

plinacro Ltd.
GAS TRANSMISSION SYSTEM OPERATOR

power that connects

COMPANY PROFILE 2014



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FOREWORD BY THE PRESIDENT OF THE ASSEMBLY

*Anka Mrak–Taritaš,
President of the
Assembly of Plinacro*



One of the strategic goals of every country is to secure its energy independence. By creating the conditions for the realization of such goals, Croatian government is trying to build a balanced relationship between the guarantee of energy supply, competitiveness of the energy sector and the environment, keeping in mind that our energy system is part of a common European Union system.

The government is aware of the fact that safe, quality and adequate energy supply for Croatian citizens and for the economy is a prerequisite for economic and social progress. Therefore, it takes an active role in supporting energy security with efforts to build a stable and reliable legal framework, as well as in planning and encouraging investments in the energy sector.

When it comes to the gas supply of the Croatian market, great importance is given to the issue of source diversification and supply routes, whereby it was shown that Croatia could become a regional energy hub due to its geopolitical position. This should be supported by the implementation of projects such as the Ionian–Adriatic Pipeline project (IAP) and the LNG terminal project in Omišalj, Krk, as well as the development of new interconnection gas pipelines.

The government has recognized the strategic importance of these projects and has given its full, unequivocal support to them, as well as to the companies that will implement them. Plinacro is precisely one of these companies. It is a company that has been, according to various indicators, one of the most stable state-owned companies since its foundation. Its financial performance and timely and successful implementation of all planned projects support these claims.

Referring to this, as the owner of Plinacro, the government is pleased to say that Plinacro has grown into a strong link of development, not only for the energy sector but also for the Croatian economy as a whole. I hope that the planned future projects will consistently and unambiguously confirm Plinacro's position.

FOREWORD BY THE PRESIDENT OF THE SUPERVISORY BOARD



*Ivo Družić,
President of the
Supervisory Board
of Plinacro*

It is with great pleasure that I can point out that Plinacro, despite extremely complex business conditions, successfully completed its planned activities for 2013. First of all, it provided a safe and reliable supply, as well as stability of the system in accordance with its contractual and legal obligations, and effectively implemented austerity measures and streamlining operations. The accomplished business and financial results in 2013 place Plinacro among the most successful Croatian state-owned companies.

The goal of high degree territorial coverage with the main gas transmission system has been achieved as a major requirement for the comprehensive gas coverage of Croatia. The gas transmission system formed and distributed in this way will cover the Croatian market and connect the LNG system, the supply-transit pipeline system, as well as the existing and new gas storages and transmission systems of the neighboring countries connected by interconnections. It will also create conditions for the emergence of a regional gas crossroads. This will provide energy security of our market, but it will also enable a strategic step forward in the region in almost all aspects of the natural gas business, and will strengthen the economic and political position of Croatia. In order to accomplish all these plans, the Board has full support of Plinacro's Supervisory Board.

It is evident from all of the above that the employees have a lot of work ahead of them and that Plinacro, in addition to its main activity of a gas transmission system operator, will for some time be a construction company as well and contribute to the progress of Croatian economy.

FOREWORD BY THE PRESIDENT OF THE BOARD

Marin Zovko,
*President of the
Board of Plinacro*



In the years behind us, Plinacro fulfilled all the requirements of a safe and reliable gas transmission, and has performed its main activity of gas transmission in full compliance with its contractual obligations. Furthermore, through the biggest investment in the Croatian energy infrastructure, within the scope of which more than 1,000 kilometers of new pipelines were built, it has been one of the most important proponents of its development. When the fourth section of Lika and Dalmatia gas pipeline system was completed in May 2013, and the gas system approached Split, it was a moment of symbolic importance in the long-term development project of the Croatian gas transmission system.

I am pleased to point out that Plinacro continues with development activities directed towards further connection of our gas transmission system with the systems of other countries. A particular place among new supply projects belongs to the Ionian–Adriatic Pipeline project, the implementation of which will ensure an extremely significant new gas supply route for Plinacro, from the Caspian region and the Central East, and thereby contribute in the best way to the guarantee of gas supply on the Croatian market. Besides the most important interconnection project in direction Rogatec – Zabok, and the construction of new compressor stations in order to increase the efficiency of the system, the aforementioned project has a particular place in a draft Plinacro's ten-year development plan.

In the face of implementation of these projects, our business results are what gives us additional confidence. They show that the company has been operating in a stable and successful manner in extremely dynamic conditions, both on the Croatian energy scene, and on a wider scale. I believe that Plinacro, first and foremost owing to the professional knowledge, experience and the work of its employees, will successfully reach all its goals and remain the forerunner in the energy system development, thereby opening great development opportunities for the Croatian economy.



THE MISSION

Gas transmission system operator Plinacro Ltd. is in charge of:

- transmission and transit of natural gas
- management (supervision and direction), maintenance, development and construction of the gas transmission system
- non-discriminatory access to the transmission system when it is financially, technically and technologically reasonable and justified
- balancing the amount of gas in the transmission system
- connecting with other gas systems

Plinacro Ltd. is also in charge of securing long-term transmission system capability to meet the gas transmission requirements in order to provide usage of natural gas as environmentally most acceptable energy source.

Plinacro aims to be an esteemed and leading infrastructural energy entity in the gas business in the Republic of Croatia and an important strategic energy partner in the region and the European Union, which enables its owners to meet energy requirements in a transparent and socially responsible manner, and provides users with a safe and reliable natural gas transmission as an ecologically and financially most acceptable option of energy supply in the open market circumstances.

THE VISION



ORGANIZATIONAL STRUCTURE

PLINACRO Ltd.

BOARD

PROCUREMENT DEPARTMENT

STRATEGIC DEVELOPMENT DEPARTMENT

ASSEMBLY

Anka Mrak-Taritaš, *Minister of Construction
and Physical Planning of the Republic of Croatia*

SUPERVISORY BOARD

Ivo Družić, *President*
Josip Jambrač, *Member*
Tomislav Stojak, *Member*
Marija Duljković, *Member*
Berislav Lipovac, *Employees' representative*

BOARD

Marin Zovko, *President*
Ratimir Orešković, *Member*
Radovan Cvek, *Member*

MANAGEMENT

Zoran Bulić,
Director of Development and Investment Division
Željko Konopek,
Director of Gas Transmission Division
Ivana Marković,
Director of Capacity Management Division
Dabiša Bučanac,
Director of Corporate Functions
Jasna Vrbanić,
Director of Corporate Management Division
Vladimir Đurović,
Director of Strategic Development Department
Ivica Arar,
Director of Capacity Sales Department
Daonella Tannir,
Director of Procurement Department
Marija Gilja,
Secretary General

GAS TRANSMISSION DIVISION

CAPACITY MANAGEMENT DIVISION

DEVELOPMENT AND INVESTMENT DIVISION

CORPORATE FUNCTIONS

CORPORATE MANAGEMENT DIVISION

BOARD



*Ratimir Orešković
Marin Zovko
Radovan Cvek*

MANAGEMENT



*Ivica Arar
Daonella Tannir
Zoran Bulić
Vladimir Đurović
Jasna Vrbanić
Željko Konopek
Marija Gilja
Dabiša Bučanac
Ivana Marković*

THE HISTORY OF PLINACRO

The gas transmission activity in Croatia dates back almost 60 years.

Since its establishment until today, Plinacro has built over 1000 kilometers of new main gas pipelines in Croatia.

The mayor of the City of Zagreb Većeslav Holjevac is opening a valve in the Gradska plinara Zagreb (Zagreb City Gasworks) plant to mark the beginning of the use of natural gas as an energy generating product (December 1955).

Construction and putting into operation 98 kilometers of the first section of Janja Lipa – Zagreb main gas pipeline in December 1955, is considered to be the onset of using natural gas as an energy source in Croatia. During 1956, about 18 million square meters of gas were transported from Kloštar to Zagreb at pressure of 5 to 6 bars. That year is therefore considered the beginning of the gas transmission activity.

Plinacro itself was founded by unbundling of the natural gas transmission activity from INA's former organizational structure into a separate daughter company on 19 January 2001, when the Croatian government enacted the package of energy regulations necessary for further reform of the energy sector. According to those regulations, gas transmission became an energy activity performed as a public service, while on 11 March 2002, Plinacro became a 100% state-owned company. In April 2002, pursuant to The Gas Market Act, Plinacro made a Plan of Development, Construction and Modernization of the Gas Transmission System in the Republic of Croatia from 2002 to 2011 which was conducted during two five-year development–investment cycles. Total investment reached almost HRK 4.8 billion, from which almost half was covered by the current income from the transmission tariff, while the other half was covered through two loans by the European Investment Bank. Construction of the 75-bar system from Pula to Donji Miholjac became the stepping–stone for the development of gas business, and the completed gas pipelines Vodnjan – Umag and Bosiljevo – Split enabled 95-percent coverage of the Croatian territory with the gas transmission system.

PLINACRO Ltd.

Plinacro manages 2662 kilometers of gas pipelines in 19 counties, 7 entry measuring stations and over 450 overground objects of the transmission system, including 164 exit measuring-reduction stations with 286 measuring lines. Total technical capacity of transmission system entry (without the withdrawal capacity of Underground Gas Storage Okoli) amounts to 191,800,000 kWh/day.

PLINACRO TODAY

281 employees
2662 km of gas pipelines
164 measuring-reduction stations
286 measuring lines
Gas system capacity: 191,800,000 kWh/day
2,999 million m³ transported in 2013
HRK 619.47 million total revenue in 2013
HRK 4.59 billion total assets

With the gas transmission as its main activity, Plinacro guarantees safe, reliable and quality delivery of natural gas from the entry point in the gas transmission system to the off-take measuring-reduction stations of gas distributors as well as direct and privileged customers. It is in charge of managing the supervision, maintenance, development and construction of the entire transmission system, as well as all other activities necessary for technical functioning of the system. Today, Plinacro operates 2662 km of high-pressure pipelines, 1720 km of which is 50-bar system and 942 km is 75-bar system, seven entry measuring stations, 164 exit measuring-reduction stations with 286 measuring lines and a state-of-the-art National Dispatching Centre, a centre of remote supervision and managing the entire gas transmission system.

Operational management of Plinacro's infrastructure is performed across five gas transmission regions, i.e. Gas Transmission Region Central Croatia (with head office in Popovača), Gas Transmission Region Northern Croatia (head office in Zabok), Gas Transmission Region Eastern Croatia (head office in Donji Miholjac), Gas Transmission Region Western Croatia (head office in Rijeka) and Gas Transmission Region Southern Croatia (head office in Benkovac) and through the Maintenance and Storage Department in Ivanić Grad, as well as the previously mentioned National Dispatching Centre. The company currently has 281 employees. At the end of 2013 the total assets of Plinacro amounted to HRK 4.59 billion.

PODZEMNO SKLADIŠTE PLINA d.o.o. (UNDERGROUND GAS STORAGE Ltd.)

In addition to conducting its core business of natural gas storage, PSP d.o.o. is also responsible for the management, maintenance and development of a safe, reliable and efficient gas storage system, as well as for further development of storage capacities and storage operations.

Gas storage is an integral technological and business activity of each gas system, and underground gas storage facilities are fundamental for security and flexibility of supply. The Republic of Croatia so far has only one underground gas storage in Okoli, some 50 km southeast of Zagreb and it is now managed by the national storage system operator – Plinacro's daughter company Podzemno skladište plina d.o.o. (Underground Gas Storage Ltd.).

Underground Gas Storage Okoli was put into trial run at the end of 1987, while in April 1988 the first cycle of gas injection began. After more than 20 years of doing business as part of INA, the Underground Gas Storage Okoli was organized as Podzemno skladište plina d.o.o. in early December 2008. Soon after, on 30 January 2009, after signing the Agreement for the sale and purchase of business shares in Podzemno skladište plina d.o.o. with INA, Plinacro acquired 100% share interest in the company, the main activity of which is natural gas storage.

Apart from its core business of natural gas storage, PSP d.o.o. is responsible for management, maintenance and development of a safe, reliable and efficient gas storage system, as well as for further development of storage capacities and storage operations. By performing development plans and new investment cycles of PSP, i.e. modernization and expansion of the compressor of the existing storage facility in Okoli and construction of a peak gas storage facility in Grubišno Polje, as well as future strategic underground gas storage facility, the Republic of Croatia will certainly improve the safety of the gas system of our country.

Technical characteristics of PSP Okoli:
operating storage volume : 553 million m³
maximum injection capacity: 3.84 million m³/day
maximum withdrawal capacity: 5.76 million m³/day

The technological process is carried out in two cycles:

Injection cycle (April – October)
minimum capacity: 30,000 m³/h
maximum capacity: 160,000 m³/h

Withdrawal capacity (October – April)
minimum capacity: 20,000 m³/h
maximum capacity: 240,000 m³/h



PLINACRO'S INTERNATIONAL ACTIVITIES

Plinacro's international activities are carried out through the institutions and working groups of the EU and the Energy Community, and include participation in international projects, direct cooperation with the similar foreign companies, membership and work in international professional associations and active participation in international conferences.

Plinacro's international activities are comprehensive and take place on various levels, through the institutions and working groups of the EU and the Energy Community, and include participation in international projects, direct cooperation with the similar foreign companies, membership and work in international professional associations and active participation at international professional conferences.

A significant part of the activities is carried out under the auspices of the competent Ministry of Economy, as well as in cooperation with it. While this was previously primarily related to the operation of the Energy Community, Croatian accession to the European Union intensified the activities in a number of organizations and working groups of the gas energy sector of the European Commission and, after Plinacro became its full member, in the European Network of Transmission System Operators for Gas (ENTSOG).

Plinacro has carried out significant international activity by working on the new supply projects, including the Trans Adriatic Pipeline and the Ionian-Adriatic Pipeline projects, as well as LNG terminal project in Omišalj. Apart from Croatia, countries such as Albania, Montenegro and Bosnia and Herzegovina have also been participating in the Ionian-Adriatic Pipeline project, which was conceived and initiated by Plinacro itself and has become a leading regional project. With its preparation, besides the aforementioned international cooperation, Plinacro accomplished enviable cooperation with a number of foreign companies such as EGL, TAP, Shah Deniz 2 and Socar.

The longest and the most enduring international activity of Plinacro is related to cooperation with similar companies, primarily gas transmission system operators. Plinacro primarily cooperates with the operators the systems of which are connected to our system, the Slovenian Plinovodi (Geoplin) and the Hungarian FGSZ, but also with those with which there are plans for direct connection of the systems, joint participation in projects or some form of professional cooperation, including BH-Gas, Res Gas, Srbijagas, Gazprom, Gaz-System and ITG.

Plinacro's experts, apart from participating in the previously mentioned ENTSOG's activities, actively participate in the work of other international professional associations, such as the International Gas Union (IGU) and United Nations Economic Commission for Europe Gas Centre (UNECE Gas Centre). Participation of Plinacro's representatives in numerous international assemblies, conferences and forums has also been noted.



STRATEGIC DEVELOPMENT AND INVESTMENTS

DEVELOPMENT AND INVESTMENT DIVISION

Development and Investment Division performs the preparation of the projects of the national transmission system, transit system and interconnections with the neighboring countries. It also prepares all technical documentation, coordinates obtaining the necessary permits and approvals and manages the construction of transmission system facilities in accordance with the adopted time frames. It is also responsible for cooperation with the ministries, European institutions and Croatian companies regarding energy requirements, approvals and development of systems and intensive cooperation with the representatives of state administration and local government. In order to implement certain projects, temporary interdisciplinary project teams that include experts from other organizational units of the company are formed.

STRATEGIC DEVELOPMENT DEPARTMENT

The fundamental responsibility of the Strategic Development Department is to monitor and analyze developments in the overall natural gas sector in Croatia, Europe and world wide, as well as to analyze and plan strategic development of Croatian gas transmission system and Plinacro as its bearer. Strategic Development Department is also the holder and coordinator of the comprehensive international activities, directly and indirectly aimed at executing this fundamental task, including the work performed in professional institutions or European Commission working groups.

TEN-YEAR PLAN FOR DEVELOPMENT OF THE GAS TRANSMISSION SYSTEM IN THE REPUBLIC OF CROATIA FROM 2014 TO 2023

In the next ten years, Plinacro is planning new projects developed in two groups: main gas transmission system projects and interconnection projects. All of them aim to ensure territorial and market coverage, reliability and security of the gas transmission system and Croatia's involvement in regional and European natural gas flows so that Plinacro would remain a stable factor in the Croatian gas industry and adequately respond to the exceptional dynamics of events occurring in the gas sector of a wider region.

Previously, during the implementation of the Plan of Development, Construction and Modernization of the Gas Transmission System in the Republic of Croatia from 2002 to 2011, Plinacro was the holder of the largest investment project in energy infrastructure in Croatia. During two five-year development-investment cycles, nearly 600 million euros have been invested. Thanks to that, Croatia today has a modern gas transmission system that covers 95 percent of its territory, while its shape and capacities meet the long-term requirements of the Croatian natural gas market.

In the next ten years, Plinacro is planning new projects developed in two groups: main gas transmission system projects and interconnection projects. Technically outdated parts of the system will be reconstructed, and some will be upgraded due to insufficient capacities. In order to increase efficiency, reliability and safety of system usage, it has been planned to build more gas pipelines in order to connect the existing facilities of the gas system. The existing gas pipeline in Slavonski Brod will also be reconstructed in order to allow connection of a potential big new consumer. In order to increase the capacity and the pressure of gas delivery at the 75-bar and 50-bar system, it has been planned to perform the construction of compressor stations which will increase the system's efficiency and reliability by raising its

pressure. Furthermore, in order to align the business with the new European directives, Plinacro will introduce a new and modern automated gas quality measuring system. Capacity management system will be another point in the plan which is extremely important for the business improvement.

However, in order to further develop the entire gas transmission system, new supply projects are crucial, among which one stands out in particular. This is the Ionian-Adriatic Pipeline project (IAP), which will provide a new source of natural gas from the Middle East and the Caspian region, along with a new supply route. This opens the possibility for significant transit through our gas transmission system and substantially directs its further development. In addition, one should also mention the construction of the evacuation-transit gas pipelines related to the planned LNG-terminal project in Omišalj on the island of Krk. In one of the possible scenarios, the initial evacuation gas pipeline Omišalj – Zlobin would be continued with the new Zlobin – Bosiljevo gas pipeline and further by Bosiljevo – Sisak – Kozarac – Slobodnica gas pipeline system where it would be connected to the existing Slobodnica – Donji Miholjac – Hungarian gas transmission system and thus provide transmission of LNG to Hungary, Slovakia, Romania, Ukraine, Serbia... The second option envisages the construction of a new Bosiljevo – Karlovac – Lučko – Zabok – Rogatec gas pipeline system that, apart from gas supply to the domestic market, would enable supply to Slovenian and Austrian markets, as well as other nearby markets. As the third option for LNG delivery, construction of Zlobin – Rupa – Kalce gas pipeline has been planned in the direction of Slovenia. All three versions would facilitate the transit of Caspian gas from the IAP project.



When it comes to the interconnections or links to gas transmission systems of the neighboring countries, the one that stands out in particular is the previously mentioned Lučko – Zabok – Rogatec interconnection which is crucial for the reliability of supply and better integration of Croatia into the European natural gas flows. In addition to this, the construction of other two interconnections with Slovenia has been planned in Zlobin – Rupa – Kalce direction and Umag – Koper direction, as well as interconnections with Bosnia and Herzegovina (Zagvozd – Imotski – Posušje, Rakovica – Bihać, Slobodnica – Bosanski Brod) and an interconnection with Serbia in Slobodnica – Sotin – Bačko – Novo Selo direction.

INTERNATIONAL DEVELOPMENT PROJECTS

In order to ensure long-term conditions for reliable natural gas supply for the Croatian market, as well as the possibility of transit to the neighboring countries, Plinacro gives exceptional importance to international development projects.

As the national gas transmission system operator and the carrier of the Croatian gas transmission system development, Plinacro gives exceptional attention to the new supply projects and connections with gas systems of the neighboring countries – i.e. interconnections.

Based on what was previously mentioned, Plinacro itself was the bearer of the idea and the driver of the Ionian–Adriatic Pipeline (IAP) project development, which creates prerequisites for the establishment of a new gas supply route from the Caspian region and the Central East in order to supply the markets of Albania, Montenegro, Bosnia and Herzegovina and Croatia. Furthermore, with the implementation of the Ionian–Adriatic Pipeline project, gas would be transported to the southernmost part of Croatia, thereby increasing the efficiency of the Croatian gas transmission system due to the opening of a new natural gas transit route for the neighboring countries. The LNG terminal project on the island of Krk transcends Croatian needs and is even more than a regional project due to the fact that the idea grew into a trans-regional, European project through connections of the Croatian and the Polish LNG terminal, and the Baltic – Adriatic concept. Plinacro has been giving full support to this project, while its role focuses on the development of the system of evacuation pipelines for LNG, i.e. transit to the neighboring countries. In addition to these two key projects, Plinacro participates in preparatory activities for other projects in the region, such as the South Stream project.

The construction of the gas transmission system up until now, as well as its future development, aims to ensure its readiness for connection to any supply project, which aims to link Croatia to the gas systems of the neighboring countries, as well as to engage it in the European trends and natural gas markets.





GAS TRANSMISSION

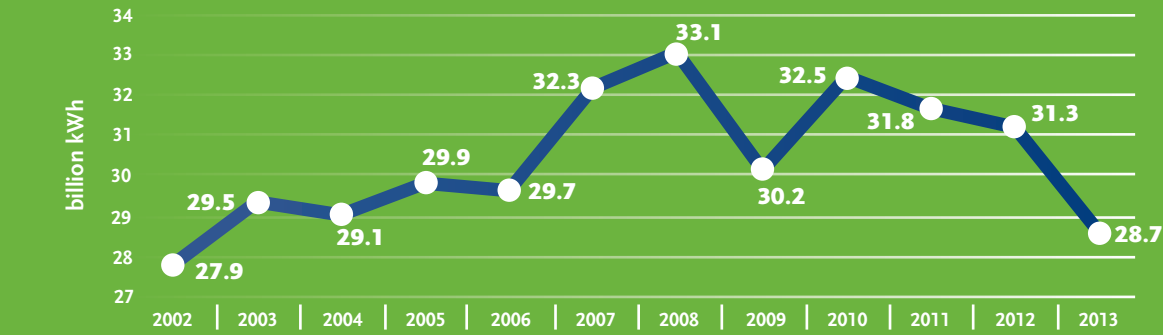
GAS TRANSMISSION DIVISION

Performing activity of natural gas transmission through the Croatian transmission system is in the competence of the Gas Transmission Division. The Division operationally monitors, maintains and manages 2,662 kilometers of the gas transmission system in 19 counties, seven entry measuring stations, over 450 overhead transmission system facilities, including 164 exit measuring–reduction stations with 286 measuring lines through which the gas is delivered to the system users.

It consists of the Maintenance and Storage Department based in Ivanić Grad and five gas transmission regions:

- Gas Transmission Region Eastern Croatia with the head office in Donji Miholjac
- Gas Transmission Region Central Croatia with the head office in Popovača
- Gas Transmission Region Northern Croatia with the head office in Zabok
- Gas Transmission Region Western Croatia with the head office in Rijeka
- Gas Transmission Region Southern Croatia with the head office in Benkovac.





	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
(x10 ⁹ kWh)	27.9	29.5	29.1	29.9	29.7	32.3	33.1	30.2	32.5	31.8	31.3	28.7

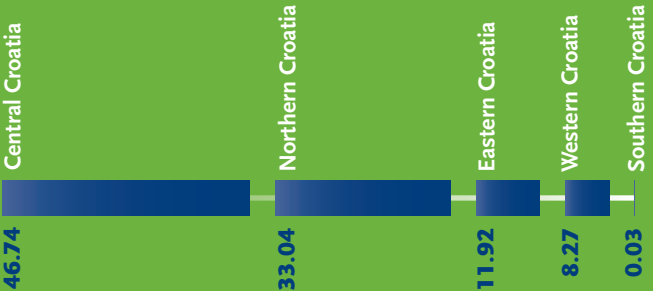
Transported quantities

Total technical capacity of the transmission system entry (without the withdrawal capacity from PSP Okoli) amounts to 191,800,000 kWh/day.



Delivered quantities of natural gas from the transmission system, by County

Share of delivered gas quantities by region (%)



Delivered quantities of gas by region (x10⁶ kWh)





TECHNOLOGY MANAGEMENT, SALES AND LEASE OF GAS TRANSMISSION SYSTEM CAPACITIES

CAPACITY

MANAGEMENT DIVISION

The Capacity Management Division is responsible for constant supervision and management of the gas transmission system, coordination of all activities in the system and managing transmission capacities. Through the National Dispatching Centre (NDC), the Division is in charge of continuous operational supervision of the transmission system, management of technological gas transmission process for 24 hours a day, 365 days a year, as well as technical functionality and availability of technical systems for remote supervision, control and telecommunication subsystems which are at the basis of NDC operation. Furthermore, the Division performs activities related to the execution of gas transmission, as regulated by the EU's Third Energy Package, as well as Croatian laws and by-laws, i.e. processes related to the transmission system capacity booking, nomination of transmission system usage, allocation of the measured daily gas amounts, calculation of fees for the use of transmission services, the transmission system balancing, reporting, trading on the secondary market and other activities pursuant to the regulations.

CAPACITY SALES DEPARTMENT

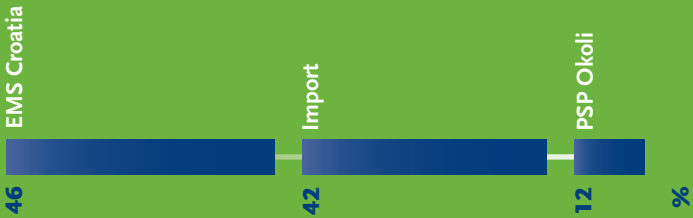
Based on the applications for transmission system capacity booking, the Capacity Sales Department prepares, concludes and monitors the implementation of the gas transmission contracts with the transmission system users, calculates fees for transmission system usage and stipulates and charges the execution of non-standard services in accordance with the tariff for non-standard services of the transmission system operator. In everyday communication with the current and potential transmission system users, the Department employees respond to the inquiries related to the functioning of the gas market and the possibility of using the transmission system. In addition, the Department's activities are focused on monitoring and enforcing energy laws and by-laws requirements, as well as participation in the harmonization of Croatian energy framework with the EU's Third Energy Package.

	EMS PSP	EMS CRO	EMS Import
January	401,391,151	1,228,803,325	1,324,803,391
February	800,814,123	1,139,254,748	1,180,758,389
March	778,332,785	1,145,778,932	1,175,565,284
April	254,417,445	1,194,181,309	935,558,819
May	0	1,200,533,393	853,143,222
June	0	1,093,739,046	845,955,993
July	0	1,106,099,357	839,313,863
August	0	1,084,181,141	672,530,414
September	10,420,494	1,019,011,927	569,332,719
October	200,786,715	865,714,039	1,057,380,361
November	175,975,513	998,063,062	1,382,864,461
December	739,341,909	1,044,181,256	1,365,378,301



Dynamics of natural gas transmission by month in 2013, along with distribution per transmission system entry including PSP

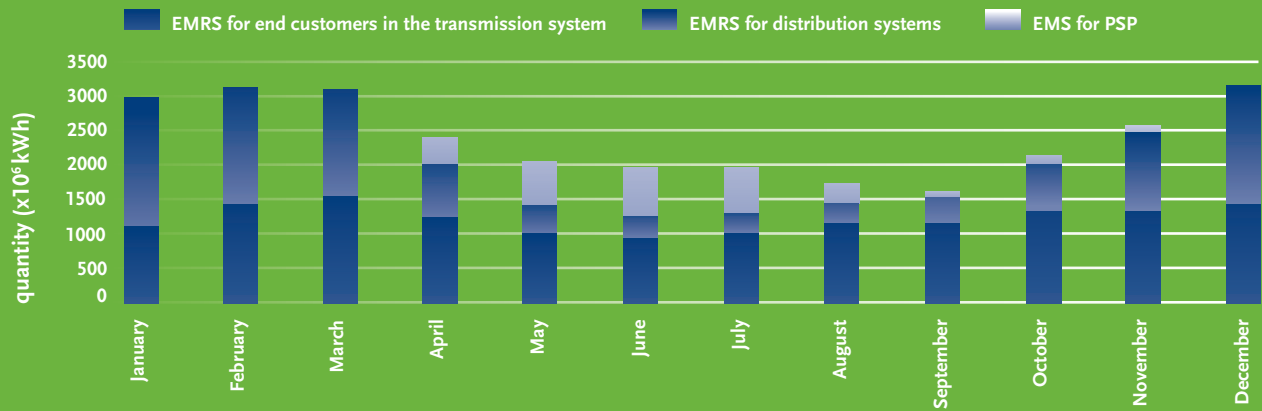
Structure of natural gas transmission by source in 2013



Structure of natural gas transmission by customer category in 2013



	EMS FOR PSP	EMRS FOR DISTRIBUTION SYSTEMS	EMRS FOR END CUSTOMERS IN THE TRANSMISSION SYSTEM
January	0	1876861734	1102481147
February	0	1664060424	1452547877
March	0	1499500235	1598580063
April	349780955	765000477	1274571820
May	633628778	359652461	1060280533
June	706958313	314721590	949043610
July	625454818	287820116	1023980701
August	301565000	269867537	1173994531
September	77515717	383401713	1157182732
October	80930675	671775577	1363127607
November	37261290	1146742550	1370657861
December	0	1666966946	1468668248



Dynamics of natural gas transmission by month in 2013, along with distribution per customer category, including PSP



Utilization of technical capacity at the transmission system entries



Laying the subsea section of the DN 500/75 gas pipeline Benkovac – Dugopolje at the bottom of the mouth of the Krka river, near Skradin.



FINANCIAL INDICATORS



CORPORATE FUNCTIONS

The jurisdiction of Corporate Functions includes financial activities which are organized into two Departments: the Finance Department and the Accounting Department. Financial accounting activities, tax accounting and cost and management accounting provide a substrate for statutory accounts, as well as for planning, monitoring and analyzing financial performance indicators, collecting, preparing and providing economic information content intended for the management in all stages of business activity, as well as for external users. The responsibilities of Corporate Functions include monetary management, activities related to collection of claims, supervision of business costs, payment transactions, payrolls and treasury operations.

PROCUREMENT DEPARTMENT

Procurement of goods, services and works for Plinacro's requirements is performed by the Procurement Department. Public procurement procedures are conducted in accordance with the provisions of the Public Procurement Act, i.e. for the projects co-financed by the European Investment Bank (EIB) by applying its Guide for Procurement. All contracts concluded in the previous five years are published on Plinacro's website, thus contributing to the transparency of public procurement.

In 2013, through the Procurement Department 539 contracts amounting to HRK 174,111,176, were signed.

	2008	2009	2010	2011	2012	2013
TOTAL REVENUE	560,213	640,917	648,151	631,767	633,565	619,473
TOTAL EXPENSES	415,362	458,667	488,564	561,687	548,905	466,676
Gross profit	144,851	182,249	159,587	70,080	84,660	152,797
Value of assets	2,666,652	3,921,989	4,769,112	4,719,695	4,591,975	4,589,859
Depreciation	198,630	196,587	209,347	262,212	274,024	179,902
Investments in fixed assets	257,793	623,590	1,431,404	234,196	116,715	103,765
	in HRK 000					

Structure of operating expenses

in HRK 000

	2008		2009		2010		2011		2012		2013	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Material costs	101,196	26.37%	108,957	27.69%	98,753	26.26%	83,720	19.87%	92,740	20.46%	85,152	24.37%
Staff costs	53,659	13.98%	55,958	14.22%	50,861	13.53%	52,530	12.47%	56,429	12.45%	57,065	16.33%
Depreciation	198,630	51.75%	196,587	49.96%	209,347	55.67%	262,212	62.23%	274,024	60.47%	179,902	51.50%
Other expenses	24,846	6.47%	26,797	6.81%	15,715	4.18%	15,131	3.59%	14,047	3.10%	14,565	4.17%
Value adjustment	2,754	0.72%	1,010	0.26%	219	0.06%	6,397	1.52%	14,199	3.13%	9,459	2.71%
Reservations	482	0.13%	3,710	0.94%	1,009	0.27%	996	0.24%	651	0.14%	2,471	0.71%
Other operating expenses	2,230	0.58%	457	0.12%	135	0.04%	368	0.09%	1,092	0.24%	732	0.21%
TOTAL	383,797	100.00%	393,476	100.00%	376,040	100.00%	421,353	100.00%	453,183	100.00%	349,347	100.00%

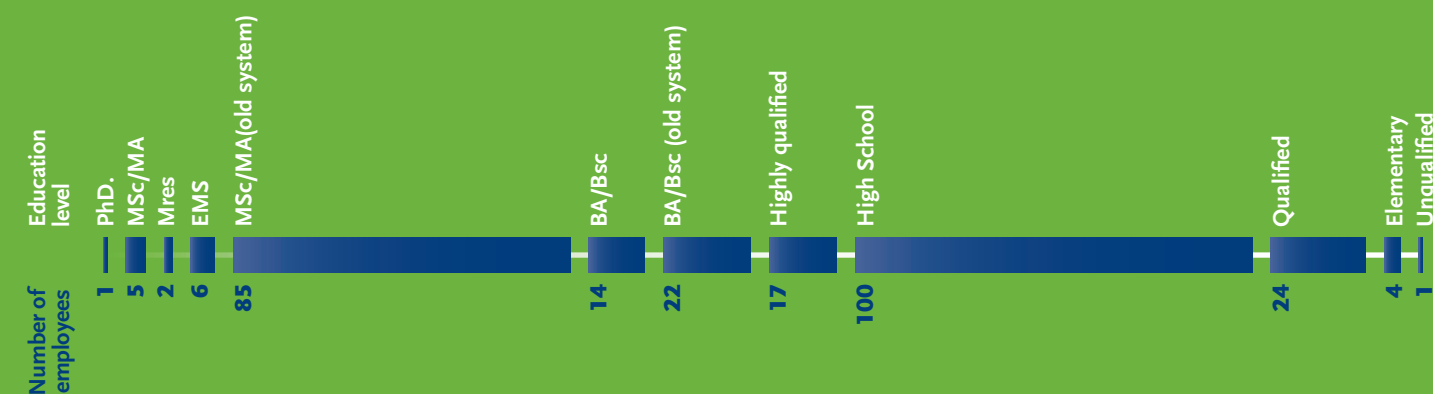
	2008	2009	2010	2011	2012	2013
Transported (million m³/y)	3. 452	3. 148	3. 387	3. 309	3. 272	2. 999
Revenues (000 HRK/y)	560,213	640,917	648,151	631,767	633,565	619,473
Average (reduced to HRK/m³)	162,286.000	203,594.000	191,546.000	190,923.000	193,632.000	206,559.000

Natural financial indicators

CORPORATE MANAGEMENT

CORPORATE MANAGEMENT DIVISION

Operation of the Corporate Management Division includes many activities crucial in day-to-day business of the company, primarily related to the support and logistics in Plinacro's organizational units, as well as monitoring and successfully implementing numerous Plinacro's projects. The Corporate Management Divisions carries out legal-property rights activities and geodetic activities, technical protection, as well as legal, personnel, safety and general affairs. The Division consists of two Departments: the Department of Legal-Property Rights and the Department of Geodesy and Spatial Information Management with the Legal, Personnel, Safety and General Affairs Department and Business Units of Technical Protection and Safety at Work, Fire Protection and Environmental Protection.



Structure of employees on 1 April 2014

CORPORATE SOCIAL RESPONSIBILITY

Since its establishment, Plinacro opted to do business pursuant to the principles of sustainable development in satisfying the current needs and putting continuous effort into not jeopardizing the possibilities for future generations to achieve the same.

We strive to achieve the best value in doing business, not only financial value but social, environmental and ethical value as well. We are constantly improving our business quality system, we care about the safety and protection of health and the environment. We also invest significant resources in the development and training of our employees and we contribute to the worthwhile projects in the community in which we do business. This way we are confirming that social responsibility is our permanent commitment. And in the years ahead we will strive to be a reliable partner to the community as a whole by actively cooperating and responding to its expectations.



ENVIRONMENTAL, HEALTH AND SAFETY PROTECTION IN PLINACRO

By doing business pursuant to the principles of sustainable development, we attribute great importance to protection of the environment in which we do business, as well as health and safety issues.

Despite the fact that gas is an environmentally friendly energy source that is not released into the atmosphere under the conditions of normal activities and functioning of the gas transmission system, Plinacro attributes great importance to the environmental issues and implements a number of preventive measures in the field of environmental protection, health and safety:

- our measuring–reduction stations and gas pipelines are equipped with safety devices that prevent even the least harmful consequences for people, objects and the environment
- we keep a Pollutant Emission Register
- we measure air emissions from stationary sources, as well as greenhouse gas emissions
- we dispose of waste in accordance with the legislation
- in order to preserve the original layout of the environment as much as possible, and reduce the possibility of its damage to a minimum, when designing and constructing the gas system we ensure that transmission pipes are buried into the ground
- during construction of the gas pipeline we keep a daily journal on environmental compliance and, if necessary, we deliver the data to the competent institutions
- we regularly carry out safety measures to prevent any danger to the safety of workers and the environment. In job risk assessment, if potential hazards are found, measures required for their removal are applied and the assessment is revised every two years; all our employees are trained to work safely and are informed about fire protection procedures, while some are even trained in providing first aid
- we organize fire drills and exercises in accordance with the operational plan of intervention in environmental protection
- we conduct internal inspections of protection measures implementation on a regular basis in order to keep the system safe and reliable
- by respecting legal obligations and deadlines, we regularly review, test and service the equipment and installations.

QUALITY MANAGEMENT SYSTEM

By realizing the importance of continuous improvement of business processes and the quality of its services, Plinacro decided to introduce the quality management system according to ISO 9001:2000 right at its very establishment.

The ISO Standard was accepted as a good foundation for raising the efficiency of business, as well as for continuous improvement of the quality system in order to increase the efficiency of business processes and the satisfaction of an increasing number of users of natural gas transmission.

The system was certified for the first time in 2003 and is continuously being improved and enhanced in line with the ongoing dedication to high quality business, as evidenced by the successful completion of the system recertification.



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PHOTOS

Srdan Vuković, Plinacro's archive, Studio Hrg,

Plavi Studio, HAND design studio, Ferdo Buva

PRODUCTION, DESIGN AND EDITING

Norma International

PRINT

Printera Grupa