



Dalekovod d.d.
Ulica Marijana Čavića 4, Zagreb

Zagreb, 23rd July 2012-07-23

ZAGREB STOCK EXCHANGE

Ivana Lučića 2a
10 000 Zagreb

Subject: Settlement between ARZ – DALEKOVOD

Upon entering into Settlement Agreement that led to the appointment of a conciliator, and after negotiations and mutual giving in, Autocesta Rijeka – Zagreb d.d. being the Employer, and Dalekovod d.d. Zagreb being the Contractor, the two Parties have made a Settlement that created grounds for the making of and acceptance of finalized invoice for contracts for the second stage B (supply and mounting of electric, road and other equipment, and the reconstruction of existing road traffic surveillance centres and the performance of wind barrier works) and for the ring road of Rijeka (supply works and installation of electrical equipment for routes and tunnels, 110 kV cable transmission line and noise barrier at the ring road of the City of Rijeka, of the Orehovica road hub – Diračje road hub section).

Former repudiation of additional scale of charges related works as well as non scale of charges related works, and the right to bonus on behalf of early finalization of works, as well as expenses arising from the need to engage financial resources due to Employer's untimely payments, has resulted in Contractor filing charges in the Zagreb Court of Commerce, and the Permanent Arbitration Court at the Croatian Chamber of Commerce; this Settlement has created grounds for making arbitral award, that is to say a court settlement respectively.

The Settlement has been set to the amount of HRK 90.9 mil (VAT excluded), and represents a final recognized amount of financial claims of the Contractor made against the Employer. Both Parties waive any rights to further claims as regards the contracts in question, whilst the payment of the said amounts shall follow in the shortest possible period and according to Employer's possibilities.

Although Dalekovod's claims against ARZ amounted to a higher sum (HRK 122.0 mil), after consulting with its legal experts, which have predicted a lengthy dispute, the Management Board has decided to give in and accept a lower amount preferring to receive money sooner than later and bearing in mind the Company's grave liquidity.



This act has successfully ended Dalekovod's years long efforts to collect claims based on works defined by contract, whilst the payment from the Settlement will have a significant influence on the Company's liquidity.

Dalekovod d.d.