the group in the first nine months of 2019. Since the beginning of the year, Group has paid almost HRK 100 million to financial and credit institutions, which has had a significant impact on the Group's current liquidity.

<b>Dalekovod Group in 000 hrk</b>	<b>12-2018</b>	<b>9-2019</b>
<i>Financial debt</i>	520.398	454.402
<i>Cash</i>	66.179	24.986
<b>Net debt</b>	<b>454.219</b>	<b>429.416</b>
<i>Separate satisfactory debt*</i>	66.673	66.673
<i>Mezzanine*</i>	83.807	29.221
<b>Net debt (without separate satisfactory debt and mezzanine)</b>	<b>303.739</b>	<b>333.522</b>

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

#### Market perspective

Trends started earlier this year continued throughout the third quarter. From the beginning of the year until the date of this report, the Company has contracted or has been selected as the most favorable bidder in projects worth more than **HRK 1,400 million**, which classifies this year as one of the most promising business years. Current value of the won or contracts for which the Company has been selected as the most favorable bidder is more than **HRK 2,200 million**. The biggest challenge that accompanies such a strong activity is the operational excellence of managing multiple projects and growing need for workforce. In addition to two most important markets, Norway and Sweden, the Company participates in numerous "tenders" in German market (where it successfully prequalified last year), which, given the amount of planned investments, is the most important European market and as such, very important for future development of Company's business .

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.**

### 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 two 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. The structure of employees changes significantly in such a way that the share of employees in the business support sectors is reduced and the number of employees in the operational sectors (project activity sectors) increased.

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 2019 cost related to the operational restructuring process, which also affected the EBITDA level, amounted to over HRK 4 million.** With the completion of collective redundancy procedure, we expect an increase in restructuring costs in the fourth quarter of 2019 as well.

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. During October, Company sold its stake in Liburana d.o.o. which was the holder of the intellectual rights in undeveloped projects of developing wind farms. 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:



Tomislav Rosandić  
President of the Management Board



Tomislav Đurić  
Management Board Member



Ivan Kurobasa  
Management Board Member



Đuro Tatalović  
Management Board Member

### 3. STATEMENT OF FINANCIAL POSITION (unaudited)

<i>Separate Statement of financial position</i>	<i>31 December 2018</i>	<i>30 September 2019</i>
<b>ASSETS</b>	<b>878.374.309</b>	<b>890.998.230</b>
<b>Non current assets</b>	<b>415.295.707</b>	<b>413.652.362</b>
Intangible assets	7.575.844	4.506.720
Tangible assets	293.500.000	288.575.098
Non current financial assets	86.145.883	90.876.133
Trade receivables	28.073.980	29.694.411
<b>Current assets</b>	<b>463.078.602</b>	<b>477.345.868</b>
Inventories	11.642.356	9.704.126
Other available-for-sale assets	73.375.145	-
Receivables	291.009.356	398.805.129
Current financial assets	33.151.080	47.084.622
Cash on hand and in the Bank	51.076.527	16.916.660
Prepayments and accrued income	2.824.138	4.835.331
<b>Off-Balance sheet items</b>	<b>475.674.346</b>	<b>356.318.600</b>
<b>EQUITY AND LIABILITIES</b>	<b>878.374.309</b>	<b>890.998.230</b>
<b>Capital and reserves</b>	<b>25.913.115</b>	<b>59.597.297</b>
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)	35.778.492
<b>Provisions</b>	<b>23.548.349</b>	<b>23.351.328</b>
<b>Non-current liabilities</b>	<b>413.517.418</b>	<b>405.805.347</b>
Liabilities to related parties	9.817.413	9.928.175
Liabilities towards banks and other financial institutions	350.111.986	340.526.180
Amounts payable for securities	43.797.127	46.073.228
Trade payables	855.214	342.086
Deferred tax	8.935.678	8.935.678
<b>Current liabilities</b>	<b>415.395.427</b>	<b>402.244.258</b>
Liabilities to related parties	21.917.078	19.055.812
Liabilities toward participating interests	19.209	19.209
Liabilities towards banks and other financial institutions	48.442.592	57.650.142
Amounts payable for securities	58.695.787	420.661
Trade payables	254.710.111	292.610.854
Accrued expenses and deferred income	31.610.650	32.487.580
<b>Off-Balance sheet items</b>	<b>475.674.346</b>	<b>356.318.600</b>

<i>Consolidated Statement of financial position</i>	<i>31 December 2018.</i>	<i>30 September 2019.</i>
<b>ASSETS</b>	<b>1.072.667.491</b>	<b>1.040.136.380</b>
<b>Non current assets</b>	<b>425.155.408</b>	<b>410.779.652</b>
Intangible assets	10.696.580	6.464.731
Tangible assets	361.349.842	347.162.386
Non current financial assets	24.900.041	27.323.437
Trade receivables	28.208.945	29.829.098
<b>Current assets</b>	<b>647.512.083</b>	<b>629.356.728</b>
Inventories	97.419.459	100.757.533
Other available-for-sale assets	65.037.377	-
Receivables	389.513.637	471.565.150
Current financial assets	25.083.021	26.297.681
Cash on hand and in the Bank	66.179.291	24.985.965
Prepayments and accrued income	4.279.298	5.750.399
<b>Off-Balance sheet items</b>	<b>519.157.671</b>	<b>403.262.913</b>
<b>EQUITY AND LIABILITES</b>	<b>1.072.667.491</b>	<b>1.040.136.380</b>
<b>Capital and reserves</b>	<b>82.319.251</b>	<b>101.029.512</b>
Share capital	247.193.050	247.193.050
Capital reserves	88.235.980	86.141.670
Reserves from profit	76.091.965	74.515.022
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)	22.381.228
Minority interest	(699.746)	(699.460)
<b>Provisions</b>	<b>29.036.593</b>	<b>28.799.030</b>
<b>Non-current liabilities</b>	<b>403.981.676</b>	<b>396.652.756</b>
Liabilities towards banks and other financial institutions	350.482.561	341.233.243
Amounts payable for securities	43.797.126	46.073.312
Trade payables	766.311	410.523
Deffered tax	8.935.678	8.935.678
<b>Current liabilities</b>	<b>557.329.971</b>	<b>513.655.083</b>
Liabilities towards banks and other financial institutions	68.055.397	67.094.699
Amounts payable for securities	58.062.705	-
Trade payables	406.683.719	415.941.483
Accrued expenses and deferred income	24.528.150	30.618.900
<b>Off-Balance sheet items</b>	<b>519.157.671</b>	<b>403.262.913</b>



#### 4. INCOME STATEMENT (unaudited)

<i>Separate Income statement</i>	<b>Q3 2018</b>	<b>Q3 2019</b>
<b>Operating income</b>	<b>702.109.710</b>	<b>665.967.903</b>
Sales revenue	673.087.961	643.916.747
Other operating income	29.021.749	22.051.156
<b>Operating expenses</b>	<b>733.897.084</b>	<b>656.651.765</b>
Changes in inventories of finished products and work in progress	21.168	-
Material costs	461.515.592	394.678.493
Staff costs	163.186.359	164.970.439
Depreciation and amortisation	25.779.093	20.551.504
Other expenditures	12.068.470	9.752.740
Value adjustments	-	-
Other operating expenses	71.326.402	65.086.303
Provisions	-	1.612.286
<b>Financial income</b>	<b>44.523.010</b>	<b>48.458.216</b>
<b>Financial costs</b>	<b>47.694.243</b>	<b>21.995.862</b>
Share of income/(loss) of associates	-	-
<b>Total income</b>	<b>746.632.720</b>	<b>714.426.119</b>
<b>Total expenses</b>	<b>781.591.327</b>	<b>678.647.627</b>
Profit or (loss) before tax	(34.958.607)	35.778.492
Income tax expense	-	-
<b>Profit or (loss) for the period</b>	<b>(34.958.607)</b>	<b>35.778.492</b>

<b>Consolidated Income statement</b>	<b>Q3 2018</b>	<b>Q3 2019</b>
<b>Operating income</b>	<b>915.784.067</b>	<b>886.601.026</b>
Sales revenue	882.050.999	864.979.306
Other operating income	33.733.068	21.621.720
<b>Operating expenses</b>	<b>952.608.464</b>	<b>894.571.733</b>
Changes in inventories of finished products and work in progress	(1.927.422)	(6.686.979)
Material costs	582.817.956	541.093.494
Staff costs	230.289.022	230.695.672
Depreciation and amortisation	32.918.698	26.941.345
Other expenditures	24.240.450	20.411.881
Value adjustments	-	-
Provisions	16.376	1.615.013
Other operating expenses	84.253.384	80.501.307
<b>Financial income</b>	<b>40.143.576</b>	<b>55.569.102</b>
<b>Financial costs</b>	<b>48.655.477</b>	<b>24.988.534</b>
Share of income/(loss) of associates	-	-
<b>Total income</b>	<b>955.927.643</b>	<b>942.170.128</b>
<b>Total expenses</b>	<b>1.001.263.941</b>	<b>919.560.267</b>
<b>Profit or (loss) before tax</b>	<b>(45.336.298)</b>	<b>22.609.862</b>
Income tax expense	202.043	228.634
<b>Profit or (loss) for the period</b>	<b>(45.538.341)</b>	<b>22.381.228</b>

## 5. CASH FLOW STATEMENT (unaudited)

<i>Separate Cash Flow Statement</i>	<b>Q3 2018</b>	<b>Q3 2019</b>
<b><i>Cash flow from operating activities</i></b>		
Profit before taxation	(34.958.607)	35.778.492
Depreciation and amortisation	25.779.093	20.551.504
Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	1.350.294	(38.152.410)
Interest and dividend income	(18.893.531)	(4.013.932)
Interest expenses	14.733.471	8.890.606
Provisions	(353.647)	(197.022)
Exchange rate differences (unrealised)	1.352.952	1.272.004
Other adjustments for non-cash transactions and unrealised gains and losses	-	(2.094.311)
Cash flow increase or decrease before changes in working capital	(10.989.975)	22.034.931
Changes in the working capital	70.950.944	(72.729.443)
Increase or decrease in short-term liabilities	(643.542)	10.817.895
Increase or decrease in short-term receivables	47.523.659	(121.972.723)
Increase or decrease in inventories	37.207	1.938.230
Other increase or decrease in working capital	24.033.620	36.487.155
Cash from operations	59.960.969	(50.694.512)
Interest paid	(9.924.981)	(6.873.655)
Income tax paid	-	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>50.035.988</b>	<b>(57.568.167)</b>
<b><i>Cash flow from investment activities</i></b>		
Cash receipts from sales of fixed tangible and intangible assets	317.622	-
Cash receipts from sales of financial instruments	100.000	108.702.713
Interest received	2.021.978	1.022.942
Dividends received	4.907.027	1.403.330
Cash receipts from repayment of loans and deposits	1.314.653	10.890.154
Cash payments for the purchase of fixed tangible and intangible assets	(32.482.235)	(12.557.478)
Cash payments for loans and deposits for the period	(7.738.558)	(15.470.903)
Acquisition of a subsidiary, net of cash acquired	-	(20.000)
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>(31.559.513)</b>	<b>93.970.758</b>
<b><i>Cash flow from financial activities</i></b>		
Cash receipts from credit principals, loans and other borrowings	8.915.781	24.830.780
Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	(11.191.961)	(89.107.576)
Cash payments for finance lease	(11.656.687)	(6.285.662)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(13.932.867)</b>	<b>(70.562.458)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>89.349.072</b>	<b>51.076.527</b>
<b>Increase/(decrease) of cash and cash equivalents</b>	<b>4.543.607</b>	<b>(34.159.867)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>93.892.679</b>	<b>16.916.660</b>

<i>Consolidated Cash Flow Statement</i>	<i>Q3 2018</i>	<i>Q3 2019</i>
<i>Cash flow from operating activities</i>		
Profit before taxation	(45.336.298)	22.609.862
Depreciation and amortisation	32.918.698	26.941.345
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	(44.897.692)
Interest and dividend income	(2.260.491)	(722.969)
Interest expenses	24.239.397	(12.050.598)
Provisions	(24.630.190)	1.612.286
Exchange rate differences (unrealised)	(1.818.046)	(2.496.552)
Other adjustments for non-cash transactions and unrealised gains and losses	(15.794.720)	(9.084.880)
Cash flow increase or decrease before changes in working capital	77.581.393	(38.357.307)
Increase or decrease in short-term liabilities	9.618.670	9.257.764
Increase or decrease in short-term receivables	90.852.736	(82.051.513)
Increase or decrease in inventories	(8.487.050)	(3.338.074)
Other increase or decrease in working capital	(14.402.963)	37.774.516
Cash from operations	61.786.672	(47.442.187)
Interest paid	(10.249.783)	(7.481.546)
Income tax paid	-	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>51.536.889</b>	<b>(54.923.733)</b>
<i>Cash flow from investment activities</i>		
Cash receipts from sales of fixed tangible and intangible assets	427.506	-
Cash receipts from sales of financial instruments	100.000	108.702.713
Interest received	2.083.807	652.397
Other cash receipts from investment activities	-	349.536
Cash payments for the purchase of fixed tangible and intangible assets	(34.072.071)	(5.487.632)
Cash payments for loans and deposits for the period	-	(11.091.528)
Other cash payments from investment activities	(2.567.940)	-
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>(34.028.698)</b>	<b>93.125.486</b>
<i>Cash flow from financial activities</i>		
Cash receipts from credit principals, loans and other borrowings	14.878.850	24.830.780
Other cash receipts from financial activities	8.442.600	-
Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	(28.182.513)	(97.767.376)
Cash payments for finance lease	(11.930.268)	(6.458.483)
Other cash payments from financing activities	(339.158)	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(17.130.489)</b>	<b>(79.395.079)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>107.378.391</b>	<b>66.179.291</b>
<b>Increase/(decrease) of cash and cash equivalents</b>	<b>377.702</b>	<b>(41.193.326)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>107.756.093</b>	<b>24.985.965</b>

## 6. STATEMENT OF CHANGES IN EQUITY (unaudited)

<i>Separate Statement of changes in equity</i>	<i>31 December 2018</i>	<i>30 September 2019</i>
<i>Share capital</i>	247.193.050	247.193.050
<i>Capital reserves</i>	88.235.980	86.141.670
<i>Profit reserves</i>	43.675.007	43.675.007
<i>Retained earnings or loss carried forward</i>	(160.874.981)	(393.897.901)
<i>Profit or (loss) of the current year</i>	(233.022.920)	35.778.492
<i>Revaluation of fixed tangible assets</i>	40.706.979	40.706.979
<b><i>Total capital and reserves</i></b>	<b>25.913.115</b>	<b>59.597.297</b>
<i>Other equity changes</i>	(260.697.188)	33.684.182
<b><i>Total equity increase or decrease</i></b>	<b>(260.697.188)</b>	<b>33.684.182</b>

<i>Consolidated Statement of changes in equity</i>	<i>31 December 2018</i>	<i>30 September 2019</i>
<i>Share capital</i>	247.193.050	247.193.050
<i>Capital reserves</i>	88.235.980	86.141.670
<i>Profit reserves</i>	76.091.965	74.515.022
<i>Revaluation of fixed tangible assets</i>	40.706.979	40.706.979
<i>Retained earnings or loss brought forward</i>	(249.638.779)	(369.208.977)
<i>Profit or (loss) of the current year</i>	(119.570.198)	22.381.228
<b><i>Total capital and reserves</i></b>	<b>83.018.997</b>	<b>101.728.972</b>
<i>Exchange rate differences from translation of foreign operations</i>	1.225.179	(1.576.657)
<i>Other equity changes</i>	(28.695.510)	-
<b><i>Total equity increase or decrease</i></b>	<b>(27.470.331)</b>	<b>(1.576.657)</b>
<i>Total attributable to owners of the parent</i>	83.018.997	101.728.972
<i>Minority (non-controlling) interest</i>	(699.746)	(699.460)

## 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](http://www.dalekovod.hr), [www.dalekovod.com](http://www.dalekovod.com)

E-mail: [dalekovod@dalekovod.hr](mailto: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)

Ordinary share **DLKV-R-A** Listed on the Zagreb Stock Exchange official market

Issuing country of origin Croatia

**ISIN: HRDLKVRA0006, LEI: 74780000W0KHNRDW7105**

Notice in accordance with the Capital Market Act

## II. SHAREHOLDERS STRUCTURE (on 30 September 2019):

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

## III. ACQUISITIONS, MERGERS, SALE FOUNDATION

During the first six months, Dalekovod Professio d.o.o. and Liburana d.o.o. are 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 nine 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.