

Dalekovod Group  
Marijana Čavića 4  
10 000 Zagreb



## **Report by the Management Board for the first quarter of 2010**

*Non-audited, consolidated*

In Zagreb 30th April 2010



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## I. REPORT BY THE MANAGEMENT BOARD


Dalekovod Group consists of the following companies where Dalekovod is a major owner and whose financial statements are disclosed in the Group's consolidated reports.

No.	AFFILIATED COMPANIES – Dalekovod d.d. is a major owner	PORTION
1.	DALEKOVOD CINČAONICA d.o.o. - Dugo Selo	100,00%
2.	DALEKOVOD PROJEKT d.o.o. - Zagreb	100,00%
3.	DALEKOVOD TIM d.d. - Topusko	94,67%
4.	DALEKOVOD – TKS d.d. DOBOJ – BOSNIA AND HERZEGOVINA	92,93%
5.	DALEKOVOD d.o.o. - LJUBLJANA - SLOVENIA	100,00%
6.	DALCOM GmbH Freilassing – GERMANY	100,00%
7.	DALEKOVOD d.o.o. - Mostar – BOSNIA AND HERZEGOVINA	100,00%
8.	DALEKOVOD – POLSKA S.A. – Warsaw – POLAND	87,18%
9.	DALEKOVOD-NAMIBIJA LTD .- WINDHOEK NAMIBIA	60,00%
10.	DALEKOVOD Proffesio d.o.o. - Zagreb	100,00%
11.	CINDAL d.o.o. – Doboj	95,01%
12.	DALEKOVOD ULAGANJA d.o.o. - Zagreb	100,00%
13.	DALEKOVOD - EMU d.o.o. - Vela Luka	100,00%
14.	DALEKOVOD - ADRIA d.o.o. - Zagreb	100,00%
15.	EL-RA d.o.o. - Vela Luka	100,00%
16.	DALEKOVOD EKO d.o.o. Zagreb	100,00%

During the first quarter of 2010., the Company generated total income amounting to HRK 287,850,015 which constitutes a decrease of 47% compared to the income generated last year in the same period, while gross profit decreased of 30% comparing the first quarter 2009. Overall revenues and expenditures have been realized at the level of the anticipated amounts for this reporting period that due to the seasonal character of works in our line of business are not evenly distributed throughout the year.

The profit indicated in first quarter of 2010 amounts to 7,776,474 out of which HRK 7,896,452 is ascribed to capital holders of the principal company, and the loss amounting to 119,951 is to be ascribed to minority interest.

On behalf of the Management Board:

  
M.Sc. Luka Miličić,  
Board President  
„Dalekovod“ d.d., v.r.



## II. REPRESENTATION LETTER

According to Article 410, paragraph 2 and Article 407, paragraph 2, item 3 and paragraph 3 of the Capital Market Act, the persons in charge of the preparation of the reports: Luka Miličić – President of the Management Board, Krešo Kraljević – Deputy President and Tomislav Belamarić – the member of the Management Board submit this

### REPRESENTATION LETTER

According to our best knowledge, the short set of financial statements of the Company prepared by using suitable financial reporting standards, gives a full and a fair presentation of assets and liabilities and operating result of the Company with a short review of causes of disclosed data. Financial statements are not audited.

On behalf of the Management Board:

  
M.Sc. Luka Miličić,  
Board President  
Dalekovod d.d.

### III. BALANCE SHEET

Item	AOP label		Previous year (net)	Current year (net)
1	2	3	4	5
<b>ASSETS</b>				
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001		0	0
B) FIXED ASSETS (003+010+020+028+032)	002		808.471.436	842.785.984
I INTANGIBLE ASSETS (004 to 009)	003		22.709.667	21.591.915
II TANGIBLE ASSETS (011 to 019)	010		708.864.076	697.387.339
III FIXED FINANCIAL ASSETS (021 to 027)	020		76.897.693	123.717.068
IV RECEIVABLES (029 to 031)	028			89.662
DEFERRED TAX ASSETS	032			0
C) CURRENT ASSETS (034+042+049+057)	033		1.510.276.109	1.563.759.483
I STOCKS (035 To 041)	034		482.712.214	474.264.792
II RECEIVABLES (043 To 048)	042		918.742.794	879.613.762
III CURRENT FINANCIAL ASSETS (050 To 056)	049		60.383.596	140.926.979
IV CASH IN HAND AND AT BANK	057		48.437.505	68.953.950
D) PREPAYMENTS AND ACCRUED INCOME	058		13.861.910	74.096.818
E) LOSS ABOVE CAPITAL	059		0	0
F) TOTAL ASSETS (001+002+033+058+059)	060		2.332.609.455	2.480.642.285
G) OFF-BALANCE SHEET ITEMS	061			0
<b>LIABILITIES</b>				
A) CAPITAL AND RESERVES (063+064+065+071+072-073+074075+076)	062		686.999.363	695.040.216
I INITIAL (SUBSCRIBED) CAPITAL	063		229.381.200	229.381.200
II CAPITAL RESERVES	064		0	734.226
III. RESERVES FROM PROFIT (066+067-068+069+070)	065		345.632.495	345.638.202
IV REVALUATION RESERVES	071		7.224.760	7.224.706
V RETAINED PROFIT	072		2.324.459	93.490.725
VI LOSS BROUGHT FORWARD	073		0	0
VII PROFIT OF FINANCIAL YEAR	074		91.573.397	7.896.425
VIII LOSS OF FINANCIAL YEAR	075		0	0
IX MINORITY INTEREST	076		10.863.052	10.674.732
B) PROVISIONS (078 TO 080)	077		8.475.988	8.695.987
C) LONG-TERM LIABILITIES (082 To 089)	081		279.185.838	281.637.670
D) SHORT-TERM LIABILITIES (091 do 101)	090		1.280.098.888	1.417.203.544
E) ACCRUALS AND DEFERRED PAYMENT	102		77.849.378	78.064.867
F) TOTAL - LIABILITIES (062+077+081+090+102)	103		2.332.609.455	2.480.642.285
G) OFF-BALANCE SHEET ITEMS	104			0
<b>CAPITAL AND RESERVES</b>				
1. Ascribed to capital holders of the principal office	105		676.136.311	684.032.736
2. Ascribed to minority interest	106		10.863.052	10.674.732

#### IV. REPORT OF OVERALL PROFIT

Item	Previous year (net)	Current year (net)
1	4	5
<b>I OPERATING INCOME (108 to 110)</b>	<b>598.368.200</b>	<b>288.761.592</b>
1 Revenues from products and services	582.372.549	279.013.436
2 Revenues from usage of own products and services	8.279.061	1.868.128
3 Other operating income	7.716.591	7.880.028
<b>II OPERATING EXPENSES (112-113+114+118+122+123+124+127+128)</b>	<b>590.167.465</b>	<b>269.622.400</b>
1 Reduction in stocks of finished goods and in work in progress	43.745.084	14.534.262
2 Increase of stocks of finished goods and in work in progress	0	2.092.837
3 Material costs (115 to 117)	405.724.816	142.106.321
4 Staff costs (119 to 121)	82.176.226	73.197.821
5 Depreciation	12.829.709	14.575.919
6 Other operating expenses	36.550.305	22.607.731
7 Value adjustment (125+126)	92.613	75.723
8. Long-term reserves	0	0
9. Other expenses	9.048.712	4.617.460
<b>III FINANCIAL INCOME (130 to 134)</b>	<b>8.507.138</b>	<b>604.784</b>
1 Interest income, foreign exchange gains, dividends and other financial income related to affiliated undertakings	551.098	204.253
2 Interest income, foreign exchange gains, dividends and other financial income related to unaffiliated undertakings and other persons	7.616.933	400.531
3 Income from affiliated undertakings and participating interests	0	0
4 Unrealized income of the financial assets	325.663	0
5 Other financial income	13.445	0
<b>IV FINANCIAL EXPENSES(136 to 139)</b>	<b>14.819.449</b>	<b>9.303.289</b>
1. Interest income, foreign exchange gains, dividends and other expenses related to affiliated undertakings	0	321.575
2. Interest income, foreign exchange gains, dividends and other expenses related to unaffiliated undertakings and other persons	14.658.860	8.971.033
3. Unrealized losses (expenses) of the financial assets	147.620	4.416
4 Other financial expenses	12.969	6.266
<b>V EXTRAORDINARY- OTHER INCOME</b>	<b>15.444.423</b>	<b>0</b>
<b>VI EXTRAORDINARY - OTHER EXPENSES</b>	<b>572.679</b>	<b>0</b>
<b>VII TOTAL INCOME (107+129+140)</b>	<b>622.319.761</b>	<b>289.366.376</b>
<b>VIII TOTAL EXPENSES (111+135+141)</b>	<b>605.559.593</b>	<b>278.925.689</b>
<b>IX PROFIT BEFORE TAX (142-143)</b>	<b>16.760.168</b>	<b>10.440.686</b>
<b>X LOSS BEFORE TAX (142-143)</b>	<b>0</b>	
<b>XI TAX</b>	<b>5.666.840</b>	<b>2.664.213</b>
<b>XII PROFIT AFTER TAX</b>	<b>11.093.328</b>	<b>7.776.474</b>
<b>XIII LOSS AFTER TAX</b>		
<b>ANNEX TO THE PROFIT AND LOSS ACCOUNT (to be filled in by a company preparing the consolidated annual financial statements)</b>		
<b>XIV.* PROFIT ASCRIBED TO CAPITAL HOLDERS OF THE PRINCIPAL OFFICE</b>	<b>11.264.441</b>	<b>7.896.425</b>
<b>XV.* PROFIT ASCRIBED TO MINORITY INTEREST</b>		
<b>XVI.*LOSS ASCRIBED TO CAPITAL HOLDERS OF THE PRINCIPAL OFFICE</b>		
<b>XVII.* LOSS ASCRIBED TO MINORITY INTEREST</b>	<b>171.113</b>	<b>119.951</b>

## V. REPORT OF CASH FLOW

Name of position: 1	AOP	No.	Previous year 4	Current year 5
	designation 2	Note 3		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
1. Pre-tax profit	1		16.760.168	10.440.688
2. Depreciation	2		12.829.709	14.575.919
3. Increase in short-term liabilities	3		52.373.602	11.077.085
4. Decrease in short-term receivables	4		0	88.227.691
5. Reduction of stocks	5		68.324.777	10.409.875
6. Other increase in cash flow	6		16.633.700	1.897.787
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>7</b>		<b>166.921.956</b>	<b>136.629.045</b>
1. Decrease in short-term liabilities	8		0	13.376.033
2. Increase in short-term receivables	9		79.114.212	10.193.100
3. Increase in stocks	10		0	3.500.508
4. Other decrease in cash flow	11		0	90.759.367
<b>II Total decrease in cash flow from operating activities (008 to 011)</b>	<b>12</b>		<b>79.114.212</b>	<b>117.829.008</b>
<b>A1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (007-012)</b>	<b>13</b>		<b>87.807.744</b>	<b>18.800.037</b>
<b>A2) NET DECREASE IN CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>14</b>		<b>0</b>	<b>0</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
1. Cash receipts from sale of fixed tangible and intangible assets	15		14.498.026	1.549.947
2. Cash receipts from sale of treasury and debt financial instruments	16		216.806.076	96.887
3. Cash receipts from interests	17		263.500	252.642
4. Cash receipts from dividends	18		0	0
5. Other cash receipts from investment activities	19		0	623
<b>III. Total cash receipts from investment activities (015 do 019)</b>	<b>20</b>		<b>231.567.602</b>	<b>1.900.099</b>
1. Expenditures for buying fixed assets and intangible assets	21		14.801.242	5.789.306
2. Expenditures for purchasing treasury and debt financial instruments	22		232.207.296	121.156.963
3. Other expenditures from investment activities	23		0	41.328
<b>IV. Total expenditures from investment activities (021 to 023)</b>	<b>24</b>		<b>247.008.538</b>	<b>126.987.597</b>
<b>B1) NET INCREASE IN CASH FLOW FROM INVESTMENT ACTIVITIES (020-024)</b>	<b>25</b>		<b>0</b>	<b>0</b>
<b>b2) NET DECREASE IN CASH FLOW FROM INVESTMENT ACTIVITIES (024-020)</b>	<b>26</b>		<b>15.440.936</b>	<b>125.087.498</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>				
1. Cash receipts from issuance of treasury and debt financial instruments	27		3.347.779	0
2. Cash receipts from loan principal, bonds, borrowings and other loans	28		100.490.554	200.332.474
3. Total cash receipts from financial activities	29		0	1.993.706
<b>V. Total cash receipts from financial activities (027 To 029)</b>	<b>30</b>		<b>103.838.333</b>	<b>202.326.180</b>
1. Expenditures for repayment of loan principal and bonds	31		200.616.070	69.530.686
2. Expenditures for payment of dividends	32		0	0
3. Expenditures for financial leasing	33		8.416.342	5.842.489
4. Expenditures for redemption of treasury shares	34		1.199.350	149.098
5. Other expenditures from financial activities	35		0	0
<b>VI. Total expenditures from financial activities (031 to 035)</b>	<b>36</b>		<b>210.231.762</b>	<b>75.522.273</b>
<b>C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)</b>	<b>37</b>		<b>0</b>	<b>126.803.907</b>
<b>C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)</b>	<b>38</b>		<b>106.393.429</b>	<b>0</b>
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	39		0	20.516.446
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	40		34.026.621	0
Cash and cash equivalents at the beginning of the period	41		57.676.620	48.437.504
Increase in cash and cash equivalents	42		0	20.516.446
Decrease in cash and cash equivalents	43		34.026.621	0
Cash and cash equivalents at the end of the period	44		<b>23.649.999</b>	<b>68.953.950</b>

## VI. REPORT OF CHANGES TO CAPITAL

Name of position:	AOP	Previous period	Increase	Decrease	Current period
	designation				
1. Subscribed capital	117	229.381.200			229.381.200
2. Capital reserves	118	0	734.226		734.226
3. Reserves from profit	119	345.632.495	5.707		345.638.202
4. Retained profit or loss carried forward	120	2.324.459	91.166.267		93.490.726
5. Profit/loss for the current year	121	91.573.397	7.896.425	91.573.397	7.896.425
6. Revaluation of the fixed tangible assets	122				
7. Revaluation of intangible assets	123				
8. Revaluation of financial assets available for sale	124	7.224.760		54	7.224.706
9. Other revaluation	125				
10. Foreign currency differences with respect to investment in foreign business	126				
11. Current and deferred taxes (part)	127				
12. Protection of cash flow	128				
13. Changes to accounting policies	129				
14. Adjustment of significant errors for the previous period	130				
15. Other changes to capital	131				
16. Total Increase or decrease in subscribed capital	132	676.136.311			684.365.485