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**REPORT ON REALIZATION
OF THE BUSINESS PLAN
PUBLIC COMPANY MOTORWAYS OF THE FEDERATION OF
BOSNIA AND HERZEGOVINA LTD. MOSTAR
FROM 01 January TO 31 December 2018**

Mostar, March 2019

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1. INTRODUCTION

Public Company Motorways of the Federation of Bosnia and Herzegovina Ltd. Mostar (hereinafter: PC Motorways) was registered in accordance with the Law on Roads of Federation of Bosnia and Herzegovina on 01 January 2011. Responsibilities and scope of business of the company are defined in accordance with the Law on Roads of Federation of Bosnia and Herzegovina, Law on Motorways at the Corridor Vc, Law on Companies, Law on Public Companies in the Federation of Bosnia and Herzegovina, and other laws and bylaws.

PC Motorways is the holder and implementer of implementation of very complex and important project of construction of the part of international motorway Corridor Vc which connects Eastern and Central Europe with the Mediterranean coast. Length of Corridor Vc through Bosnia and Herzegovina is approx. 335 km, of which approx. 285 km passes through the FBiH, which is within the competence of PC Motorways FBiH. In addition to the construction of the Corridor Vc, it is also planned the construction of the motorway between Žepče – Tuzla – Brčko – Orašje, where it will connect with the Corridor Vc and network of express roads, which will provide connection of the FBiH with regional and further international traffic flows.

The business plan is adopted by the Assembly of the PC Motorways, on 30 April with the approval of the Government of the Federation of Bosnia and Herzegovina (Decision number: 491/2018 of 29 March 2018). Revised business plan was adopted by the Board of Directors and the Supervisory Board of the PC Motorways.

1.1. The main objectives of business

The main task of PC Motorways is construction of the Corridor Vc, with the objective of improving the connection of BiH with neighbouring countries and providing potential for economic development, and on this basis we expect better integration of Bosnia and Herzegovina with the European economic and social structures.

Corridor Vc in BiH includes four main sections (called lots), as follows:

- Lot 1: Svilaj at the Sava River – Doboj jug;
- Lot 2: Doboj jug – Sarajevo jug;
- Lot 3: Sarajevo jug – Mostar sjever;
- Lot 4: Mostar sjever – Bijača at the southern border with Croatia.



Image 1. Review of route of Corridor Vc and express roads in the Federation of BiH

Part of Corridor Vc passing through the Federation of BiH is 285 km long. In addition to this, there were plans to build motorway Žepče – Tuzla – Brčko – Orašje as well as several express roads that would be basis for connecting Federation of BiH with regional and further international traffic flow through modern roads:

No.	Relation	Type of road
1.	Sarajevo –Zenica – RS – Odžak – Svilaj (Corridor Vc-north)	Motorway
2.	Sarajevo – Mostar – connection with JJAC Split – Ploče (Koridor Vc-south)	Motorway
3.	Počitelj – Stolac – Neum – Trebinje(RS)/Dubrovnik(RC)-border with Montenegro (Adriatic-Ionian motorway)	Motorway
4.	Tuzla – Brčko (intersection on Corridor DDS) – Orašje – border with the Republic of Croatia (connection with Corridor X)	Motorway
5.	Žepče – Tuzla	Motorway
6.	Lašva-Travnik-Jajce-Bihać-Velika Kladuša	Express road
7.	Sarajevo –Goražde – border with RS	Express road
8.	Mostar – Široki Brijeg – Grude- border with RC	Express road
9.	Nević Polje– Bugojno – Kupres – Livno – border with RC	Express road

1.2. Vision

To create highest-ranking road infrastructure equivalent to the most modern roads in the world.

1.3. Mission

We build, manage and maintain highest-ranking road infrastructure acting socially responsible with a special focus on harmonization with environment and traffic safety.

1.4. Strategy

In accordance with the Law on Roads of the Federation of Bosnia and Herzegovina, Strategy of development of motorways, express roads and main roads is adopted by the Parliament of FBiH for the period of ten years, at the proposal of the Government of FBiH, in accordance with the Strategy of traffic development of BiH. Council of Ministers adopted, on the meeting held on 14 July 2016, Framework transport strategy of BiH, for the period 2016-2030. In accordance with the above mentioned Strategy, the Government of the FBiH, with the approval of the Parliament, adopted Medium-term program of maintenance and protection, as well as the program of reconstruction, construction and renovation of public roads.

In the light of all the foregoing considerations, PC Motorways directed its business strategy towards achieving the main goals of the business – construction of motorways and express roads, as well as effective management and maintenance of constructed motorway sections – through effective coordination and organization of business, quality information system, and securing founding sources while ensuring profitability and self-sustainability.

Since the expansion of construction of in the area of Corridor Vc is planned, a significant impact on the gross domestic product (GDP) in the Federation of Bosnia and Herzegovina can be expected through increase of employment, expansion of construction industry and production and sale of construction material necessary for the construction.

1.5. Financing public company

In accordance with the Law on Roads of FBiH, funds for maintenance, protection, rehabilitation, reconstruction and construction are provided from:

- Public revenues;
- Credits;
- Donations (grants).

Public revenues are directed in favour of PC Motorways and they are recorded as revenues of the company as follows:

- Revenues from excise taxes on fuel;
- Revenues from the use of the motorway (toll);
- Income from the road land.

At the beginning of 2018, it was adopted **The Law on Amendments to the Law on Excises** by which the excises tax revenue on fuel was increased to BAM 0.20 / liter of fuel, thus creating the conditions for the continuation of activities in order to secure credit for the construction of the motorway.

In order to continue the construction of the motorway on Corridor Vc, Management of the PC Motorway has continued with the activities of securing credit funds with international financial institutions.

Status of credit line security activities:

a) **Activities were finished and effectiveness of credit** assets by EBRD was achieved as follows:

- Loan provided by EBRD in the amount of 80 million Euros for funding construction section Vraca (tunnel Zenica) – Donja Gračanica (tunnel Pečuj) and subsection Buna – Počitelj.
- Loan EBRD 76 milliona Eura kod EBRD provided by EBRD for funding construction of section Svilaj – stage 2 and subsection Klopče – Donja Gračanica (entrance in tunnel Pečuj).

b) **Loan agreements were signed** and the procedure of obtaining bank debt with following institutions was continued:

- Loan OFID (Opec Fund for International Development) in the amount of approximately 49 million Euros for construction of subsection Vranduk – Ponirak (tunnel Zenica): Loan agreement was signed on 30 August 2018 and it was referred to the ratification procedure.

- Loan EIB in the amount of 50 million Euros for construction of subsection Ponirak – Vraca (tunnel Zenica). Financing agreement was ratified on 20 September 2018, and in November 2018 a subsidiary agreement and a subcontract on financing were also signed.

- Loan KFAED in the amount of 36 million EUR for subsection Nemila - Vranduk: Negotiations with KFAED regarding the terms of the loan have been completed, Decisions on acceptance of the loan have been adopted by the Parliament of FBiH and Decision on acceptance of the financing contract by the Presidency of BiH. The following step is the signing of the Agreement on financing between the creditor and Bosnia and Herzegovina. Loan agreement was signed on 19 February 2019 in Sarajevo.

- EIB in the amount of 100 million Euros for construction of subsection of tunnel Kvanj – Buna: Financing agreement was ratified on 02 October 2018, and in November 2018 a subsidiary agreement and a subcontract on financing were also signed.

- EBRD in the amount of 180 million Euros for subsections Tarčin - Ivan: LOT 2 Tunnel Ivan (50 million Euros), section Poprikuše - Nemila (70 million Euros) and subsection Mostar Jug – tunnel Kvanj (60 million Euros). Loan agreement was signed on 12 September 2018 and it was referred to the ratification procedure.

c) Initiative for securing credit line has been initiated with:

- EIB in the amount of 140 million Euros for financing of construction of sections Tarčin – Ivan (50 million Euros) and Poprikuše – Nemila (90 million Euros):

The above mentioned Initiative was adopted in the reporting period by the Management Boars of PC Motorways and Supervisory Board of PC Motorways, and the same was addressed to the FBiH Ministry of Transport and Communications and FBiH Ministry of Finances in order to prepare information for the meetion of the Government of FBiH and teferring them for further procedure.

According to the Memorandum of understanding between entity ministries of traffic and communications and EBRD signed on 26 February 2018, there were funds planned for financing construction of motorway on sections: Putnikovo brdo – Karuše in the amount of 35 million Euros and Tunnel Ivan – Mostar jug in the amount of 240 million Euros.

Also, initiatives have been launched towards the FBiH Government to adopt the Decision on launching the procedure for implementation of the project of construction of motorway section:

- Tunnel Prenj on the section of motorway Konjic (Ovčari) – Mostar Sjever (Salakovac) with estimated value of 240 million Euros;
- Mostar Sjever - Mostar Jug with estimated value of 240 million Euros

Works contracts shall be concluded in accordance with the principles of Yellow FIDIC Contract. The initiatives were unanimously adopted by the Management of the PC Motorways and forwarded to the FBiH Government through the FBiH Ministry of Transport and Communications.

There is a procedure of achievement of effectiveness of approved **WBIF grant funds** for co-financing of construction of section Svilaj – Odžak in the amount of 20.07 million Euros.

In addition to the abovementioned grant, WBIF applications of BiH are adopted for financing investment project which refer to the following:

- Subsection Ponirak – Vraca (tunnel Zenica) in the amount of 19 million Euros;
- Subsection Vraca – Donja Gračanica (Pečuj) in the amount of 12,06 million Euros
- Subsection Tarčin – entrance into tunnel Ivan in the amount of 11.78 million Euros;
- Subsection tunnel Ivan in the amount of 11.48 million Euros;
- Subsection Buna – Počitelj in the amount of 8.8 million Euros.

In the coming period, procedures will be implemented in order to achieve the effectiveness of the grant funds.

In addition to abovementioned WBIF applications, applications for Technical assistance were adopted, referring to sections: Ivan – Ovčari (2.51 million Euros), Ovčari – entrance into tunnel Prenj (3.05 million Euros), Salakovac (exit from the tunnel Prenj) – Mostar Sjever in the amount of 3.9 million Euros and Počitelj – Zvirovići (5 million Euros).

In addition to providing financial resources from international credit assets and their own assets, PE Autoceste plans realization of infrastructure projects using other financial resources too. **Conclusions of Government of FBiH number: 1239/17 dated 21 September, 2017** - upon the proposal of Federal Ministry of Transport and Communication, the Information on initiative for financing infrastructure projects from accumulated profit of public enterprises and Soviet-era debt of Russian Federation was supported.

The abovementioned Conclusion proposes, among other things, financing of infrastructure projects within the competence of PE Autoceste including:

- **Express road Lašva – Nević Polje** – planned allocation of BAM 100.000.000 from Soviet-era debt of Russian Federation;
- **Express road Sarajevo – Goražde** – planned allocation of BAM 70.000.000 from accumulated profit of public enterprises;
- **Express road Mostar – Široki Brijeg – border with RC** – planned allocation of BAM 13.000.000 from accumulated profit of public enterprises;
- **Motorway Tuzla – Žepče** – planned allocation of BAM 65.000.000 from accumulated profit of public enterprises.

On 27 July 2018, the Government of FBiH made a decision on adoption of program expenditure of part of assets "Capital transfers to public enterprises - transfer for construction of motorways and express roads" determined by the Budget of FBiH (adopted by the Parliament of FBiH) which determines financing construction of express road Lašva – Nević Polje in the amount of BAM 100 million. Decision on amendment of aforementioned decision on one part of the section of the express road implementer was changed and the amount to be allocated to PE Autoceste was decreased to BAM 66 million.

On 12 December 2018, the Government of FBiH Made a decision on adoption of program of expenditure of part of assets "Capital transfers to public enterprises - transfer for construction of motorways and express roads" in the amount of BAM 153.000.000. According to the abovementioned decision, the planned allocations per projects are smaller in comparison to the above mentioned in the Conclusion of the Government.

Above mentioned assets were not effective in the year 2018.

In addition to abovementioned sources of financing, in 2018 activities related to two **issuances of notes** were started and ended. In late 2018 issuance of notes was successfully implemented.

With first issuance of notes with the maturity of 2 years there were BAM 48.998.800 collected. The purpose of means collected in the first issuance of notes is predefining construction of sections of motorway on the Corridor Vc until the final effectiveness of credit assets is achieved.

The second issuance of notes with the maturity deadline of five years, by which collecting of BAM 30 million was planned, failed.

Graphic display of sections of the Corridor Vc

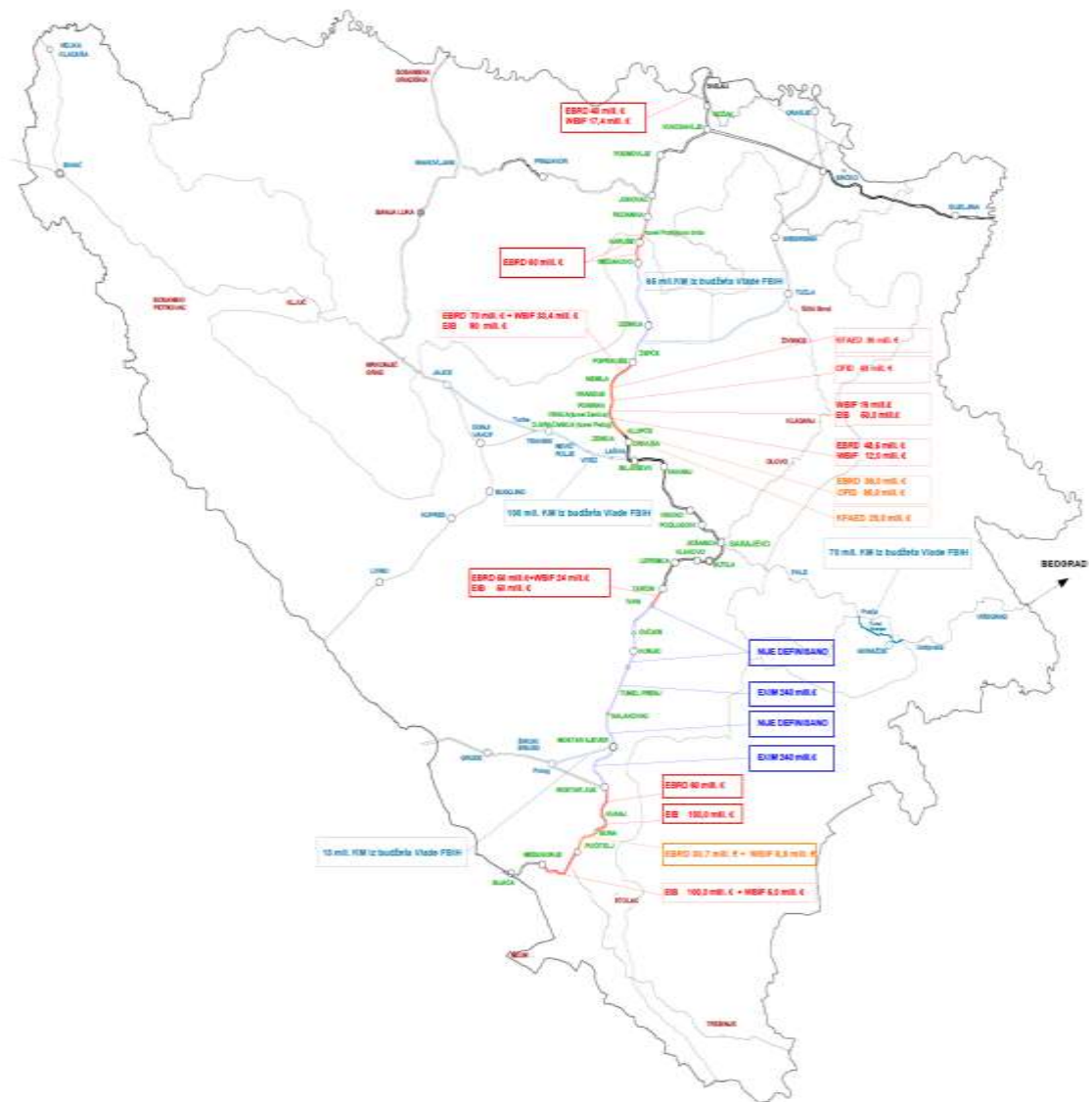


Table representing plan of construction of motorway and express road in 2018

Table 1

No.	Section	km	Estimated (construction +supervision) value in BAM (VAT free)	Contracted (construction +supervision) value in BAM (VAT free)	Source of funding	Percentage (%) of project realization	Note / current status
1	2	3	4	5	6	7	8
Sections under construction							
1.	Svilaj - Odžak, Stage II	10.4		74.521.049 construction; 1.983.701 supervision	EBRD 76 mil Euros (financing of this section 14,5 mil Euros) and grant funds 19,6 mil Euros	Designing: 100%	Main project is completed. Works referring to the Stage II are mostly finished. Small final works are left to be finished and works on medium voltage power supply and water supply of lay-by and toll station, as well as final account. Planning permission, environmental permit and building permit were obtained for this section.
						Expropriation: 100%	
						Construction: 97 %	
2.	Drivuša - Klopče	2.3	It is estimated that the contractual amount will increase	58.507.735 construction; 5.966.771 supervision	KFAED 10.5 mil KD	Designing: 100%	Main project is completed. Construction of this subsection is almost completed. Deadline for construction is already extended. Construction works are almost over and the end is expected in the beginning of 2019. Planning permission, environmental permit and building permit were obtained for this section.
						Expropriation: 100%	
						construction: 98 %	
3.	Klopče - D.Gračanica	5.8	It is estimated that the contractual amount will increase	180.336.366 construction; 9.149.177 supervision	OFID 24 mil Euros OFID 48 mil USD EBRD 76 mil Euros (financing of this section 61,5 mil Euros)	Designing: 100%	Main project is completed. Construction of this subsection is in progress. Because of exceptionally bad geological conditions on the route, it was necessary to amend project documentation. Deadline is expected to be extended until the end of 2019. Planning permission, environmental permit and building permit were obtained for this section.
						Expropriation: 100%	
						construction: 65 %	
4.	Vraca (tunnel Zenica) - Donja Gračanica (tunnel Pečuj)	3.9		112.602.431 construction; 4.742.614 supervision	EBRD 80 mil Euros (out of which 56,7 mil Euros refer to this section)	Designing: 100%	Conceptual design - Yellow FIDIC. Construction contract and services contract referring to monitoring of construction are signed. Planning permission and environmental permit were obtained for this section. Renewal of environmental permit is in the process.
						Expropriation 99.78%	
						construction: 0 %	

5.	Buna - Počitelj	7.2		42.948.662 construction; 2.564.289 supervision	EBRD 80 mil Euros (out of which 23,3 mil Euros refer to this section)	Designing: 100%	Main project is completed. Construction contract and services contract referring to monitoring of construction are signed. Official commencement of works is on 03 August 2018. Planning permission, environmental permit and building permit were obtained.
						Expropriation: 100%	
						Construction: 6%	
6.	BC Prača - Goražde (Stage I)	13.7 (5.8)		69.999.900 construction; 2.977.977 supervision	Conclusion of the Government of FBiH - funds from profit of public enterprises (BAM 70.000.000); Supervision: BAM 3 mil - own assets of PC Motorways and Decision of the FBiH Government on adoption of cost program	Designing: 100%	Preliminary design - Tunnel 5.8 km long will be constructed according to the model D&B - Yellow FIDIC. Construction contract is signed and because of claims during the selection process of monitoring services consultant, the contract was signed on 19 February 2019. Environmental permit was obtained for this section and obtaining planning permission is in the process.
						Expropriation: 0%	
						Construction: 0%	
Sections - preparatory activities for beginning of construction							
7.	Nemila - Vranduk	5.7	70.409.880		KFAED 36 mil Euros	Designing: 75%	Main design is not completed because of harmonization with requests of local community. There is a tender process for providing monitoring services in progress and tender process for choosing contractor is expected after harmonization with local community requests. Planning permission and environmental permit were obtained for this section. Environmental permit is in the process of renewal.
						Expropriation: 21%	
						Construction: 0%	
8.	Vranduk - Ponirak	5.3	138.238.012		OFID 49 mil Euros	Designing: 100%	Main design is completed. There is a tender process for choosing contractor and providing monitoring services in progress. Planning permission, environmental permit and building permit were obtained for this section. Environmental permit is in the process of renewal.
						Expropriation:89,32%	
						Construction: 0%	
9.	Ponirak - Vraca (tunnel Zenica)	2.7	161.670.864		EIB 50 mil Euros	Designing: 100%	Main design is completed. There is a tender process for choosing contractor, monitoring service and technical assistance provider in progress. Planning permission, environmental permit and building permit were obtained. Environmental permit is in the process of renewal.
						Expropriation: 93.37%	
						Construction: 0%	
10.	Tarčin - Ivan	6.9	195.583.000			Designing: 99%	

					EIB 50 mil Euros (for Lot 1.) EBRD 50 mil Euros (for Lot 2.)	Expropriation: 99%	Main design is implemented and projecting of access road is implemented. The section is divided into two lots: Lot 1. Tarčin – entrance into tunnel Ivan and Lot 2. tunnel Ivan. There is a tender process for choosing contractor, monitoring service and technical assistance provider in progress for Lot 2. - tunnel Ivan, while the start of tender procedure for Lot 1. Tarčin – entrance into tunnel Ivan is planned for 2019. Environmental permit was obtained for this section and planning permission and preparation for obtaining building permit are in progress.
						Construction: 0%	
11.	Kvanj - Buna (tunnel Kvanj)	5.2	201.366.923		EIB 100 mil Euros	Designing: 100%	Preliminary design is completed. Tender documentation necessary for the prequalification stage. The contract will be drafted according to the "design & build" (yellow FIDIC) model). Tender documentation was prepared for the procurement of technical assistance services for PIU and EIB's consent to announce is waited for. Obtaining prior consents and environmental permit is in progress (application was submitted).
						Expropriation: 10,11%	
						Construction: 0%	
12.	Počitelj - Zvirovići	11.1	212.945.150		EIB 100 mil Euros	Designing: 100%	Tender process for choosing contractor and supervision of construction is in its final stage and it is expected that the contract will be signed in the following period. Planning permission, environmental permit and building permit were obtained. Environmental permit is in the process of renewal.
						Expropriation: 100%	
						Construction: 0%	
13.	Express Road Lašva - Nević Polje (lot 1. Vitez - Nević Polje)	5	55.000.000		Decision of government of FBiH on adoption of program of expense of part of assets "Capital transfers to public enterprises"	Designing: 98%	Main design is completed. Activities related to making a basis for town and country planning are in progress as precondition for obtaining planning permission after which an accelerated implementation of tender process for choosing contractor and supervision will take place. Application for planning permission was submitted long time ago but the adoption of spatial planning documentation of Central Bosnia Canton is awaited. In the meantime the project was changed and divided into sections. Audit of the project is in process. Section which passes through the business zone will be submitted to the Public Company Roads of Sarajevo
						Expropriation: 2.78%	
						Construction: 0%	

14.	MW Tuzla - Žepče	55,4 (5.5)	39.000.000		Decision of government of FBiH on adoption of program of expense of part of assets "Capital transfers to public enterprises"	Designing: 100%	Preliminary design is completed. It is necessary to carry out additional geomechanic research at the section Mihatovići-Lukavac L=5.5 km. Since the planned assets are insignificant in comparison to the estimated value of the entire section, the first stage (semi-profile) of subsection Mihatovići – interchange Lukavac will be done. The contract will be drafted according to the "design & build" (yellow FIDIC) model. Environmental permit was obtained.
						Expropriation: 0%	
						Construction: 0%	
15.	Sarajevo bypass (Lot 3B)	1.5	21.500.000		Own assets of PC Motorways	Designing: 100 %	Main design is completed. There is a tender process for choosing contractor and monitoring of construction of this section of the motorway. Planning permission, environmental permit and building permit were obtained for this section
						Expropriation: 98%	
						Construction: 0%	
16.	Express Road Mostar - Široki brijeg	63	13.000.000		Decision of government of FBiH on adoption of program of expense of part of assets "Capital transfers to public enterprises"	Designing: 80%	Development of the general project (preliminary design) of the route, as well as multi-criteria analysis (Integra), Traffic Studies and Previous Feasibility Studies (IG Banja Luka), Prior environmental impact assessment (Ecoplan) of express road according to the conditions and restrictions of the local community is in the process. Also, a letter from the Ministry of Communications and Transport was sent for coordination of the border crossing point with the Republic of Croatia.
						Expropriation: 0%	
						Construction: 0%	

Excise tax increase activities were completed in the reporting period, the Law on Amendments to the Law on Excise Duties of BiH was adopted, which increased the amount of excise to BAM 0,20 /liter of fuel, thereby eliminating obstacles to the continuation of negotiations, and activities to sign a loan agreement for further finance of the construction of motorway section.

Also, securities issuance activities have been initiated as one of the additional forms of financing, i.e. pre-financing of the construction until achievement of the effectiveness of credit lines. Two notes issues were conducted, of which the first issuance of notes succeeded, while the second issuance failed.

The following contracts were signed in the reporting period:

- Contract on construction of section Buna – Počitelj, in the amount of 21.9 million Euros, VAT free, and the Contract on consultancy services for supervision of construction of the said section in the amount of 1.3 million Euros VAT free.
- Contract on construction of section Prača – Goražde, stage 1, in the amount of 69.9 mil Euros, VAT free, and the Contract on consultancy services for supervision was concluded in February 2019, due to complaints during the implementation of the tender procedure;
- Contract on construction of section Vraca – Donja Gračanica in the amount of 57.6 mil Euros, VAT free, and the Contract on consultancy services for supervision in the amount of 2.4 mil Euros, VAT free.

Procurement activities are initiated/continued and they refer to:

- Activities have been initiated for procurement of consulting services for the construction of the subsection Nemila – Vranduk, and the first stage of procurement was completed and the Call for submission of the bid is in the process. Preparation of pre-qualification documentation for procurement of works for the construction of sub-section Nemila – Vranduk is in process;
- Activities for the procurement of works for construction of the subsection Vranduk – Ponirak are continued (1st stage of procurement is completed and 2nd stage of procurement is initiated - an evaluation of received bids is ongoing), and the second phase of the procurement, in connection with the procurement of consulting services of supervision of construction, is ongoing – evaluation of financial bids;
- Activities for the procurement of works for construction of the subsection Ponirak – Vraca, are continued, as well as consulting services of technical assistance to the Project Implementation Unit;
- Activities have been initiated for procurement of consulting services for the construction of the subsection Tarčin – Ivan, Lot 2. Tunnel Ivan, consulting services of supervision of construction, as well as consulting services of technical assistance to the Project Implementation Unit.
- Activities for the procurement of works for construction of the subsection Počitelj - Zvirovići are continued, consulting services of supervision of construction, as well as consulting services of technical assistance to the Project Implementation Unit;
- Activities have been initiated for procurement of works for the construction of subsection Sarajevo bypass – lot 3b. and consulting services for the supervision of construction.

A) SECTIONS OF MOTORWAY AND EXPRESS ROAD IN CONSTRUCTION DURING 2018

2.1. Section Svilaj – Odžak, Stage II

Length of the section: 10.40 km; Expropriation: 100%

Construction contract referring to construction of section Svilaj - Odžak was signed on 12 September, 2013 with contractor: Joint Venture Strabag AG, Euro-Asfalt d.o.o. Sarajevo and GP ŽGP d.d. Sarajevo whose contract value is EUR 38.102.007,40 VAT free. There was a contract referring to monitoring signed on 2 September, 2013 with Aecom Inocsa S.L.U. Spain and whose contract value is EUR 1.014.250,00 VAT free. For the reasons of optimisation of construction works and investing costs, construction works were divided into two stages. **Stage I** included construction of motorway subgrade to the level of pavement structure as well as facilities on the route and it was completed in 2015.

Constructions in the **Stage II** included final construction work referring to surfacing road and erection of horizontal and vertical traffic signs and they were completed in November 2017. Assets for financing of Stage II were provided by EBRD-a (credit line of 76 million Euros, of which for this section 14.5 mil Euros), as well as assets of WBIF grant in the amount of 19.6 million Euros.

Because of problems related to obtaining Building approval referring to ground floor section of border checkpoint Svilaj, construction works related to border crossing and smaller part of unfinished works in Stage II, are transferred to the Contract in 2019, according to Addendum 3. godinu. The works are carried out to the extent of about 97%.

2.2. Section Drivuša – Klopče

Length of the section: 2.3 km; Expropriation: 100%

On 25 September 2014, Contract on construction works in the amount of EUR 28.656.281,50 (VAT free) was signed with a company called Hering d.d. Široki Brijeg. Contract referring to consulting services for monitoring of construction was concluded on 23 September 2014 in the amount of EUR 2.840.954.20 (VAT free) with company Divel d.o.o. Sarajevo. Contracted value of works was increased for 29.914.530 mil Euros, by Addendums for the above mentioned contracts, which were signed at the beginning of 2019, and monitoring for 3.050.762 mil Euros. Financing of construction is performed by loan assets of KFAED in the amount of KWD 10.5 million (approximately 28 million Euros).

This subsection and the rest of „Zenica bypass“ is characterized by exceptionally complex geotechnical conditions on the route which caused certain delays as well as the need to adjust certain technical solutions especially when it comes to securing slopes at cuts and notches. The end of construction on this subsection is expected in the beginning of 2019. Approximately 98% of construction works is finished and they are in their final stage.

2.3. Section Klopče - Donja Gračanica (Tunnel Pečuj)

Length of the section: 5.8 km; Expropriation: 100%

Construction contract in the amount of EUR 92.204.519,61 VAT free was signed with consortium Euro-Asfalt d.o.o. & Strabag AG and contract referring to supervision services in the amount of EUR 4.677.900,00 VAT free was signed with consortium Ipsa – Egis. The originally contracted values are expected to increase due to extremely complex engineering and geological conditions on the site, which require modification of project documentation and implementation of much more complex and expensive project solutions.

Assets for financing constructions and supervision services through loan facilities at OFID (OPEC Fund for International Development) in the amount of approximately 60 million Euros through two lending models (USD 48 million and EUR 24 million). Also, funding will be provided from EBRD's loan (credit line of 76 million Euros, of which 64.5 mil Euros refer to financing of this section), whose efficiency was achieved in the beginning of 2018.

Construction works on the route were done slowly because it was necessary to previously amend design documentation and this process is almost over. According to the present estimation, the construction works will last throughout the entire 2019. Until now approximately 65% of works in comparison to the extended scope of works in new projects which had to be amended due to the exceptionally bad engineering and geological conditions on the site.

2.4. Section Vraca (tunnel Zenica) – Donja Gračanica (tunnel Pečuj)

3. Length of the section: 3.9 km; Expropriation: 99.78%

Construction contract referring to the construction of section Vraca – Donja Gračanica in the amount of 57.572.708.76 Euros VAT free was concluded on 8 November 2018 with contractor: Cengiz Insaat Sanayi ve Ticaret A.S. Contract referring to supervision services was concluded on 31 July 2018 with consortium Technical S.p.A (leader) and TZI Inžinjeri d.o.o. and its contract value was 2.424.860 Euros VAT free. Construction works will be done according to the contract "design and build" (yellow FIDIC). Within construction contract referring to construction of this subsection there will be activities referring to preparing design documents, obtaining building approval and preparation for construction of route and objects that will be on it. Construction works on this section was officially planned to occur on 27 November 2018.

The construction of abovementioned subsection will be funded from loan provided by EBRD (credit line of 80 million Euros, of which 56.7 mil Euros refer to financing of this subsection), and from grants in the amount of 12 million Euros. The abovementioned mentioned credit line was used for funding construction of section Buna – Počitelj too.

2.5. Section Buna –Počitelj

Length of the section: 7.2 km; Expropriation: 100%

Construction contract in the amount of 21.959.302 Euros VAT free was concluded on 18 May 2018 with Hering d.d. When it comes to supervision services referring to construction works, there was a contract concluded with consortium Aecom Inocsa SLU and Aecom d.o.o. The contract value is 1.311.100 Euros VAT free.

The construction of abovementioned subsection will be funded from loan provided by EBRD (credit line of 80 million Euros, of which 23.3 mil Euros refer to financing of this subsection), and from grants in the amount of 8.8 million Euros. The abovementioned credit line was used for funding construction of section Vraca (tunnel Zenica) – Donja Gračanica (tunnel Pečuj) too.

Construction works on this section were officially scheduled for 3 August 2018, due to delay in obtaining the building permit.

2.6. Express road Prača – Goražde (Stage I)

Length of the section: 5.8 km; Expropriation: 0%

The total length of section of express road Prača - Goražde is 13.7 km. Stage I of this express road represents construction of semi-profile of express road covering all its length. Stage II included completing this road to a full profile of express road and it is not expected to be completed in the near future. Preliminary design documentation referring to this section of express road is obtained. Obtaining planning permission is in progress.

Construction contract in the amount of BAM 69.999.900 (VAT free) was signed on 22 September 2018 with Euro Asfalt d.o.o. Because of claims during the selection process of supervision services consultant, the contract was signed on 19 February 2019 with IPSA Institut d.o.o. Sarajevo, with contractual value of BAM 2.977.997, VAT free. Construction works will be done according to the contract "design and build" (yellow FIDIC).

In accordance with the conclusion of Government of FBiH number 1239/17 dated 21 September 2017, this project will be funded by assets of accumulated profit of public enterprises in the amount of BAM 70 million. Funds in the amount of BAM 65 million were approved by the Decision of FBiH Government on adoption of program of expense of part of assets "Capital transfers to public enterprises – transfer for construction of motorways and express roads" (determined in accordance with the Budget of FBiH for 2018), number: 1460/2018 of 12 December 2018.

B) OVERVIEW OF PREPARATION ACTIVITIES FOR OTHER SECTIONS OF MOTORWAYS AND EXPRESS ROADS

2.7. Subsection Nemila – Vranduk

Length of the section: 5.7 km; Expropriation: 21%

Preliminary design was completed in 2006 and optimization of route in 2013. The main project is not completed because of harmonization with requests of local community.

Negotiations with KFAED in the amount of approximately 36 million Euros for financing the construction of abovementioned subsection were completed. Negotiations with KFAED referred to credit conditions were completed, the Presidency made a decision on accepting the financing agreement and decision on accepting debts by the Parliament of FBiH. Credit agreement between creditor and BiH was signed on 19 February 2019.

In the previous period, the procedure of procurement of consulting services referring to monitoring was initiated, which was estimated to 1.4 mil Euros. The first stage of procurement was conducted (the call for expression of interest), and request for the bid is in the process of preparation. Preparation of pre-qualification documents is ongoing for the procurement of construction works, which value was estimated to 34.6 mil Euros.

2.8. Subsection Vranduk – Ponirak

Length of the section: 5.3 km; Expropriation: 89.32 %

Preliminary design was completed in 2006 and optimisation of route in 2013. In 2018 the main design was completed, planning permit was obtained and the request for obtaining building permit was submitted.

Assets in the amount of approximately 49 million Euros will be provided by OFID (OPEC Fund for International Development) for financing of the abovementioned subsection. The loan agreement was signed on 30 August 2018 and the ratification process took place.

In the previous period tender process for choosing contractor and monitoring services referring to construction works was initiated. The second stage of purchase, related to purchase of works, is ongoing – evaluation of received offers, and evaluation of technical bids was completed for consulting services of monitoring, which the Fund approved, and evaluation of financial offers is ongoing.

2.9. Subsection Ponirak – Vraca (tunnel Zenica)

Length of the section: 2.7 km; Expropriation: 93.37%

Preliminary design was completed in 2006 and optimisation of route in 2013. In 2018 the main design was completed, planning permit was obtained, environmental permit was obtained and building permit was obtained.

Assets in the amount of approximately 50 million Euros will be provided by EIB for financing of the abovementioned subsection. Financing agreement was ratified on 20 September 2018 and in November 2018, subsidiary agreement and financing subagreement was signed. Also, application for grants provided by WBIF in the amount of 19 million Euros was adopted.

In the previous period the pre-qualification process for the procurement of works for construction of subsection Ponirak – Vraca was carried out, tender documentation was prepared and the same was referred to the Bank for approval. When it comes to the purchase of construction monitoring services, a call for expression of public interest was implemented, and the Call for submission of bids was submitted to the Bank for approval. Regarding the purchase procedure of consultancy services of technical assistance for the Project Implementation Unit, an evaluation of the technical offers was carried out and the report was submitted to the Bank for approval.

2.10. Section Tarčin – Ivan

Length of the section: 6.9 km; Expropriation: 99%

The main design referring to section Tarčin – Konjic was completed in 2015. Obtaining planning permit and decision on declaring the public interest was adopted. Environmental permit was obtained. After the expropriation procedure is completed, requests for obtaining building permit will be submitted.

Subsection Tarčin – Ivan approximately 6.9 km long represents the beginning of the section itself i.e. connection to the part of the Corridor VC in Tarčin that was already built. There were two bridges planned to be built on this section, one tunnel (tunnel Ivan L= 1.7 km) as well as access road to main road M17. The section was divided to two lots: Lot 1 Tarčin – entrance to the tunnel Ivan and Lot 2 tunnel Ivan.

In order to finance construction of the first part of the abovementioned subsection, bank debt in the amount of 50 million Euros was directed to EIB (for Lot 1) and one in the amount of 50 million Euros was directed to EBRD (for Lot 2). Loan agreement was concluded with EBRD on 12 September 2018 and it was directed to ratification process. Grant in the amount of 23.3 million Euros was approved. In March 2018, EIB informed PC Motorways on the willingness to participate in the financing of the construction project of subsection Tarčin – Ivan.

The pre-qualification procedure has been completed and the tender procedure is in preparation for purchase of works for construction of subsection Tunel Ivan – Lot 2., while the first stage was completed for the procurement of consultancy services for the monitoring of the construction of the said subsection and the Call for submission of the bid was announced. Purchase of consultancy services of technical assistance for the Project Implementation Unit of subsection Tarčin – Ivan, Lot 2 – tunnel Ivan is ongoing. The procedure regarding the Call for Expression of public interest was conducted and preparation of the Call for submission of the bids is ongoing.

2.11. Section Kvanj – Buna (tunnel Kvanj)

Length of the section: 5.2 km; Expropriation: 10.11 %

Preparation of preliminary project is completed. Preparation of documents for obtaining environmental permit and planning permit is in progress. The manner of construction is planned according to the contract "Design and build" (yellow FIDIC) model.

Assets for financing constructions and supervision services were procured through credit line at EIB in the amount of 100 million Euros. Loan agreement was ratified on 2 October 2018, and subsidiary agreements and sub-agreements on financing were signed in November 2018. In addition to that, grant in the amount of 20.7 mil Euros was applied for.

Tender process for doing construction works and supervision services and services related to providing technical assistance to Project Implementation Unit is expected in the following period.

2.12. Section Počitelj – Zvirovići (Međugorje)

Length of the section: 11.1 km; Expropriation: 100%

In the previous period tender process of procurement of works related to the construction of motorway on the section Počitelj – Zvirovići, supervisory services referring to doing works and consulting services from technical assistance for Project Implementation Unit PC Motorways (PIU) was initiated. Contract referring to providing technical assistance signed in June 2018. Procedure referring to procurement of works is divided into two lots including Lot 1: Počitelj – beginning of the bridge Počitelj – end of the bridge Počitelj – interchange Zvirovići and Lot 2: bridge Počitelj. The Bank gave its approval for technical evaluation report for Lot 2, while Lot 1 is waiting for the approval of the Bank. Completion of the tender procedure and signing of the contract for construction is expected in the following period. The first stage of procedure is completed for the procurement of consultancy services of supervision of the works, and the Bank gave its approval for the Call for submission of the bid which was announced at the end of 2018.

Assets used for funding the supervisory services are provided through bank loan in the amount of 100 million Euros provided by EIB. Loan assets are effective.

2.13. Express road Lašva – Nević Polje (lot 1. Vitez – Nević polje)

Length of the section: 5 km; Expropriation: 2.78%

Main design of referring to the express road Lašva – Nević Polje was built and revised in May 2013. Express road is 24.5 km long and estimated value of the project is approximately 217 million Euros and design documentation referring to it is already made (Main design) and divided into three subsections.

There is a plan to implement tender process in 2019 referring to choosing the contractor and supervision of construction works referring to Lot 1 of the section: Vitez – Nević Polje which is approximately 5 km long. It was necessary to adjust design documentation for the purpose of integrating this subsection into existing transport network before the rest of the express road is built. Additional harmonisation of the design with municipal bodies and authorities of Central Bosnia Canton is ongoing.

On 27 July 2018, the government of FBiH made a Decision on Adopting the Program of Expenditure of Part of Assets "Capital transfers to public enterprises – transfer for construction of motorways and express roads" determined by the Budget of FBiH (adopted by the Parliament of FBiH) which determined financing the construction of express road Lašva – Nević Polje in the amount of BAM 100 million. Decision on amendment of the abovementioned decision made on 20 December, 2018 defined that BAM 66 million will be allocated for the construction of part of express road Lašva – Nević Polje whose implementer is PC Motorways and that BAM 34 million will be allocated for the part of express road Lašva – Nević Polje – passage through business zone Vitez whose implementer is PC Ceste FBiH.

2.14. Motorway Tuzla – Žepče

Length of the section: 55.4 km; Expropriation: 0%

Preliminary design of this motorway was finished in 2015. Preliminary design documentation includes 5 interchanges, one interregional hub, 8 tunnels and 35 bridges more than 100 m long. In accordance with the Conclusion of the Government of FBiH number: 1239/2017 financing of this design from accumulated profit of public enterprises was planned. In the following period, investments into the abovementioned section will be conducted in accordance with the Program of expenditure of part of assets of Government of FBiH. Bearing in mind that planned assets are small in comparison to the estimated value of the entire section,

the assets will be used for construction of the first stage (semi-profile) of this motorway in the section from the settlement Mihatovići to Interchange Lukavac (5.5 km), by which the existing transport network in the area from Šićki Brod to Mihatovići would be relieved. Realization of the planned activity depends on whether the assets are ensured.

In accordance with FBiH Government, number: 1239/17 of 21 September 2017, the financing of this project would be performed from the funds of the accumulated profits of public enterprises in the amount of BAM 65 milliona. Assets, for the construction of this section, in the amount of BAM 40 million, were approved in accordance with the Decision of FBiH Government on Adopting the Program of Expenditure of Part of Assets „Capital transfers to public enterprises – transfer for construction of motorways and express roads“ (determined by the Budget of FBiH for 2018), number: 1460/2018 of 12 December 2018.

2.15. Sarajevo bypass (Lot 3B)

Length of the section: 1.5 km; Expropriation: 98%

Preparatory activities for construction of Sarajevo bypass Lot 3B stretching from interchange Vlakovo to the connection to the roundabout Mostar crossroads were finished in the previous period. Tender process of procurement of construction works is in progress. Call for tender was announced in late June 2018 after the Public Procurement Plan was adopted and income from excise tax was available. After appeals were lodged, the tender process was stopped and continued for several times. A Decision by the Procurement Review Body is currently pending. Also, procurement procedure for services of supervision of construction of this section is in the process.

Assets for the abovementioned section will be provided form own assets of PC Motorways.

2.16. Express road Mostar - Široki Brijeg - RC Border (Stage I)

Length of the section: 63 km; Expropriation: 0%

Preparation of preliminary design and accompanying studies for the whole section of the express road is in the process. Upon completion of the first part of the project of preliminary design, preparation of preliminary and main design and appropriate studies of express road: Mostar – Široki Brijeg – RC border is planned.

Assets, for the construction of this section, in the amount of BAM 13 million (which will be spent for designing and expropriation), were approved by the Decision of the Government of FBiH on Adopting the Program of Expenditure of Part of Assets "Capital transfers to public enterprises – transfer for construction of motorways and express roads“ (determined by the Budget of FBiH for 2018), number: 1460/2018 of 12 December 2018.

C) OVERVIEW OF OTHER ACTIVITIES AT THE SECTIONS OF MOTORWAY AND EXPRESS ROADS

2.17. Section Poprikuše – Nemila

Length of the section: 5.5 km; Expropriation: 53.32%

Preliminary design for this subsection was finished in 2006 and in 2014 it was analysed with the goal of its optimisation. During 2017, amendment of design documentation was completed and the request for obtaining planning permit was submitted. One interchange (interchange Poprikuše) was planned as the part of the preliminary design as well as one tunnel (tunnel Golubinja, L=3,6 km), and two viaducts and two bridges. Construction works will be done according to the contract "design and build" (yellow FIDIC).

In order to finance construction of the first part of the abovementioned section, initiative for bank debt in the amount of 160 million Euros was directed to EIB (90 million Euros) and EBRD (70 million Euros),

and application for grants of WBIF in the amount of 33.47 million Euros was submitted. Loan contract was concluded with EBRD on 12 September 2018 and it was directed to ratification process.

In the previous period there were tender processes for choosing contractor and consulting monitoring services referring to construction and consulting services referring to technical assistance of Project implementation unit (PIU). Offers were received and evaluation is in the progress.

2.18. Section Tunnel Prenj – Salakovac (Stage II)

Length of the section: 12 km; Expropriation: 0%

PC Motorways conducted optimization of the route of motorway section Ovčari - Konjic – Mostar north. Investment and technical documentation referring to this subsection was completed (preliminary design, environmental impact study, traffic study and geological study). In the procedure of obtaining environmental permit the project was presented and public hearing took place in municipalities Konjic and Mostar.

Design referring to the construction of motorway Konjic – Mostar north consists of following subsections: Ovčari – Konjic, Konjic – entrance into the tunnel Prenj, tunnel Prenj – Salakovac (Stage I). In accordance with the nature of the design and necessary technology, optimal manner of construction of the tunnel Prenj is according to the international contract "Design and build" yellow FIDIC. On 12 February 2016 the government of FBiH made a Decision on model of implementation of project referring to construction of motorway section Konjic – Mostar North by which it was determined that the optimal manner of construction would represent model in which bidders make a financial and technical bid but also financier with whom BiH will conclude loan agreement. Criteria based on which agreement will be awarded will be the best total offer when expenditure related to construction and financing is calculated.

2.19. Section Mostar sjever – Mostar jug

Length of the section: 15.4 km; Expropriation: 0 %

Main design related to the section Mostar sjever - Mostar jug was made in 2010 by the Ministry of communications and transport of BiH. However, the design does not contain basic elements which would enable its successful implementation without additional projecting. On the other hand, procedure of adoption of spatial plan lead to the amendment of the route of the design in the wider area around the interchange Mostar jug because of which it will also be necessary to make new design documentation.

According to the geological structure of the terrain and nature, correction of the main design which needs to be done, optimal manner of construction of subsection Mostar north - Mostar south is in accordance with the model of contract "Design and build", yellow FIDIC, where the contractor will be enabled not just to make necessary corrections of documentation but also to optimise the route itself with the goal of decrease of investing costs. Bearing in mind that it is a design for which it is necessary to allocate significant financial resources, approximately 240 million Euros, optimal manner of construction would represent a model in which bidders make a financial and technical bid but also financier with whom BiH will conclude loan agreement. Criteria based on which agreement will be awarded will be the best total offer when expenditure related to construction and financing is calculated.

2.20. Section Mostar jug – Kvanj

Length of the section: 8.6 km; Expropriation: 0 %

Making of main design is completed. Preparation of documents for obtaining environmental permit and planning permit is in progress. The manner of construction is planned according to the contract "Design and build" (yellow FIDIC) model.

Assets for financing constructions and supervision services were procured through loan facility at EBRD in the amount of 60 million Euros. Loan agreement was signed on 12 September 2018 and it was directed to ratification process. In addition to that, grant in the amount of 11.9 million Euros was applied for.

In 2019 the beginning of implementation of tender process for doing construction works and monitoring services.

2.21. Activities on the implementation of the procedure for selection of a private partner/ concessionaire

In 2013, PC Motorways signed Contract on the provision of consulting services for the selection of a motorway model at the Corridor Vc through a public-private partnership (PPP) or concession. The contract was concluded with IFC (International Financial Corporation), member of the World Bank Group, for the purpose of implementation of the model of the public-private partnership for the construction of motorway. This includes upgrading, construction and maintenance of the section at the motorway Corridor Vc Poprikuše – Karuše.

IFC analyzed all relevant existing data, information and all relevant data are updated, and preparation for structuring the transaction was performed in that way. The project was structured according to the principle of concession of the sections from Tarčin to Svilaj in guarantee of traffic flow projection.

IFC presented above mentioned analysis and structuring of the project of FBiH Government in cooperation with EBRD, in the first half of 2017. The continuation of activities is expected after FBiH government forms an opinion and adopts a decision on the above mentioned.

3. IMPLEMENTATION OF THE BUSINESS PLAN FOR THE PERIOD FROM 01 January to 31 December 2018

3.1. Implementation of activities within the competence of legal transactions

3.1.1. Expropriation of the land

The following tables show implementation and give a detailed structure of the expropriation value per sections, which includes the purchase of land and residential properties under the regular expropriation procedure, purchase in court proceedings (extrajudicial and civil procedure), and the costs of the studies, splitting of parcels and other compensations for the period from 01 January to 31 December 2018:

Table 2

No.	Name of the investment	Estimated expropriation value	2018 plan	2018 Rebalance	Achieved in 2018	% of realisation
1	2	3	4	5	6	7=6/5* 100
Financing with own assets		108.500.000	28.690.000	14.590.000	9.172.662	62,87
1.	Motorway Poprikuše - Nemila (5.5 km)	8.000.000	2.000.000	4.000.000	3.020.834	75,52
2.	Motorway Nemila–Vranduk (5.7 km)	10.500.000	5.000.000	500.000	202.459	40,49
3.	Motorway Vranduk – Ponirak (tunnel Zenica) (5.3 km)	4.500.000	2.000.000	2.500.000	2.314.726	92,59
4.	Motorway Ponirak – Vraca (southern exit from the tunnel Zenica) (2.7 km)	800.000	40.000	40.000	22.597	56,49
5.	Motorway Vraca (tunnel Zenica) - Donja Gračanica (tunnel Pečuj) (3.9 km)	13.000.000	1.000.000	1.000.000	559.520	55,95
6.	Motorway Mostar jug – tunnel Kvanj (8.6 km)	12.000.000	2.000.000	100.000	0	0,00
7.	Motorway Kvanj – Buna (tunnel Kvanj) (5.2 km)	1.400.000	1.400.000	1.400.000	476.936	34,07
8.	Motorway Buna - Počitelj (7.2 km)	4.800.000	750.000	750.000	598.554	79,81
9.	Motorway Počitelj – Zvirovići (11.1 km)	5.500.000	1.500.000	1.500.000	715.466	47,70
10.	Other sections	7.000.000	3.000.000	1.500.000	572.100	38,14
11.	BC Lašva – Nević polje (24 km)	41.000.000	10.000.000	1.300.000	689.470	53,04
TOTAL:		108.500.000	28.690.000	14.590.000	9.172.662	62,87

Table 3

No.	Name of the investment	2018 Plan	2018 Rebalance	Purchase following the regular procedure	Purchase according to the decision of the competent court	Making of elaborates, splitting land units, fees and other unpredicted costs	Total realization in 2018	% of realization
1	2	3	4	5	6	7	8=(5+6+7)	9=8/4*100
Financing with own assets		28.690.000	14.590.000	7.912.187	339.653	918.923	9.172.662	62,87
1.	Motorway Poprikuše - Nemila (5.5 km)	2.000.000	4.000.000	2.978.537	0	42.298	3.020.834	75,52
2.	Motorway Nemila–Vranduk (5.7 km)	5.000.000	500.000	194.183	0	8.276	202.459	40,49
3.	Motorway Vranduk – Ponirak (tunnel Zenica) (5.3 km)	2.000.000	2.500.000	2.007.939	0	306.788	2.314.726	92,59
4.	Motorway Ponirak – Vraca (southern exit from the tunnel Zenica) (2.7 km)	40.000	40.000	13.224	0	9.373	22.597	56,49
5.	Motorway Vraca (tunnel Zenica) - Donja Gračanica (tunnel Pečuj) (3.9 km)	1.000.000	1.000.000	557.741	0	1.779	559.520	55,95
6.	Motorway Mostar jug – tunnel Kvanj (8.6 km)	2.000.000	100.000	0	0	0	0	0,00
7.	AC Kvanj – Buna (tunnel Kvanj) (5.2 km)	1.400.000	1.400.000	454.644	0	22.292	476.936	34,07
8.	Motorway Buna - Počitelj (7.2 km)	750.000	750.000	207.624	0	390.931	598.554	79,81
9.	Motorway Počitelj – Zvirovići (11.1 km)	1.500.000	1.500.000	470.713	154.960	89.792	715.466	47,70
10.	Other sections	3.000.000	1.500.000	340.012	184.692	47.396	572.100	38,14
11.	Express road Lašva – Nević polje (24 km)	10.000.000	1.300.000	687.570	0	1.899	689.470	53,04
TOTAL:		28.690.000	14.590.000	7.912.187	339.653	918.923	9.172.662	62,87

Explanation of planned investments:

- 1. Motorway section Poprikuše – Nemila (5.5 km)** – preliminary design was prepared and the expropriation study was submitted on the basis of it. During the expropriation process, a total of 181 parcels distributed in four cadastral municipalities should be expropriated as follows: the cadastral municipality of Kovanići in the municipality of Zenica and the cadastral municipality of Golubinja, the cadastral municipality of Mračaj and the cadastral municipality of Željezno Polje in the municipality of Žepče. On 01 June 2018, FBiH Government adopted the Decision which determines that the construction of motorway section Poprikuše - Nemila at Corridor Vc is of public interest for the Federation of Bosnia and Herzegovina. Public announcement was published on 09 June 2018 in the daily newspaper. The expropriation process took place on a regular basis with extremely good dynamics, and 69 parcels were expropriated by the end of December 2018, that is, 39 cases out of 85 foreseen were completed. 7 residential buildings were expropriated. Total expropriation realization on section Poprikuša - Nemila, as of 31 December 2018, is 53.32% compared to the projected area of expropriation.

2. **Motorway section Nemila – Vranduk (5.7 km)** – the splitting of the parcels is completed. The Decision of the Director of PC Motorways of FBiH requested the postponement of expropriation on the part of the section, that is, the expropriation of 31 uncontested parcels distributed in 9 cases was requested in the cadastral municipality Nemila, from Vranduk to the main road M17. As of 31 December 2018, 100% of the undisputed expropriation area was expropriated, that is, 73.338 m², where one (1) residential building was expropriated and 21 % compared to the total planned area for expropriation.
3. **Motorway section Vranduk – Ponirak (tunnel Zenica) (5.3 km)** – there are three expropriation elaborates. First, a partial elaboration concerning the parts below the viaduct, and after that elaborate for the whole section Vranduk – Ponirak and finally a supplementary elaborate of the route extension for the section in the cadastral municipality of Nemila and cadastral municipality of Vranduk. In the expropriation process, a total of 150 parcels shall be expropriated, which are distributed in 94 cases. The expropriation process took place on a regular basis with extremely good dynamics, and by the end of December 2018, 81 compensation agreements had been concluded and 124 parcels were expropriated. All 17 residential buildings were expropriated and all expropriation decisions were made. Total expropriation realization on section Vranduk – Ponirak, as of 31 December 2018, is 89,32 % compared to the projected area of expropriation.
4. **Subsection Ponirak – Vraca (tunnel Zenica) (2,7 km)** – all 16 expropriation decisions have been received on this subsection and 15 compensation agreements have been concluded. All 7 residential buildings in the previous period were expropriated. As of 31 December 2018, 93,37 % of the proposed area for expropriation was expropriated, that is, 12.958 m², out of planned 13.877 m² and 1 case was left uncompleted, and its completion depends on the decision of the competent court.
5. **Motorway section Vraca (tunnel Zenica) – Donja Gračanica (tunnel Pečuj) (3.9 km)** – Total length of this section (divided into two sections is 2.2 km + 1.8 km) is 4 km. 99.78% of the total proposed area was expropriated on the above mentioned section, and 100% of residential buildings on the main route were expropriated. 3 disputed cases remained uncompleted, on the section of 2.2 km, for which no changes have been made in the previous period, because the completion of the cases depends on the decision of the competent authority.
6. **Motorway subsection Mostar jug – tunnel Kvanj (8.6 km)** - Expropriation elaborate was submitted in November 2018. Elaborate includes 6 cadastral municipalities as follows: Blagaj, Gnojnice Donje, Ortiješ, Kosor, Malo polje and Hodbina with the total of 375 parcels. FBiH government adopted the Decision on establishment of public interest, for subsection, on 12 December 2018, as prerequisite for commencement of expropriation procedure. Public announcement was scheduled for 07 January 2019 in the daily newspaper.
7. **Motorway subsection tunnel Kvanj – Buna (5.2 km)** – In the expropriation process, a total of 162 parcels distributed into four cadastral municipalities shall be expropriated as follows: the cadastral municipality of Stanojevići in the municipality of Čapljina, the cadastral municipality of Gubavica and the cadastral municipality of Hodbina in the city of Mostaru and the cadastral municipality of Rotimlja in the municipality of Stolac. Decision of FBiH Government, of 19 July 2018 determines public interest for construction of motorway on the route Corridor Vc with subsection Tunnel Kvanj - Buna. Public announcement for acquisition of real estate for the section was published in the daily newspaper, on 01 August 2018. As of 31 December 2018 12 cases were completed and 29 parcels were expropriated in Čapljina and Mostar. Expropriation is expected to be completed by the February of 2019. Expropriation elaborate for the municipality of Stolac has subsequently arrived and it makes more than half of the intended surface for expropriation. On 19 November 2018 a proposal for splitting of parcels was submitted and an expropriation elaborate was submitted, but no information has yet been received from the municipality of Stolac on the appointed commission, the experts, nor the entry on the site. Also, representatives of the municipalities made their special requests which consideration is ongoing. Total expropriation realization on this subsection, as of 31 December 2018 is 10,11 % compared to intended expropriation area.

- 8. Subsection Buna – Počitelj (7.2 km)** - Expropriation elaborate includes cadastral plots which include parts of the municipality of Čapljina and the city of Mostara. Contractor Hering d.d. is at the property and works are ongoing. In the expropriation process, a total of 340 parcels, distributed into 127 cases, need to be expropriated. By the end of 2018, 327 parcels were expropriated, that is, 118 cases were completed. All decisions on expropriation were adopted. There 9 pending cases on subsection Buna – Počitelj, out of which 8 are at the Mostar County Court because of disputed state ownership (forest land) and 1 at the municipal court because of the unknown co-owners. For all unresolved cases, we have the FBiH Government's Decision on entry into real estate possession, and the realisation on the said section is 100%.
- 9. Subsection Počitelj – Zvirovići (11.1 km):** In the past year, at this subsection, 31 contracts have been concluded with the real estate owners, two court cases were completed and in 17 cases compensation was paid for completed investments and lost profits for the duration of the works, on the route of the cadastral municipality of Šurmanci, and all after the Decision of the Management Board of the PC Motorways on adoption of guidelines for solving the problem of expropriation of the disputed property (state property or public interest), of 27 November 2017, which allowed that. As of 31 December 2018, 231 cases out of 257 open cases were completed, however, with the FBiH Government's decision on the early takeover of the property, 100% of the projected area is realized. The completion of the remaining disputed cases depends on the decisions of the competent courts, and the speed of their adoption cannot be affected.
- 10. Other sections:** Part "other sections" includes sections on which the construction proceedings are completed, construction work is in progress or the procedure of expropriation is in the final stage. The costs for this part primarily relate to handling complex cases in which procedures take a long time or treatment in unforeseen situations that arise during the construction. Significant changes have occurred in the following sections:
- **Tarčin - Tunnel Ivan (6.9 km):** In the previous period, three (3) compensation agreements were concluded and 2 court cases were closed. All decisions regarding the state land were obtained. At the same time, posting of completed cases and correction of errors on decisions were made so that it could be posted in cases where this was not completed. On 31 December 2018, at the section Tarčin - Ivan, 99% of the total proposed area for expropriation was executed.
 - **Sarajevo bypass LOT 3b** - Two additional elaborations were prepared for the full expropriation process in order to cover the new required areas which need to be expropriated. 6 compensation agreements were concluded and work on the remaining disputed cases was continued.
 - **Drivuša - Donja Gračanica** - Expropriation has largely been completed on this section and work is ongoing. However, on the subsection Klopče - Donja Gračanica, a redesign of the route was made and on the basis of it an additional expropriation where 10 compensation agreements were concluded. 4 notary contracts on sale of real estate were signed, instead of expropriation, and several incomplete expropriation agreements were concluded. Additional incomplete expropriation was made at the subsection Drivuša - Klopče and 7 compensation agreements were concluded.
- 11. Section of express road Lašva - Vević polje (express road)** - The expropriation of the land required for the construction of the express road will take place in the area of the city of Zenica, the municipality of Busovača, the municipality of Vitez, the municipality of Travnik and the municipality of Novi Travnik. In May, the process of complete expropriation on LOT 5 of express road was initiated when the amended elaborate was submitted to the municipality of Vitez for splitting, and the first procedures on site were carried out in the cadastral municipality of Vitez and the cadastral municipality of Mošunj. a total of 18 decisions were made, for which tenders were written and 13 compensation agreements were concluded, out of which 3 residential buildings.

In September 2018, the expropriation process was temporarily suspended due to lack of planning permission for the section.

Incomplete expropriation

In addition to complete expropriation, it was also performed **incomplete expropriation**, which represents the establishment of permanent easement over the property for which was spent **BAM 54.821,25** in the period from 01 January to 31 December 2018.

3.2. Designing services

2019 Business Plan anticipates competition of making of design documentation referring to contracts that were signed in the previous period, as well as initiating tender process and making deals referring to new designs. Services referring to making new designs will be funded from own assets of PC Motorways, assets provided by IPA and Ministry of communications and transport of BiH.

3.2.1. Designing services financed from own assets

Table 4

No.	Name of the investment	Contract value/ estimated value	2018 plan	2018 rebalance	Achieved in 2018	% of realization
1	2	3	4	5	6	7=6/5*100
Financing with own assets		5.957.678	3.729.500	2.993.825	2.456.211	82,04
1.	Drafting of preliminary design and feasibility study of the express road Nević Polje - Jajce - continuation of the activities	1.750.000	1.410.000	1.410.000	1.386.469	98,33
2.	Professional consulting for the selection of the technical solutions on the section of the express road Nević Polje - Jajce - continuation of the activities	47.000	47.000	47.000	5.310	11,30
3.	General design and pre-feasibility study of the express road Mostar – Široki Brijeg – border EC - continuation of the activities	388.370	250.000	220.000	219.658	99,84
4.	Correction of the existing main project of express road Lašva – Nević polje in the area of business zone	60.000	60.000	50.000	49.988	99,98
5.	Revision of Correction of existing main project of express road Lašva – Nević polje in the area of business zone	20.000	20.000	10.000	0	0,00
6.	Drafting of preliminary design and pre-feasibility study of modernization of existing road and lifting to the level of express road border Croatia – Bihać – Ključ 125km	2.000.000	790.000	400.000	351.000	87,75
7.	Professional consulting for the selection of the technical solutions for modernization of existing road to the level of the express road border Croatia – Bihać – Ključ	51.000	40.000	10.000	0	0,00

8.	Drafting of preliminary design and feasibility study of the express road Bihać - Cazin – V.Kladuša 47km	350.000	270.000	60.000	0	0,00
9.	Professional consulting for the selection of the technical solutions on the section of the express road Bihać - Cazin - V Kladuša 47km	51.000	40.000	10.000	0	0,00
10.	Drafting of preliminary design and study for planning permission for section of motorway Mostar jug - Buna - continuation of the activities	489.808	92.000	135.000	145.789	107,99
11.	Professional consulting for the selection of the technical solutions on the section of the motorway Mostar jug - Buna - continuation of the activities	27.500	7.500	23.000	23.050	100,22
12.	Professional consulting for the selection of the technical solutions on the section of the motorway Poprikuše - Nemila - continuation of the activities	28.000	8.000	8.000	10.040	125,50
13.	Main project for interchange Nević Polje, Vitez zapad and Vitez istok and correction and adaption of existing design Nević Polje - Vitez	150.000	150.000	98.600	98.600	100,00
14.	Drafting of main project of temporary connection to M17 at the exit from the tunnel Ivan and main project of interchange Mostar sjever with connection to M17 - Mostar northern bypass	150.000	150.000	135.162	102.228	75,63
15.	Audit of main design of temporary connection to M17 at the exit from the tunnel Ivan and main design of interchange Mostar sjever with connection to M17 - Mostar northern bypass	35.000	35.000	18.600	0	0,00
16.	Other designs, studies, plans, as well as elaborates for obtaining necessary approvals	250.000	250.000	250.000	5.616	2,25
17.	Drafting of preliminary design of express road Prača - Goražde	50.000	50.000	50.000	0	0,00
18.	Execution of geotechnical exploration works and development of geotechnical mission G21 and G23, tunnel Hranjen	60.000	60.000	58.463	58.463	100,00
TOTAL:		5.957.678	3.729.500	2.993.825	2.456.211	82,04

Explanation of the realised investments:

1. Drafting of preliminary design and and feasibility study of express road Nević Polje - Jajce:

Realization of this activity is completed. Part of the contract was realized in 2017, and the rest was realized in 2018.

The realization of the contract was marked with occasional delays, as further harmonization was required with the municipalities Vitez, Novi Travnik and Travnik, as well as harmonization with the spatial plan of Central Bosnia Canton.

2. **Professional consulting for the selection of technical solutions on the section of express road Nević Polje - Jajce:**

Contract with IGH - Zagreb was signed on 22 December 2017. Activity was fully completed, but the invoice was returned due to a technical error. Although it has not been financially verified, the realization has been fully completed.

3. **General design and pre-feasibility study of the express road: Mostar – Široki Brijeg – border RC:**

The realization of the Contract is in line with the planned dynamics. Completion is planned in 2019.

4. **Correction of the existing main project of the speed road Lašva – Nević polje in the area of business zones:**

Realization of this activity is fully completed. During the implementation of the contract, there were temporary delays resulting from further harmonization with the municipality of Vitez, as well as harmonization with the spatial plan of Central Bosnia Canton. These adjustments caused some changes in the elements of the route.

5. **Revision of correction of existing main project of the express road Lašva – Nević polje in the area of business zones:**

Realization of this activity has not yet started, but auditor was selected after the completion of the tender procedure. The contract will be realized at the beginning of 2019.

6. **Drafting of preliminary design and pre-feasibility study of modernization of the existing road up to the level of the express way border of Hrvatske – Bihać – Ključ 125km:**

The contract was signed after completion of the appeal process. During the implementation of the contract, there were temporary delays resulting from further harmonization with the municipalities of Bihać and Ključ. The realization of the contract generally follows the planned dynamics.

7. **Professional consulting for the selection of technical solutions on the section of express road border of Criatia – Bihać – Ključ:**

The tender procedure is in the final stage, and the contract will be signed. External consultants will be engaged only after awarding the contract for the design of this section. The contract will be realized during 2019.

8. **Drafting of preliminary design and feasibility study for section of express road Bypass Bihaća – Cazin – Velika Kladuša – RC:**

The contract was terminated by mutual agreement, due to impossibility to adopt the express road route. The problems were caused by the non-adoption and non-compliance of the spatial plan of Central Bosnia Canton.

9. **Professional consulting for the selection of technical solutions on the section of express road Bypass Bihaća – Cazin – Velika Kladuša – border of RC:**

As the design contract was terminated, this activity was abandoned.

10. **Drafting of preliminary design and study for planning permission for section of motorway Mostar jug - Buna:**

The contract is completed. The designer submitted in electronic form all books for preliminary design for both Sections: Mostar jug – Tunnel Kvanj and Tunnel Kvanj – Buna, as well as three copies of printed form for section of tunnel Kvanj - Buna. After obtaining the planning permission, the designer will submit a final number of printed copies. Armed forces of BiH have started the process of demining the access road on north portal of tunnel Kvanj, and Public safety, on the south side, is in the preparation phase.

11. **Professional consulting for the selection of technical solutions on the section of the motorway Mostar jug - Buna**
Realization of this activity is fully completed. The consultant submitted the final report.
12. **Professional consulting for the selection of technical solutions on the section of the motorway Poprikuše - Nemila**
During the April consultant submitted a final report, and the contract was completed successfully.
13. **The main project for interchange Nević Polje, Vitez zapad and Vitez istok and Correction (adaption) of existing design Nević Polje - Vitez**
The contract was signed at the beginning of 2018. The realization of this contract is difficult because of the need to further harmonize with the municipalities of Vitez, Novi Travnik and Travnik, as well as harmonization with the spatial plan of Central Bosnia Canton.
The contract was completed and final documents were submitted in electronic form. After obtaining the planning permission, the designer will submit a final number of printed copies.
14. **Drafting of main project of temporary connection to M17 at the exit from the tunnel Ivan, and the main project of interchange Mostar sjever with connection to M17 - Mostar northern bypass**
The contract was signed in March 2018, and complete documentation was submitted in electronic form.
15. **Audit of main design of temporary connection to M17 at the exit from the tunnel Ivan, and the main project of interchange Mostar sjever with connection to M17 - Mostar northern bypass**
Realization of this activity is in the final stage. Because of the relatively small amount of the contract value, the situation will be drawn up only after the audit is completed.
16. **The other unforeseen designs and studies** are related on the designs of the access roads, unforeseen designs of the landslides, new local roads, relocation of installations and other designs, studies, additional plans of managing the waste as well as the elaborates for the necessities of procuring of the necessary approvals. In the reporting period, a much smaller amount was realized than it was reserved.
17. **Drafting of preliminary design of express road Prača – Goražde**
Realization of this activity was successfully completed in 2019.
18. **Execution of geotechnical exploration works and development of geotechnical mission G21 and G23 for the tunnel Hranjen**
Execution of all geotechnical exploration works was completed. The contract was successfully completed.

3.2.1. Services of the design of the motorway at the Corridor Vc, and which should be financed from IPA funds or from the assets of WBIF

Planned designs which are financed from the assets of IPA funds:

- Preparation of the main project of motorway Nemila - Donja Gračanica L= 16km – assets from IPA 2011;
- Audit of the project documentation of the motorway Nemila - Donja Gračanica L= 16km – assets from IPA 2011.

1. Preparation of the main project for the section of the motorway at the Corridor Vc northern border of the municipality of Zenica - Nemila - Zenica sjever

Complete main project for the subsection 2 (Vranduk – Ponirak) and obtained building permit.

Complete main project for the subsection 3 (Ponirak-southern exit from the tunnel Zenica) and obtained building permit.

Submitted preliminary design of subsection 1 (Nemila - Vranduk), and obtained planning permission. Completion of the main design of the motorway, the main road relocation and regulation of the Bosnia are underway.

3.2.2. Design services which should be financed from the assets of the Ministry of Communications and Transport of Bosnia and Herzegovina

1. Planned design of the Adriatic-Ionian motorway is financed from the assets of the Ministry of Communications and Traffic of Bosnia and Herzegovina:
 - Planning and study documentation for the Adriatic-Ionian motorway
(Počitelj, connection on Corridor Vc – Neum – Trebinje – border of the Republic of Montenegro)

Realization of the contract was continued after the conclusion of the legal proceedings. Representatives of the Ministry of Communications and Transport of Bosnia and Herzegovina monitor the realization of the contract.

3.3. Construction plan

In the reporting period, activities on the construction of motorway subsection Drivuša – Klopče, Klopče – Donja Gračanica i Svilaj – Odžak Stage II continued, and in reporting period, activities on the construction of subsection have begun: Vraca – Donja Gračanica, Buna – Počitelj and Prača – Goražde (tunnel Hranjen).

Table 5

No.	Name of the investment	Contract value/ estimated value	2018 Plan	2018 rebalance	Achived in 2018	% of realization
1	2	3	4	5	6	7=6/5*100
Financing by the international credits		468.916.243	125.147.777	90.458.018	93.120.760	102,94
1.	Svilaj – Odžak, Stage II	74.521.049	23.750.000	10.500.000	8.920.358	84,96
2.	Vraca (tunnel Zenica) – D.Gračanica (tunnel Pečuj)	112.602.431	15.263.567	1.000.000	0	0,00
3.	Klopče - D.Gračanica	180.336.366	58.000.319	60.000.000	64.493.297	107,49
4.	Drivuša - Klopče	58.507.735	13.958.018	13.958.018	16.701.022	119,65
5.	Buna - Počitelj	42.948.662	14.175.873	5.000.000	3.006.083	60,12
Financing by the Conclusion of the Government		69.999.900	17.186.957	2.000.000	1.718.179	85,91
6.	Express road Prača - Goražde (Stage I)	69.999.900	17.186.957	2.000.000	1.718.179	85,91
Financing by their own assets		20.000.000	8.400.000	500.000	0	0,00
7.	Sarajevo bypass (Lot 3B)	20.000.000	8.400.000	500.000	0	0,00
TOTAL:		558.916.143	150.734.734	92.958.018	94.838.940	102,02

Note: Item 6 was financed with the own assets of PC Motorways, but the assets will be refunded from the budget of FBiH, after achieving effectiveness of the same in 2019.

Explanation of realization of planned activities:

- 1. Section Svilaj – Odžak, Stage II**

The contract with the contractor consortium Strabag AG & Euro-Asfalt d.o.o. & ŽGP d.d. is signed in November 2013. The company Aecom Inocsa was engaged for construction supervision. Due to delay in obtaining the construction permit for border crossing Svilaj, these works as well as the works at the toll station Odžak and the rest stop Vrbovački Lipik are transferred in 2018 with the planned start on 15 March 2018. Considering that the Amendment of the approval for construction was not obtained in time, the works in the zone of the Border crossing have started with significant delay. It is made an agreement with the Indirect Taxation Administration that PC Motorways to realize their works in the width of the motorway subgrade, while the remaining number of works at the border crossing will implement the Administration itself. By the end of 2018 will be realized a larger part of works on this section of the motorway, while for 2019 will remain the completion of some minor final works and to be performed a final calculation.

2. Subsection Vraca (tunnel Zenica) – Donja Gračanica (tunnel Pečuj)

The contract was signed with the Contractor, Turkish company Cengiz, in November 2018, and works officially begun on 27 November 2019. For construction supervision was engaged the Consortium Technital – TZI, with which the contract was signed much earlier, but due to delay in selecting the contractor, the realization of this project could not start earlier. Realization of the construction is carried out in accordance with the contract "design and build" (yellow FIDIC). Since, according to this contract model, the execution of works is preceded by the stage of preparation of project documentation, in 2018, activities were carried out on the preparation of preliminary design. After obtaining planning permission, the stage of preparation of the Main Design and the obtaining of construction permit follows. According to the projected construction dynamics, construction is expected in the second half of 2019.

3. Subsection Klopče – Donja Gračanica (Tunnel Pečuj)

The contract with the contractor consortium Euro-Asfalt d.o.o. & Strabag AG was signed, and the works have officially started on 1 June 2016. Construction supervision is performed by Konzorcij Ipsa - EGIS. This subsection is located in the area with the extremely complex and in the construction sense, with the exceptionally unfavourable geology that makes difficult the execution of the earthworks and works for the insurance of the scarps, cuts and fractures. Unfortunately, after the implementation of anticipated additional research papers by the Contract, it showed that the technical solutions foreseen by the Basic (Main) design are not adequately taken into the account such complex engineering and geological conditions of the terrain, therefore in some parts it was necessary their replacement, what in certain extent slow down the execution of works.

In 2018, the works were executed on the route and facilities. Works on the route are conducted very slowly, because it should previously be amended the design documentation and this process is at the near end. Due to the weight of the geological circumstances and the necessity to change project solutions, and obtaining the amendment (supplement) of the construction permit, the Supervisory Engineer has issued a decision extending the execution period until 19 November 2019.

4. Subsection Drivuša – Klopče

In 2018 the works were continued on the construction of the subsection Drivuša-Klopče. The works are performed by the company Hering d.d. Široki Brijeg. The works started at the end of 2014. Supervision of the works is performed by the consortium Divel d.o.o. & TAEP. The entire course of execution of works has been followed by problems with the unfavorable engineering and geological characteristics of the terrain, what caused certain stagnation of works due to the necessity of the amendment of the design documentation. These problems have led to the breach of the extended deadline of construction (15 March 2018), with which are additionally burdened the contractual relations of the realization of this contract. The works at this subsection are at the near end with the exception of landslide remediation along the route km 2+600 to 2+680. It is expected that these works will be completed in the first half of 2019, also including the final calculations.

5. Construction of section Buna – Počitelj

Construction contract was signed with the Contractor Hering d.d. Široki Brijeg on 25 May 2018. Due to delays in obtaining the construction permit, the works begun much later, on 03 August 2018. Contract for supervision services was signed earlier with the consultant company AECOM-Inocsa. Delays in obtaining the construction permit have led to a decrease in the anticipated realization of the project. A certain slowdowns have also arisen due to problems with archaeological research on this section of the motorway organized by the FBiH Institute for the protection of Historic Monuments. Except for the above difficulties, the works are performed with a satisfactory dynamics.

6. Brza cesta Prača – Goražde, Faza I

The section of the express road Prača-Goražde is of the total length of 13.7 km. Stage I of this express road represents the construction of the semiprofile of the express road on its entire length. Stage II would include the completion of this road on the express road full profile and its realization is not foreseen in due time.

Tender procedure for the selection of the contractors for the necessities of the construction (breaching) of the tunnel Hranjen in the length of 5.8 km, as the most important facility on this express road is completed. The Contract with the contractor Euro-Asfalt is signed on 22 September 2018.

Due to the difficulties (a few complaints) in the implementation of the tender for the supervision over the works, consultant for supervision services was elected at the end of January 2019, and the contract with the consultant of IPSA-Institut was signed on 05 February 2019. Official beginning of works was on 12 February 2019. This is also the main reason for the poor realization in 2018.

The subject of the tender is excavation and primary subgrade of the main and service tunnel pipes with the portal zones of the tunnel Hranjen. Construction realization will be implemented in accordance with the contract „design and build“ (yellow FIDIC).

Since, according to this contract model, the execution of the project documentation precedes the execution of the works, in 2018, the contractor began activities on the development of the preliminary design. After obtaining the planning permission, the phase of preparation of the main design and the obtaining of the construction permit follows. According to the planned dynamics, the works are expected to start in the middle of 2019.

7. Sarajevo bypass (Lot 3B)

The significance of the construction of the mentioned road is based on the need of transport connection of the Sarajvo bypass with the roads of the lower rank. This four-track road, in addition to the open part of the route, includes also two viaducts in the length of 145 m. Tender procedure for the selection of contractors and supervision was interrupted in several occasions and continued after filing the complaints and this is the main reason for not fulfilling the planned realization in 2018.

3.4. Supervision service plan

Realization of Supervision activity plan on the construction of the motorway subsection on Corridor Vc and express roads follows the activities on the construction and it is given in the following review:

Table 6

No.	Name of the investment	Estimated/ contracted value of services	2018 plan	2018 rebalance	Achieved in 2018	% of realization
1	2	3	4	5	6	7=6/5*100
Financing by the international credits		24.136.552	9.252.216	4.915.000	4.641.703	94,44
1.	Svilaj – Odžak, Stage II	1.983.701	889.115	540.000	530.748	98,29
2.	Vraca (tunnel Zenica) – D.Gračanica (tunnel Pečuj)	4.742.614	1.567.362	300.000	0	0,00
3.	Klopče - D.Gračanica	9.149.177	3.437.194	2.850.000	2.877.066	100,95
4.	Drivuša - Klopče	5.966.771	908.005	775.000	714.422	92,18
5.	Buna - Počitelj	2.564.289	2.450.540	450.000	519.467	115,44
Financing by the conclusion of the Government		2.977.997	1.004.348	100.000	0	0,00
6.	Express road Prača - Goražde (Faza I)	2.977.997	1.004.348	100.000	0	0,00
Financing by their own assets		1.500.000	690.000	100.000	0	0,00
7.	Sarajevo bypass (Lot 3B)	1.500.000	690.000	100.000	0	0,00
TOTAL:		28.614.549	10.946.564	5.115.000	4.641.703	90,75

Explanation of the realization:

The realization of the activities of the consultants for the supervision services on the construction of the motorway and express roads is synchronized with the realization of the activities of the contractor.

3.4.1. Engagement of the consultants for the management design

Tabela 7

No.	Name of the investment	Contract value/ estimated value	2018 plan	2018 rebalance	Achieved in 2018	% of realization
1	2	3	4	5	6	$7=6/5*100$
1	Vraca (tunnel Zenica) - D, Gračanica (tunnel Pečuj)	520.000	132.229	25.000	0	0,00
2	Nemila - Vranduk and Vranduk - Ponirak	440.000	98.621	20.000	0	0,00
3	Počitelj – Zvirovići	586.489	0	0	108.601	0,00
TOTAL:		1.546.489	230.850	45.000	108.601	241,34

Explanation of the planned services of management design:

Due to the scope of the planned activities on the construction of motorway and express road subsections, it is planned the engagement of the consultants for Design Management - technical assistance.

Tender procedure for selection of design management consultant is in progress – technical assistance for subsections: Vraca – D.Gračanica, Nemila - Vranduk and Vranduk – Ponirak.

In mid-2018, procurement of technical assistance consulting services to the Project Implementation Unit has been completed at the subsection Počitelj – Zvirovići, and the contract was concluded. Considering that the contracts for construction and supervision of the construction of subsection Počitelj – Zvirovići were not signed, the role of technical assistance was the provision of consultancy services during the tender procedure stage during this period.

1.1. Management and maintenance

Management and maintenance of the motorway has an exceptionally important role in the organization of work of PC Motorways because the responsibility is concentrated on the safety and protection of the users of the motorway but also on the collection of the service to the users of motorway A1.

Main activities on the management and maintenance of the motorway are regular and winter maintenance of the constructed part of the motorway, the implementation and monitoring of functioning of the closed collection system, and monitoring and management of the traffic on the motorway, protection of the motorway from the excessive traffic load, uncontrolled construction by the motorway, setting up the advertisements and others and all for the purpose of secure and fluent progress of traffic.

The constructed part of the motorway A1, managed by PC Motorways of FBiH until 2017, is in the length of approximately 91 km, and includes the section Zenica south – Tarčin in the length of 81 km and the section Međugorje – Bijača in the length of approximately 10 km. In addition to the mentioned sections, PC Motorways of FBiH are in charge also for management and maintenance of the constructed part of the express road 1 Butila - Brijesće in the length of approximately 3.5 km. In the next period is expected the finalization of work and opening to the traffic of the sections of the motorway A1 Svilaj – Odžak and express road 1.

3.5.1. Services in the domain of motorway maintenance

Table 8

No.	Name of the activity	2018 plan	2018 rebalance	Achieved in 2018	% of realization
1	2	3	4	5	6=(5/4)*100
1.	Regular and winter maintenance of the motorway	2.550.000	2.430.000	2.404.305	98,94
2.	Works on the repair of the pavement structure, facilities and replacement of the equipment on the facilities	2.467.000	1.079.090	1.052.730	97,56
3.	Services of the drafting of the design documentation and supervision on the works of the repairs	410.000	225.250	215.007	95,45
4.	Monitoring of the elements of the environment and the reviews of the facilities and structures on the motorway	542.000	22.970	17.886	77,87
5.	Maintenance of the devices and equipment for the fire protection and occupational health and safety	293.000	132.000	125.266	94,90
6.	Maintenance of the electrical and machine installations and devices	255.200	208.000	181.454	87,24
7.	Maintenance of the vehicles and working machinery used by SUiO	83.000	59.500	50.045	84,11
TOTAL FROM THE DOMAIN OF MAINTENANCE:		6.600.200	4.156.810	4.046.694	97,35

Explanation of the revised plan of services of motorway maintenance:

1. Regular and winter maintenance of the motorway

The funds provided for in this paragraph refer to the regular and winter maintenance of sections of the motorway with the traffic, and to the maintenance of the drainage system at the same section.

2. Works on the repair of the pavement structure, facilities and replacement of the equipment on the facilities

Activities identified by the Rebalance refer to the works related to fixing the retaining wall in Tarčin, emergency repair for which there was need during 2018, replacement of expansion joints on bridges, as well as horticultural landscaping at checkpoints and lay-by, etc.

3. Services of the drafting of the design documentation and supervision on the works of the repairs

This activity envisages the preparation of project documentation for the repair of pavement structures and the regular maintenance of billing and maintenance facilities. Also, part of the funds was used for the preparation of projects and supervision of emergency repairs for which there was a need in the course of the year.

4. Monitoring of the elements of the environment and the reviews of the facilities and structures of the motorways

The item is related to the geotechnical monitoring of the existing inclinometer installations along the motorway as well as the control testing related to environment protection. Realization is lower than the revised business plan, because the entire value of the environmental control testing contract according to the environmental permits had not been realized as planned.

5. Maintenance of the devices and equipment for the fire protection and occupational health and safety

It is necessary to regularly conduct periodical reviews and control testing of the devices for the fire protection as well as the servicing of the system of fire alarm and gas detection in all facilities where they are installed. The reason why the planned funds are reduced in the revised business plan are that part of activity is contracted for less than planned.

6. Maintenance of the electrical and machine installations and devices

Maintenance of the electrical and machine installations and devices is related on the maintenance of the lightning, transformer substations, medium voltage and low voltage electric equipment, regular maintenance of diesel electrical generators and UPS devices, purchase of SNMP cards for UPS, aggregates and air conditioners at industrial plants, preparation of preliminary and main design for the transfer of medium voltage cable line across the Bosna River for previous and final line approval, as well as maintenance of the air-conditioning system, ventilation and heating.

7. Maintenance of vehicles and working machinery used by SUIO

Item relates on the procurement of the spare parts and regular maintenance for all vehicles and work machines used by SUIO. Activities are realised in accordance with the previously signed contracts. The realization of the activities is carried out according to the real needs for servicing and troubleshooting of vehicles.

3.5.2. Services in the domain of toll payment

Table 9

No.	Name of activity	2018 plan	2018 rebalance	Achieved in 2018	% of realization
1	2	3	4	5	$6=(5/4)*100$
1.	Maintenance and follow-up of the system of toll payment on all sections of the motorway A1	1.345.800	928.411	823.727	88,72
2.	Material, equipment and devices procurement for the needs of the work of the toll payment system on the motorway A1	662.095	460.610	468.841	101,79
3.	Other activities	364.500	355.758	350.077	98,40
TOTAL FROM THE DOMAIN OF PAYMENT:		2.372.395	1.744.780	1.642.644	94,15

Explanation of realization of planned activities:

1. Maintenance and follow-up of the system of toll payment on all sections of the motorway A1

Activity relates on the maintenance and follow-up of the toll payment system on all sections of the motorway, services of accepting bank cards on the toll payment system. All activities on the regular, extraordinary and intervention maintenance of the implemented system of toll payment on the motorway A1 are done continuously and in accordance with the needs.

2. Purchase of materials, equipment and devices for the needs of the work of the toll payment system on the motorway A1

The activity is related on the procurement of magnetic cards, banking equipment and spare parts for toll payment purposes, bank bags for packing money, the purchase of thermal and adding rolls, ribbon tapes of the encoders of cards, road barriers/bars for ramps of the toll payment, procurement of ACC TAG devices. The realization is slightly higher, because the total contracted value of the purchase of magnetic cards and PPE equipment was realized, which was not provided for in the revised business plan. The sum of these differences between the revised and the realized values in the realization of the above items was greater than the overestimation of the procurement of ACC TAG devices within this position (which was not realized). The consequence of all this is a slight deviation from this cost position compared to the revised values.

3. Other activities

The other activities include items like the procurement of the petroleum products and other accompanying goods for the official vehicles, maintenance of the hygiene and cleanness of the facilities of PC Motorways of FBiH, and replacement of damaged small inventory in tollbooths, in accordance with the needs.

3.5.3. Services in the domain of motorway management

Table 10

No.	Name of the activities	2018 plan	2018 rebalance	Achieved in 2018	% of realization
1	2	3	4	5	$6=(5/4)*100$
1.	Maintenance of the system of motorway management and remote supervision over the tunnels on all sections of the motorway	1.009.000	2.339.596	2.331.894	99,67
2.	IT system maintenance for the support of the management system and auxiliary systems	265.400	129.600	171.250	132,14
3.	Drafting of the design documentation for the expansion of the functionality of the management system and improvement of the safety of the traffic on the motorway	221.000	187.017	190.540	101,88
4.	Activities for the improvement of the safety of the traffic on the motorway	31.000	30.920	35.875	116,02
TOTAL FROM THE DOMAIN OF MANAGEMENT:		1.526.400	2.687.133	2.729.558	101,58

Explanation of the realized activities:

1. Maintenance of the system of motorway management and remote supervision over the tunnels and all sections of the motorways

The maintenance of the motorway management system and remote supervision over the tunnels on all sections of the motorway A1, it is necessary in order that the system could function correctly and without delay. The activity also includes the maintenance of the verification video supervision, as well as the training of the group for maintenance of supervision system. The major part of the assets is related to the maintenance of management and control system.

2. IT system maintenance for the support of the management system and auxiliary systems

The activity is related on the IT system maintenance that serves as the support of the management system and includes: maintenance of the main optical cable and radio-voice connection, and rent of professional industrial links.

Please note that the certain items that are planned for equity investment investments are accounted as costs, in accordance with the International Accounting Standards. Essentially, there was no deviation from a planned value, there was only change of in position was reported. These are items of baskup server equipment and part of the purchase of network equipment and extensions of the firewall security solutions (purchase of hardware and licenses). The result is deviation between the revised and realized value.

3. Drafting of the design documentation for the expansion of the functionality of the management system and improvement of the safety of the traffic on the motorway

The project documentation for extending the functionality of the management system and for improving the safety of motorway traffic involves drafting of traffic and fire elaborate, drafting of operational strategy for the operation of ventilation in tunnels on the motorway A1, drafting of traffic scenarios for the motorway management system, and drafting of a motorway traffic management project. In addition to these activities, the drafting of the main project of ITS (Intelligent Transport Systems) is also recorded within this cost position, at the section of Sarajevo bypass Brijesće-Butile, which was planned within the capital investment. This is the reason for the slight increase in the realized value compared to the revised amount.

4. Activities for the improvement of the safety of the traffic on the motorway

The item includes the removal of the effect of aquaplaning on the bridge M6 of the section Podlugovi – Sarajevo north, as well as conducting information campaigns for safe use of the highway. Although there was no realization of elimination of the effect of aquaplaning on the bridge M6 of the section Podlugovi - Sarajevo north, the realization is higher than the planned value. The reason for this is the accounting on the position of these costs, which are planned on capital investments, in accordance with International Accounting Standards. These activities relate to the procurement and installation of technical equipment for the improvement of motorway and tunnel safety elements and the overall value of the service of the flexible security fence procurement.

3.6. THE OTHER CAPITAL INVESTMENTS

3.6.1. Capital investments in the domain of management, maintenance and toll payment

Table 11

No.	Name of the activity	Contract value/ estimated value	Plan for 2018	2018 rebalance	Achieved in 2018	% of realization
1	2	3	4	5	6	$7=6/5*100$
1	Procurement of official vehicles, work machines, tools and equipment for maintenance of motorway;	2.409.000	443.000	458.626	442.468	96,48
2	Reconstruction and renovation of business facilities owned by PC Motorways of FBiH;	788.000	6.000	17.925	13.250	73,92
3	Procurement of equipment for improvement of the safety of traffic on the motorway;	1.000.000	250.000	260.225	230.270	88,49
4	Hardware and software solutions and services for IT systems;	1.670.000	450.000	526.656	434.566	82,51
5	Procurement of electrical equipment and installation for motorway maintenance;	572.200	254.200	254.200	211.602	83,24
6	Drafting of design documentation for the extension and improvement of the operation of	437.000	10.000	4.900	0	0,00

	system of motorway maintenance and management;					
Unplanned realization						
7	Expanding application for post-paid billing	0	0	0	436.900	0,00
TOTAL FROM THE DOMAIN OF MANAGEMENT:		6.876.200	1.413.200	1.522.532	1.769.056	116,19

Explanation of realization of capital investment:

1. Procurement of official vehicles, work machines, tools and equipment for maintenance of motorways

The item relates to the procurement of a work vehicle for work on height, robotic and manual mowers, equipment, tools and supplies for the needs of international maintenance departments.

2. Reconstruction and renovation of business facilities owned by PC Motorways

Activities relate to reconstruction and renovation of facilities owned by PC Motorways of FBiH. Within this position, the main project of reconstruction of the business facility along the roundabout "Briješće" was realized. Initiation of the tender procedure and realization of the reconstruction of business facilities Briješće will be possible after the completion of the project documentation and obtaining the necessary permits and approvals prescribed by the legislation. The process of obtaining the required permits has been initiated in 2018, but it has not yet been completed and this is the main reason why the work was not possible.

3. Procurement of equipment for improvement of the safety of the traffic on the motorway

Procurement of the equipment for improvement of traffic safety on the motorway includes the procurement of devices to obstruct the entry of animals to the motorway and the procurement of traffic signs.

4. Hardware and software solutions and services for IT systems

Procurement refers to the procurement of servers and server equipment (primarily to replace old servers and server equipment due to expiration date), procurement of network equipment, as well as other IT systems services and equipment. We speak about key systems such as: toll payment system, system of management and control of motorway, etc. The realization is lower compared to the revised value, because certain procurement positions are not fully recorded on capital investments as planned, but on the costs, in accordance with the International Accounting Standards. Detailed explanation under 1.5.3. Services in the domain of motorway management, point 2 (maintenance of IT systems for support to the management systems and auxiliary systems).

5. Procurement of electrical equipment and installation for motorway maintenance

Procurement of electrical equipment and installation for motorway maintenance refers to the installation of digital measuring devices in low voltage cabinets of transformer stations, procurement of signal cables and equipment, and an aggregate for sewer pipe inspection equipment. The realisation is lower compared to the revised value because the procurement items are SNMP cards for UPSs, aggregates and air conditioners at industrial plants, and drafting of preliminary and main design for transition of medium voltage cable line across the Bosna Rive for previous and final transition approval accounted for costs, and not for capital investments, as planned.

6. Drafting of design documentation for extension and improvement of the operation of system of motorway maintenance and management

The main ITS design on the section Butila-Briješće was completed thus creating the basic prerequisites for the implementation of these systems which are essential for traffic safety on this section. However, there is no realization within this position, because the planned item of the said ITS main project is accounted for the costs, and not for capital investments, as planned.

The above mentioned main ITS design is within the paragraph 1.5.3. Services in the domain of motorway management, point 3 (Drafting of design documentation for the extension of functionality of the management system and improvement of traffic safety on motorway).

7. Proširenje aplikacije za postpaid billing

In accordance with the contract JPAC 706-E357-1-15 for services of Maintenance and finishing of the payment system on all sections of the motorway A1 from 2015, service of extension of the application for postpaid billing was ordered. During the period of the first individual contract under which the extension service was made, technical acceptance was not carried out, and technical acceptance was subsequently performed on 18 May 2018, and implementation of the same was completed by the end of that year.

3.6.2. Capital investments in the domain of IT

Table 12

No.	Name of the Activities	Contract value/ estimated value	2018 plan	2018 rebalance	Achieved in 2018	% of realization
1	2	3	4	5	6	7=6/5*100
1.	Procurement of the computer equipment, printers, MFU/MFP devices, server, network and various other diagnostic equipment and tools	238.000	238.000	127.736	135.637	106,19
TOTAL:		238.000	238.000	127.736	135.637	106,19

Explanation of the planned activities:

1. The procurement of the computer equipment printers, MFU/MFP devices, server, network and other diagnostic equipment and tools includes the activities of the procurement of the new units, printers, servers, switches, routers and similar equipment necessary for the work of the local systems. Also, this activity involves the procurement of the diagnostic equipment (devices for the measurement of the installation quality) and various tools necessary for the conducting of this work. This item was realized within the contract signed in 2018, but due to the real needs of the Company, the acquisition of new quantities of computer equipment was further initiated at the end of 2018. The expected signing of the contract is in early 2019.

3.6.3. Other capital investments

Table 13

No.	Name of the Activities	Contract value/ estimated value	2018 plan	2018 rebalance	Achieved in 2018	% of realization
1	2	3	4	5	6	7=6/5*100
1	Procurement of the office furniture	80.000	80.000	100.305	100.305	100,00
Unplanned realization						
2	Office equipment	0	0	0	2.509	0,00
TOTAL:		80.000	80.000	100.305	102.814	102,50

Explanation of realization of the activities:

1. **Procurement of the office furniture** - the reported value relates to procurement for which the contract signing process was conducted in 2017, and realization of the contract was in 2018.
2. **Office equipment** – during 2018, the purchase of office and measuring equipment for regular business purposes was completed.

3.7. Activities of the service for quality, standardization and environmental management

Service for standardization, quality and environmental management conducted regular activities in the domain of technology prescribing and standardization of work through work on new documents of IMS (Integrated Management System), auditing of existing documents, drafting of new and auditing of existing records, maintaining document distribution through OWIS, implementation of proposal for improvement of identified by external and internal audits.

At the beginning of the year, PC Motorways extended its certificates in accordance with the external audit of IMS (standards ISO 9001:2015 i ISO 14001:2015).

Service for standardization, quality and environmental management actively participated in implementation of CIPS - Corporate Certification Primary Award (certificate for transparency in the procurement process) in PC Motorways.

PC Motorways has made adjustment during 2018 - marking the documentation in accordance with the requirements of the versions of the standard 2015.

In accordance with the annual program of audit in PC Motorways, two separate IMS internal audits were conducted in 2018. The first regular internal audit of toll booths was performed, according to the annual audit program, separately from the rest of the company, because of the importance and volume of work performed in the payment process and because this is a single system within the company. The work of the employees was checked in accordance with the procedures and instructions governing the payment process at toll booth Lašva, toll booth Sarajevo zapad - Vlakovo, toll booth Sarajevo sjever - Jošanica, toll booth Visoko, toll booth Podlugovi and Unified Billing System Ljubuški (Bijača). Based on audit reports and cooperation with the head of the collection service and the managing director of the managing and maintenance sector, proposals have been made to improve the work and eliminate the identified inconsistencies.

In October 2018, the internal audit was performed in the offices of Mostar and Sarajevo, as well as in Traffic Maintenance and Control Centres Bijača and Drivuša. Internal audit was conducted by the employees of the company who are trained for these tasks. There were two teams of auditors in Sarajevo who, based on the audit plan, divided the jobs and services they were auditing according to the requirements of the ISO standard, while the audit in Mostar was performed by one audit team. Auditing was performed in accordance with the requirements of ISO 14001:2015 and in accordance with the requirements of ISO 9001:2015. Immediately upon completion of the audit, work has been initiated in order to remedy the identified inconsistencies (5) and improvements (30).

PC Motorways constantly updates and audits internal acts (rulebooks, rules of procedure, procedures, instructions, codes, material sheets, etc.) and all these acts were updated to the management document service - OWIS. All employees have the access to these documents via OWIS in the same way as for documentation of IMS.

3.8. Public procurement

3.8.1. Public procurements in accordance with the Law on Public Procurements

In the period from 01 January 2018 to 31 December 2018, Public Procurement Service, in accordance with the Law on Public Procurement, conducted procedures and contracted the procurement of goods, works and services in the total value of **BAM 93.362.851,61** (it includes the value of awarded contracts from the information „e-Nabavke“ system – opened procedure, negotiation procedure, competing application and direct agreement, as well as the value of awarded contracts for non-priority services, and the value of contracts concluded under framework agreements for which there is no possibility of entry into information „e-Nabavke“ system).

In accordance with the report on the total number of procedures and the total value of awarded contracts from the information system „e- Nabavke“, the total value of concluded contracts is **BAM 88.478.967,22** VAT free, and the total number of conducted procedures, as of 31 December 2018 is **122**, of which:

- Opened procedures: **69 in the amount of BAM 82.288.161,55**
- Limited procedures: **0**
- Negotiation procedures with the announcement of procurement notice: **0**
- Negotiation procedures without the announcement of procurement notice: **5 in the amount of BAM 5.583.203,44**
- Competing applications: **25 in the amount of BAM 490.067,00**
- Total of direct agreements: 269 of which **23** of direct agreements were conducted by the Public Procurement Service **in the amount of BAM 117.535,23**, and the remaining 246 direct agreements refer to utility bills and other small purchases (printing, advertisement, etc.), that is, current payments for which invoices are accepted and entered into “e-Nabavke” system.

Also, it was initiated and contracted **29** of procedures for non-priority services (Annex II. Part B) in the amount of **BAM 2.586.182,67**, and 661 cases – procurements that are exempt from application of the Law on Public Procurements in the amount of BAM 1.331.474,78, which are not conducted by the Service for Public Procurements, and which refer to legal monopoly (electricity, postal services, water consumption, etc.), for which was adopted the Decision number 01-01.3-343/18 of 09 January 2018 listing the procedures, that is, procurements which are exempt from application of the Law on Public Procurement (Article 10 of the Law on Public Procurement), and the same is entered into „e-Nabavke“ system, on the basis of the invoice.

On the basis of the approval of the Management Board, i.e. submitted requests for the initiation of unplanned procurement, the Public Procurement Service initiated a total of 15 unplanned procurements.

Regarding the realization of the Procurement Plan for 2018, out of a total of 230 procurement cases, also including the 1st correction and amendments to the procurement plan for 2018, 131 procurement cases have been initiated, for which the requests have been submitted for initiation of a public procurement procedure by the sectors – services which initiate the subject procurement.

The value of concluded contracts, on the basis of contracted framework agreements from the past years, for which there is no possibility of entry into „e-Nabavke“ system, and therefore their value is not included in above mentioned (individual) values of concluded contracts, amounts **BAM 2.297.701,72**.

In accordance with Article 10, paragraph (1) of the Rulebook on the terms and conditions of using the e-auction ("Official Gazette of BiH", number: 66/16) whereby constructing authorities are required to anticipate the conduct of an e-auction in „e- Nabavke“ system for at least of 50% of public procurement procedures in 2018, e-auction is planned for 45 of initiated public procurement procedures.

The total number of procedures that may have been subject to the terms and conditions of e-auction, and which are defined in Article 1, paragraph (1) and Article 2, paragraph (3) of the Rulebook, is 59 (fifty-nine), which means that 76.27% of the 2018 public procurement procedures are planned to be e-auctioned.

A total of 42 appeals were filed to the total number of proceedings, as of 31 December 2018 (including finalized and ongoing proceedings). Some procedures of public procurement had several appeals, especially "Supervision of construction (breaking-through) of the tunnel "Hranjen"" – five appeals, "Supervision of construction of Sarajevo bypass (lot 3b)" – three appeals, "Translation services" – three appeals, "Sanation of landslides on the site Ban brdo" – three appeals, "Rehabilitation of regional road R425a at the section Tromeda - Zvirovići in the length of 5.8 km" – three appeals, and "Construction of Sarajevo bypass (lot 3b)" – two appeals.

The contracting authority partially or fully adopted nine complaints, and dismissed the two as untimely. The appellants dropped the three appeals filed.

The remaining 28 appeals were forwarded to the Procurement Review Body (PRB), of which PRB dismissed 12 appeals in accordance with the Conclusion as irregular, 5 appeals were dismissed as unfounded, and 11 appeals were adopted, or partially adopted.

- **Procedures which refer to the construction of express and regional roads, sections, or subsections of the motorway at the Corridor Vc**

1. **Breaking-through of the main and service pipe and construction of primary support of the road tunnel "Hranjen"** contract in the amount of BAM 69.999.900,00, excluding VAT, was concluded on 22 September 2018 with the bidder Euroasfalt d.o.o. Sarajevo.
2. **Supervision of construction (breaking-through) of the tunnel Hranjen** - Decision was adopted on election of the bidder, by which the contract, in the amount of BAM 2.977.997,00, excluding VAT, is awarded to the bidder IPSA Institut d.o.o. Sarajevo. The contract was signed on 19 February 2019.
3. **Construction of Sarajevo bypass (lot 3b)** - public bid opening was held on 23 August 2018. Decision on annulment of the public procurement procedure was adopted, in accordance with Article 69, paragraph (2), point d), because none of the bids received was acceptable. One of the bidders appealed against the Decision of annulment in question, and the same, together with the statement, was forwarded to the Procurement Review Body on 29 October 2018. Decision of PRB is pending.
4. **Supervision of construction of Sarajevo bypass – (lot 3b)** - a decision to move an open procedure to a negotiated procedure, with the announcement of a notice, was adopted, because, in the present case, the two bids received do not meet the requirements for qualification, and negotiations were scheduled for 08 January 2019.
5. **Rehabilitation of regional road R425a at the section Tromeda - Zvirovići** in the length of 5.8 km - acting in accordance with the decision of PRB, it was adopted the Decision on the selection of the most favourable bidder, by which the Framework agreement in the total amount of BAM 4.781.355,37, VAT excluded, is awarded to the bidder KTM – Brina d.o.o. Posušje. The contract was signed on 30 January 2019.

6. **Supervision** of construction on rehabilitation of regional road R425a at the section Tromeda-Zvirovići in the length of 5.8 km" - it was adopted the Decision on the selection of the most favourable bidder, by which the Framework agreement in the total amount of BAM 371.347,20, VAT excluded, is awarded to the group of bidders: IPSA Institut d.o.o. Sarajevo and IGH d.o.o. Mostar. The contract was concluded on 21 February 2019.
7. **Consulting services for project management** for the construction of Corridor Vc, Nemila – Ponirak is divided in two LOTs as follows:
 - **Lot 1:** "Consulting services for project management for the construction of the motorway Nemila – Vranduk".a decision to move an open procedure to a negotiated procedure, with the announcement of a notice, was adopted, because, in the present case, the two bids received do not meet the requirements for qualification. It was adopted the Decision on the selection of the most favourable bidder, by which the contract in the amount of BAM 475.000,00, VAT excluded, is awarded to the bidder AD "PROJEKT" Banja Luka. Awaiting for the signing of the contract.
 - **Lot 2:** "Consulting services for project management for the construction of motorway Vranduk – Ponirak" the procedure was annulled, and it was initiated repeated open procedure. Bid opening was scheduled for 12 March 2019.
8. **Consulting services for project management for the construction of motorway on the Corridor Vc, subsection Vraca (tunnel Zenica) – Donja Gračanica (tunnel Pečuj)** - a decision to move an open procedure to a negotiated procedure, with the announcement of a notice, was adopted, because, in the present case, the two bids received do not meet the requirements for qualification. Negotiations were held with both bidders, final bids were submitted, and evaluation of the same is in process.

3.8.2. Public procurements in accordance with international procedures

- **Procurement procedures financed by the European Investment Bank (EIB)**

Procurement of works for the construction of motorway at the Corridor Vc, section Poprikuše – Zenica sjever (Donja Gračanica), subsection Ponirak – Vraca

Estimated value of procurement of works for the construction of subsection Ponirak – Vraca is 72 mil EUR-a. Public Call for pre-qualification for selection of contractors was announced on 26 July 2017. Public opening of the application was performed on 22 September 2017. Total of 7 application were receives. Procedure of evaluation of received applications was completed, and evaluation report was submitted to the Bank on 18 January 2018. Audited evaluation report was submitted to the Bank on 13 February 2018. Approval of the Bank was received on 23 May 2018, and the applicants were informed about the results on 25 May 2018. Tender documents were submitted for approval to the Bank on 27 June 2018. The Bank submitted the comments to tender documentation on 9 November 2018. Tender documents, updated in accordance with the comments, were submitted for approval to the Bank on 20 December 2018.

Procurement of consulting services of supervision for construction of motorway on the Corridor Vc, section Poprikuše – Zenica sjever (Donja Gračanica), subsection Ponirak – Vraca

Estimated value of procurement of consulting services of supervision for construction of subsection Ponirak –Vraca is 3 million EUR.

Public Call for expression of interest for the selection of consulting services of supervision for the works was announced on 26 July 2017. Application opening was performed on 07 September 2017. Total of 14 applications were received.

Procedure of evaluation of received applications was completed. Short-list of evaluation reports was submitted to the Bank on 18 January 2018. After the comment of the Bank, audited report was submitted to the Bank on 12 March 2018. The Bank provided its comment for several times. The final audited report was submitted to the Bank for the approval on 14 September 2018 and the Bank issued the approval on 05 October 2018. RFP was submitted to the Bank for approval on 27 June 2018. RFP was again sent to the Bank for approval on 15 October 2018. The Bank submitted the comments for RFP on 09 November 2018. RFP was updated in accordance with the comments and it was submitted for approval to the Bank on 20 December 2018.

Technical support for the Project Implementation Unit of PC Motorways of FBiH, project for the construction of motorway at the Corridor Vc, section Poprikuše – Zenica sjever (Donja Gračanica), subsection Ponirak – Vraca

Procedure for procurement of consulting services of technical support for the Project Implementation Unit was initiated on 27 March 2018. Deadline for submission of application is 30 April 2018. Evaluation was completed and the report was submitted to the Bank on 15 May 2018. The Bank issued the approval on 18 May 2018. Applicants were informed about the results of the first stage of procedure on 31 May 2018. Request for bid was submitted on 22 June 2018. The deadline for receipt of the bid was scheduled for 07 August 2018. Evaluation was completed and technical evaluation report was submitted to the bank for approval on 14 August 2018.

Procurement of works for the construction of the motorway at the Corridor Vc, section Počitelj – Bijača, subsection Počitelj – Zvirovići

Procedure for procurement of works was divided into two LOTs: LOT 1: interchange Počitelj - beginning of the bridge Počitelj - interchange Zvirovići and LOT 2: the bridge Počitelj. Tender documents for both LOTs were submitted to the Bank for approval on 29 June 2018. The approval of the Bank was received on 29 June 2018. Tender was announced on 10 July 2018. Deadline for submitting the application was on 10 October 2018. Evaluation of bids for both LOTs was completed, and pre-qualification evaluation contract was submitted to the Bank for approval on 20 November 2018. The Bank issued the approval for technical evaluation report for LOT 2 on 07 December 2018. The approval of the Bank is awaited for the LOT 1.

Procurement of consulting services of supervision for construction of motorway on the Corridor Vc, section Počitelj – Bijača, subsection Počitelj – Zvirovići

The original procedure of procurement of consulting services of supervision was annulled on 24 April 2017. Repeated procedure was initiated on 11 May 2017. By announcing the Call for statement of interest. Estimated value of procurement is 4.5 million EUR. Deadline for submission of application is 24 July 2017. Total of 10 applications were received.

Evaluation of received applications for the procedure of procurement of consulting services is completed, and short-list of evaluation reports was submitted to the Bank for issuance of approval on 18 August 2017. After received comments from the Bank, the additional request for clarification was sent and regular report was made. Final audited evaluation report was completed, and it was submitted to the Bank on 07 March 2018. The approval of the Bank was received on 03 December 2018. All applicants were informed about the first stage of the procedure.

The Call for submitting of the bids was submitted to the bank for approval on 10 December 2018. The approval of the Bank was received on 20 December 2018. Call for submitting the bids was issued on 21 December 2018. Deadline for submission of bids was scheduled for 12 February 2019.

Procurement of consulting services of technical support for the Project Implementation Unit of PC Motorways of FBiH (PIU), section Počitelj – Bijača, subsection Počitelj – Zvirovići

Procedure was initiated on 11 May 2017, by announcing the Call for statement of the interest. Estimated value of purchase is EUR 6.000.000. Deadline for submitting the application is 24 July 2017. Total of 7 applications were received. Evaluation report was submitted to the bank on 21 February 2018. The Bank issued the approval on 23 February 2018. Applicants were informed about the results of the first stage of procedure. Request for the bid was submitted on 14 March 2018. Deadline for receipt of the bids was scheduled for 27 April 2018. Evaluation was completed, and technical evaluation report was submitted to the Bank on 21 May 2018. The approval of the Bank was received on 23 May 2018. Financial bids were opened on 01 June 2018. After evaluation, final evaluation report was submitted to the Bank for approval on 04 June 2018, and audited report was submitted to the Bank for approval on 05 June 2018. Approval of the Bank was received on 07 June 2018, and applicants were informed about the results. The contract was concluded on 18 June 2018 with a first-rated bidder, that is, JV: Ipsa doo and VCE. Value of the contract is EUR 350.830,35, VAT included.

Procurement of consulting services of technical support for the Project Implementation Unit for implementation of the project of PC Motorways FBiH (PIU), section Poprikuše-Nemila

Call for statement of interest was submitted to the Bank for approval on 03 August 2018. Approval of the Bank was received on 17 August 2018. Public Call for statement of interest for procurement of technical support for the Project Implementation Unit was announced on 20 August 2018. Deadline for submission of application was on 25 October 2018. Evaluation of application is in process.

Procurement of consulting services of technical support for the Project Implementation Unit of PC Motorways of FBiH (PIU), section Tarčin-Konjic, subsection Tarčin-Ivan: LOT 2 Tunnel Ivan

Call for statement of interest was submitted to the Bank for approval on 03 August 2018. Approval of the Bank was received on 17 August 2018. Public Call for statement of interest for procurement of technical support for the Project Implementation Unit was announced on 20 August 2017. Deadline for submission of application was on 25 October 2018. Evaluation of application is completed, and evaluation report was submitted to the Bank for approval on 20 December 2018. Approval of the Bank was received on 27 December 2018. All applicants were informed about the first stage of the procedure. Drafting of the call for submission of the bid is in process.

- **Procurement procedures financed by the European Bank for Reconstruction and Development (EBRD)**

Procurement of works for construction of motorway at the Corridor Vc, section Vraca (tunnel Zenica) - Donja Gračanica (tunnel Pečuj)

Estimated value: 47 mil Euros. Construction of this section is planned in accordance with the model *Design and Build*.

General announcement on procurement was announced on 05 February 2016. The Decision on initiation of the procedure was adopted by the Management Board on 01 April 2016, and by the Supervision Board on 12 April 2016. Pre-qualification documents were sent to the Bank for approval on 12 April 2016. On 27 April 2016, documents were returned to the Contracting Authority for modification. Audited pre-qualified documents were submitted to the Bank for approval on 05 May 2016. The approval of the Bank was received on 15 June 2016.

Call for pre-qualification was announced on 15 July 2016. Application opening was scheduled on 29 August 2016, deadline was extended to 14 September 2016, and amendment to pre-qualification documentation was sent to the Bank for approval.

New deadline for submission of pre-qualification documents was scheduled for 28 September 2016. 17 (seventeen) applications were submitted until the final deadline. Pre-qualification evaluation report was sent to the Bank for approval on 19 January 2017.

After received comments from the Bank, audited evaluation report was submitted to the Bank for approval. Approval from the Bank was received on 20 June 2017. Call for submission of bids to pre-qualified bidders was submitted on 14 August 2017. Deadline for submission of the bids was scheduled for 15 January 2018. Evaluation of bids was completed and evaluation report was submitted to the bank for approval in September 2018. After the Bank provided comments for the report, audited evaluation report was prepared. The same was submitted to the Bank for approval on 08 October 2018 and the Bank issued the approval on 15 October 2018.

Draft of the Contract was sent for approval to the Bank on 19 October 2018 and the approval for the same was received on 22 October 2018. The Contract with the selected bidder, company Cengiz inaat Sanayi ve Ticaret A.S. from Turkey, was signed on 08 November 2018. The value of the Contract is 67.360.069,25 Euros, VAT included.

Procurement of works for the construction of the motorway at the Corridor Vc, section Vraca (tunnel Zenica) – Donja Gračanica (tunnel Pečuj)

Estimated value: 2.5 million Euros. General announcement on procurement was announced on 05 February 2016. Decision on initiation of procedure was adopted by the Managing board on 01 April 2016, and by the Supervisory Board on 12 April 2016.

Approval of the Bank for the Call for statement of interest was obtained on 23 November 2016. Call for statement of interest was announced on 22 December 2016.

Applications were received on 14 February 2017. The total number of applications received is 14. Short-list evaluation report was submitted to the Bank for approval, and approval from the Bank was received on 28 April 2017. Participants in the procedure were informed about the results on 04 May 2017.

In the second stage, pre-qualified consultants were invited to submit technical and financial bids until 24 July 2017. Final evaluation report was submitted to the Bank, and the approval of the Bank was received on 07 March 2018. The Contract was submitted to the Bank for the approval on 28 June 2018. The Contract was signed on 31 July 2018 with first-rated bidder JV: Technital SpA and TZI Inženjering d.o.o. The value of the contract is EUR 2.837.086,20, VAT included.

Procurement of works for the construction of the motorway at the Corridor Vc, section Poprikuše-Nemila

Pre-qualified documents were submitted to the Bank for the approval on 03 August 2018. Approval of the Bank was received on 17 August 2018. Public Call for pre-qualification for selection of the contractor was announced on 20 August 2018. Deadline for submission of application was on 01 November 2018. Evaluation of application is in process.

Procurement of consultant services of supervision for construction of motorway at the Corridor Vc, section Poprikuše-Nemila

Call for statement of interest was submitted to the Bank for approval on 03 August 2018. Approval of the Bank was received on 17 August 2018. Public Call for statement of interest for procurement of consultant services of supervision for works was announced on 20 August 2018. Deadline for submission of application was on 04 October 2018. Evaluation of application is in process.

Procurement of works for construction of motorway at the Corridor Vc, section Tarčin-Konjic, subsection Tarčin-Ivan: LOT 2 Tunnel Ivan

Pre-qualified documents were submitted to the Bank for the approval on 03 August 2018. Approval of the Bank was received on 17 August 2018. Public Call for pre-qualification for selection of the works was announced on 20 August 2017. Deadline for submission of application was on 04 October 2018. Evaluation of the bid was completed, and pre-qualification evaluation report was submitted to the Bank for the approval on 07 December 2018. Approval of the Bank was received on 11 December 2018.

All bidders were informed about the results of the first stage of the procedure. Drafting of tender documentation is in the process.

Procurement of consultant services of supervision for construction of motorway at the Corridor Vc, section Tarčin-Konjic, subsection Tarčin-Ivan: LOT 2 Tunnel Ivan

Call for statement of interest was submitted to the Bank for approval on 03 August 2018. Approval of the Bank was received on 17 August 2018. Public Call for statement of interest for procurement of consultant services of supervision for works was announced on 20 August 2017. Deadline for submission of application was scheduled for 04 October 2018. Evaluation of application is completed, and evaluation report was submitted to the Bank for approval on 12 October 2018. Approval of the Bank was received on 04 December 2018. All applicants were informed about the first stage of the procedure. Call for submission of bids was submitted to the Bank for approval on 21 December 2018. Approval was received on 27 December 2018, when the Call for submission of bids was announced. Deadline for submission of bids was scheduled for 18 February 2018.

- **Procurement procedures financed by the OPEC Fund for International Development (OFID)**

Procurement of works for the construction of the motorway at the Corridor Vc, section Poprikuše – Zenica sjever (Donja Gračanica), subsection Vranduk – Ponirak

Estimated value for procurement of works for the construction of subsection Vranduk - Ponirak is 49 million Euros. Public Call for pre-qualification for selection of the contractor was announced on 18 July 2017. Deadline for submission of application was scheduled for 18 September 2017. Total of 10 applications were received. Procedure of evaluation of received applications was completed. Pre-qualification evaluation report was submitted to the Fund for approval on 19 April 2018. Approval of the Fund was received on 18 May 2018. Applicants were informed about the results. Tender documentation was submitted to the Fund for approval on 26 June 2018. On 19 July 2018, the Fund issued its approval. The second stage of the procedure was initiated on 26 July 2018. Deadline for submission of bids was scheduled for 02 October 2018, and four bids were received. Evaluation of received bids is in process.

Procurement of consultant services of supervision for construction of motorway at the Corridor Vc, section Poprikuše – Zenica sjever (Donja Gračanica), subsection Vranduk – Ponirak

Estimated value for procurement of consulting services of supervision for subsection Vranduk – Ponirak is 2.5 million Euros. Public Call for statement of interest for selection of consultant services of supervision for works was announced on 18 July 2017. Deadline for submission of application was scheduled for 04 September 2017. Total of 13 applications were received. Evaluation procedure for received applications was completed. Evaluation report was submitted to the Fund for approval on 14 May 2018. Approval of the Fund was received on 24 May 2018. Applicants were informed about the results. Call for submission of bids was submitted to the Fund for approval on 19 June 2018. Approval of the Fund was received on 20 July 2018. The second stage of the procedure was initiated on 26 July 2018. Deadline for submission of bids was scheduled for 02 October 2018. Four bids were received. The Commission evaluated technical bids and submitted the Report on evaluation of technical bids to the Fund for approval on 02 November 2018. Approval of the Fund for the report was received on 20 November 2018. Opening of financial bids was on 27 November 2018. Evaluation of financial bids is in process.

- **Procurement procedures financed by the Kuwait Fund for Arab Economic Development (KFAED)**

Procurement of works for the construction of the motorway at the Corridor Vc, section Northern border of the municipality of Zenica (Nemila) - Zenica sjever (Donja Gračanica), subsection Nemila-Vranduk

Estimated value for procurement of works is 34.6 million Euros. Pre-qualification documentation is in the process of preparation.

Procurement of consultant services of supervision for construction of motorway at the Corridor Vc, section Northern border of the municipality of Zenica (Nemila) - Zenica sjever (Donja Gračanica), subsection Nemila-Vranduk

Estimated value for procurement of consulting services of supervision is 1.4 million Euros. After finalizing the Call for statement of interest for selection of the consultant for supervision services, the Call was submitted to the Fund for issuance of the approval on 10 April 2018. Approval of the Fund was received 18 April 2018. Call for statement of interest was announced on 18 April 2018. Deadline for submission of applications was scheduled for 27 April 2018. A tour of the site took place on 27 June 2018. The invitation to submit participation related information was sent to all applicants on 13 July 2018 and short-list of evaluation report was finalized, which was submitted to the Fund on 02 August 2018 for approval. Approval of the Fund was received on 09 August 2018. Request for proposal (RFP) is in the process of preparation.

4. REVENUES, COSTS AND FINANCIAL RESULTS

4.1. Revenues

Table 14

No.	Name of costs	2018 plan	2018 rebalance	Achieved in 2018	Achieved in 2017	% of rebalance	% compared to the previous year
1	2	3	4	5	6	$7=(5/4) \times 100$	$8=(5/6) \times 100$
1.	Revenue from excise tax	162.400.000	163.038.000	165.487.185	97.698.730	101,50	169,39
2.	Revenue from the toll	36.500.000	35.500.000	35.079.344	33.556.340	98,82	104,54
3.	Revenue from the compensation for the use of the road land	550.000	550.000	524.036	504.601	95,28	103,85
4.	Other revenues	1.000.000	500.000	427.140	8.758.830	85,43	4,88
TOTAL:		200.450.000	199.588.000	201.517.705	140.518.501	100,97	143,41

Total amount of achieved revenues for the period from 01 January to 31 December 2018 is **BAM 201.517.705**, i.e. the same were achieved in planned amount, which is higher for **43.41%** compared to previous year.

Revenues from excise tax for the same period of the previous year are higher for 34.82%, which is the result of adoption of the Law on Amendments to the Law on Excise Tax in BiH, which increased fuel excise tax by additional 0.10 KM/liter of fuel. **Revenues from the toll** increased for 4.54% compared to the same reporting period in previous year. And also, **revenues from the compensation for the use of the road land** record increase, compared to the previous year, for 3.85%. When it comes to **other revenues**, they are significantly lower compared to the same reporting period in previous year, which is the result of achieved revenue on the basis of positive foreign exchange in 2017.

Review of achieved traffic - Average annual daily traffic, exit and sale of TAG devices on the sections of motorway

In the reporting period, there was an increase in the average annual traffic on all sections, compared to the observed period in the previous year, as shown below:

Table 15

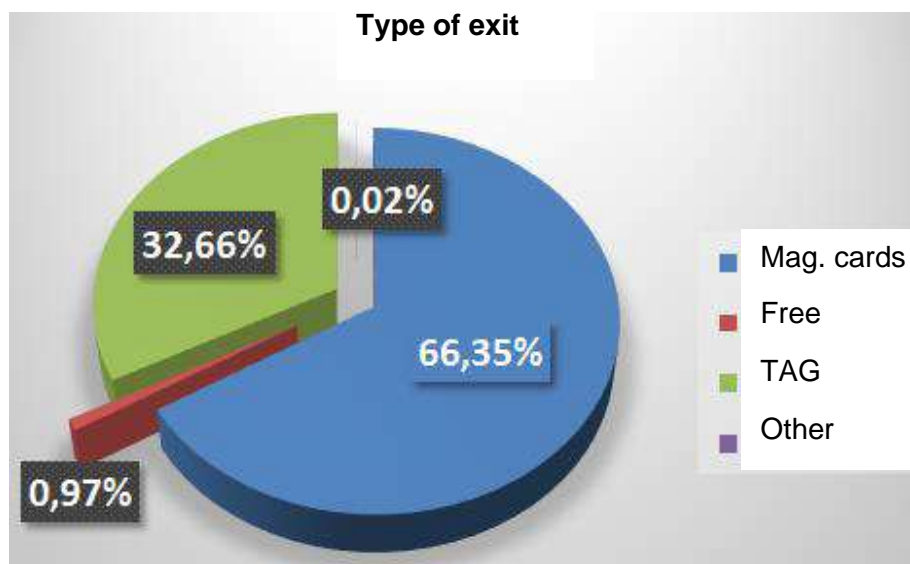
Section		Average annual daily traffic in 2017	Average annual daily traffic in 2018	Difference in Average annual daily traffic	Increase of Average annual daily traffic
1.	Sarajevo sjever - Podlugovi	15.915	16.607	692	4,35%
	Podlugovi -Visoko	13.621	14.264	643	4,72%
	Visoko - Kakanj	11.671	12.312	641	5,50%
	Kakanj - Lašva	11.313	11.898	585	5,17%
	Lašva - Zenica Jug	7.040	7.606	566	8,04%
2.	Sarajevo zapad - Lepenica	6.088	6.688	600	9,85%
	Lepenica - Tarčin	4.574	4.880	306	6,70%
3.	Međugorje-Ljubuški	1.803	2.004	201	11,15%

In 2018, there was the total of 11.711.070 vehicles at the exit of motorway A1. Total number of exits was increased for 6.22% compared to the previous year. Number of vehicles in each category was increased.

Table 16

Year	Charging with magnetic cards	Free (mag. cards)	TAG	Other	Total	Increase
2018	7.770.662	113.129	3.824.978	2.301	11.711.070	6,22%
2017	7.577.831	108.518	3.337.727	1.171	11.025.247	

Display of exits by type:



In the observed period, a total of 3.824.978 exits, or 32.66 % from the total number of vehicles, were recorded using TAG devices.

The number of sold devices was decreased for 29.8% compared to 2017. Due to the complaint of one of the bidders, the contract was signed slightly later than planned, and PC Motorways of FBiH did not have sufficient TAG devices for sale.

Table 17

Year	ACC TAG total	ACC TAG credit transfer
2018	4.681	1.251
2017	6.668	1.946

4.2. Expenditures

Review of operating costs in the period of 01 January -31 December 2018

Table 18

No.	Name of costs	2018 plan	2018 rebalance	Achieved in 2018	Achieved in 2017	% rebalance	% compared to the previous year
1	2	3	4	5	6	$7=(5/4) \times 100$	$8=(5/6) \times 100$
1.	Acquisition value of the sold goods	369.210	200.000	161.739	216.195	80,87	74,81
2.	Spent raw materials and material	310.885	205.786	258.597	280.253	125,66	92,27
3.	Spent energy and fuel	1.485.000	1.407.258	1.313.141	1.325.708	93,31	99,05
4.	Spent spare parts	71.000	71.000	80.583	52.990	113,50	152,07
5.	Write-off of the small inventory, packaging and car tires	81.000	97.530	86.626	315.245	88,82	27,48
6.	Salary costs and compensations	14.982.112	14.982.112	14.151.378	13.014.340	94,46	108,74
7.	Costs of the business trips of the employees	145.000	75.000	79.476	80.203	105,97	99,09
8.	Costs of the other revenues, compensations and mat. rights of the employees	1.417.190	1.410.000	1.406.130	1.349.066	99,73	104,23
9.	Costs of the compensations to the other natural persons	205.500	170.000	135.835	189.117	79,90	71,83
10.	Costs of maintenance services	10.591.254	8.136.591	7.989.029	7.985.765	98,19	100,04
11.	Costs of the leasing	678.164	577.550	574.056	506.525	99,39	113,33
12.	Costs of fairs	50.000	50.000	49.022	0	98,04	0,00
13.	Costs of advertisements	181.000	44.174	42.015	45.588	95,11	92,16
14.	Costs of other services	274.500	158.787	119.810	143.304	75,45	83,61
15.	Depreciation to the height of the tax deductible expenditures	40.380.000	40.380.000	33.225.516	33.066.528	82,28	100,48

16.	Costs of provisions for compensations and other benefits	55.000	55.000	116.009	107.100	210,93	108,32
17.	Costs of provisions for court disputes and damages	232.833	232.833	0	1.070.765	0,00	0,00
18.	Costs of the non-productive services	550.500	655.840	642.600	662.519	97,98	96,99
19.	Costs of representation	52.000	32.000	24.989	36.813	78,09	67,88
20.	Costs of the insurance premiums	160.000	82.595	92.500	116.897	111,99	79,13
21.	Costs of the payment operations	310.800	237.000	136.023	271.441	57,39	50,11
22.	Costs of the postal and telecommunication services	315.400	229.100	224.666	216.341	98,06	103,85
23.	Costs of the taxes, compensations, fees and other charges on the burden of the legal entity	317.749	306.500	313.423	306.375	102,26	102,30
24.	The other non-material expenses	117.000	140.000	143.535	135.201	102,52	106,16
25.	Interests' expenditures	7.997.981	8.235.082	7.881.572	8.460.448	95,71	93,16
26.	The other financial expenditures	400.000	7.061.500	14.771.022	5.170.612	209,18	285,67
TOTAL:		81.731.078	85.233.239	84.019.292	75.125.340	98,58	111,84

Total achieved costs in the period January – December 2018 amount BAM 84.019.292, representing an execution of 98.58 % compared to planned costs.

Explanation of realization of planned costs:

1. **Acquisition value of the sold goods** refers to the costs of selling the ACC tag devices, and the same are realized in lower amount compared to planned value, since there was a problem with the procurement process. The tender procedure, which was initiated in 2018, has been cancelled following multiple appeal procedures. By the end of the year, the most favourable bidder was not selected for procurement of the ACC TAG device.
2. **Spent raw materials and material** – this position of costs includes all material costs that relate to the payment system, maintenance and management of motorway, office supplies, procurement of the accompanying IT equipment in the form of small inventory, and procurement of tools and small inventory for maintenance of facilities owned by the PC Motorways of FBiH. Higher realization than planned is a result of planning individual expenditures in other cost positions, and capital expenditures/investments, and after invoicing and identifying particular items of procurement, they are inherently recorded in this position in accordance with the International Accounting Standards.
3. **Spent energy and fuel** – total expenditures for electricity and fuel, and fuel purchase for the needs of PC Motorways are reported. The realization takes place in accordance with the real needs of the company.
4. **Spent spare parts** for maintenance of work machines and vehicles were realized in higher amount compared to the planned values, in accordance with the real needs of the company.
5. **Write-off of the small inventory, packing and car tires** are reported less than planned values, because the planned part of the purchased PPE equipment was not put into use until the end of 2018.
6. **Salary costs and compensations** are reported less than planned values, because there was no realization of planned employment.

7. **Costs of the business trips of the employees** relate to the costs of wages, accommodation and transport on business trips in country and abroad, and the same are realized in accordance with the real needs of the company.
8. **Costs of the other revenues, compensations and material rights of the employers** are compensation for food during the labour – a hot meal, compensation for transportation to and from work, payment for annual leave, assistance and reimbursement of funeral costs in the event of death, planned expenses for seminars and paid tuition fees for employees.
9. **Costs of the compensations to the other natural persons** include costs of compensations to the members of the Supervision Board, Audit Board, Different Commissions and other costs of compensations on the basis of service contract. They are realized less than planned values, as the result of less realization of concluded service contracts, than it was planned.
10. **Costs of maintenance services** include costs from the field of management, billing and maintenance of motorway, maintenance of the computer systems and licenses, costs of physical protection of assets of PC Motorways and employees, the costs of regular vehicle maintenance, regular repairs at the facilities of the PC Motorways and the costs of disinsection, desinsection and deratisation of toll booths and facilities of the company. Management costs within this cost position include: maintenance of verification supervision, maintenance of motorway management system and remote tunnel monitoring at all sections of the motorway A1, maintenance of Oracle infrastructure and technologies, maintenance of the fibre optic trunk cable for the purpose of transmission system and repair of failures, maintenance of the system of radio-voice communications for the needs of the company, spare server equipment for IT systems, services in the procurement of network equipment, traffic management projects on motorway A1 in populated areas: Sarajevo Canton, HNC, Zenica-Doboj Canton, preparation of project and technical documentation for extended functionality of the management system, project of improvement of safety elements on the motorway, and services in the procurement and installation of technical equipment for the improvement of motorway and tunnel safety elements.
Motorway toll charges include the maintenance and refinement of the toll system on all sections of the motorway A1, and regular and emergency servicing of banking equipment used in the toll collection process on the motorway A1. Costs of maintenance within this position of costs include: regular and winter maintenance of the motorway, maintenance of drainage system, works of repair of pavement construction, facilities and replacement of equipment on the facilities, services of preparation of project documentation and supervision on sanitation, environmental monitoring and inspection of motorway facilities and constructions, maintenance of tools and equipment for fire protection and safety at work, maintenance of electrical and mechanical installations and devices, and maintenance of vehicles and working machines.
11. **Costs of the lease** are conducted on the base of the existing contracts on the lease of the office area, equipment, land and parking area. They are realized in accordance with the assessments.
12. **Costs of fairs** refer to presentation and promotion of PC Motorways of FBiH on the economic fair at Mostar and Tešanj 2018.
13. **Costs of advertisements** include the production and preparation of promotional/documentary program, graphic design and printing services, participation in the international conference, agency services, conducting information campaigns and promoting safe use of the motorway in the area of motorway management.
14. **Costs of other services** relate to providing of services of monitoring of print and electronic media from BiH, that is, providing the services of press clipping, services of copying and plotting, employee training services, regular periodic medical examination of employees who are assigned to jobs with special working conditions, purchase of warning signs, signs of notice, prohibition and danger for fire protection and safety at work, drafting of preliminary and main design for transition of the MV cable line across the Bosne River for the previous and final

transition approval, professional training - training of senior officers for management and supervision of the motorway, drafting of the main design of ITS (Intelligent Transport Systems) on the section of Sarajevo bypass Briješće - Butile, internal calculation of costs for motorway use of own vehicles, records on traffic accidents, etc. Realization of costs is in compliance with the actual needs of the business.

- 15. Depreciation to the height of the tax deductible expenditures** includes total costs of the calculated depreciation of assets. This cost position is overstated in the revised business plan. One of the reasons is that amendment to the company's current accounting policies, which was planned during this reference period, was not adopted, where the value of completed projects (project documentation) would be transferred into use without connection to works on the same section. The second reason is that there was no transfer of asset value for LOT 1 Sarajevo bypass on PC Motorways of FBiH in 2018.
- 16. Costs of provisions for compensations and other benefits** relate to the provisions for the retirement of employees. Decision on the obligation of provision of funds for the costs of provisions for retirement, number 01-692-12/19 of February 2019, determines the same for the period of 01 January-31 December 2018 in the amount of BAM 809.488,32. Given that the balance of accrued provisions for severance pay (conto 40410) as of 31 December 2018 amounts BAM 693.479,37, it is necessary to additionally provide the amount of BAM 116.008,95. Basis for provisions is the calculation of the Sector for Economic and Financial Affairs, with application of actuarial tables that provide five average salaries to be paid at the time of retirement, and this amount is discounted at the interest rate of 8%, for the number of years remaining until the period when each employee will be 65 years old, when he/she should be retired, according to the current regulations, or to comply with other criteria and to achieve 40 years of service.
- 17. Costs of provisions for court disputes and damages** relate on the initiated court disputes against PC Motorways on the basis of claims for which no final decision was made in the accounting period. The same were not realized in 2018. At the end of the reporting period, there was reconciliation - cancellation of one part of the provision, and the cases were settled in favour of PC Motorways. The result is decrease in the value of the provision.
- 18. Costs of the non-productive services** include the costs of the utilities in the offices and toll booths, everyday maintenance of hygiene and cleanliness of the facilities on the motorway A1, seat in Mostar and office in Sarajevo, water for drinking, washing and sanitation, notary, lawyer, audit services, costs of professional translations and consulting services related to issuance of the notes.
- 19. Costs of representation** were realized in smaller amount compared to the planned values.
- 20. Costs of the insurance premiums** include the insurance premiums of the fixed assets, vehicles and insurance premiums from the consequences of the accidents. There was an increase in the usability of the contract due to the purchase of a new vehicle and insurance of the same on the basis of motor vehicle insurance, comprehensive insurance and ZK, procurement of mobile working machines and insurance against machinery breakdown, and additional types of insurance, as well as the increase in the number of workers and their insurance against accident.
- 21. Costs of payment operations** refer to payment transactions in the country and abroad, services of accepting bank payment cards in the toll collection system, acceptance of Diners cards for payment of the toll at A1, procurement of services for picking up of valuable shipments, control and bookkeeping of assets, banking services, treasury lease and the costs of issuance of notes. Lower realization of these costs compared to the planned value is a result of lower costs of banking services compared to the Plan (there was no activation of certain revolving lines).

- 22. Costs of the postal and telecommunication services** include postal, telecommunications and mobile services, express mail services, internet services and the rent of professional industrial links on the move OU Sarajevo – Sarajevo sjever, Core Internet access.
- 23. Costs of taxes, compensations, fees and other charges on the burden of the legal entity** are as follows: special compensation for protection against natural and other disasters, general compensation for water, compensation for the performed registration and vehicle roadworthiness testing, fee on the prominent firm, utility and administrative fees, penalties, compensation of the Fund for the professional rehabilitation and employment of disabled persons, paid VAT for free passes of the external users and membership fees for the Commercial Chamber and Foreign Trade Chamber of BiH.
- 24. Other non-material expenses** relate on the given scholarships, leasing of advertising space in print, digital and other media in order to promote the work of PC Motorways of FBiH, announcements of the Public Procurement Service, subscription costs for official gazettes, professional publications and print media, etc. These expenses are higher for 2.52% compared to the planned value due to the fact that public advertising is higher than planned.
- 25. Interests' expenditures** relate to expenditures for interests on the basis of credit lines for co-financing of motorway sections and other credit lines.
- 26. Other financial expenditures** relate to the possible negative exchange rate differences, losses on the basis of earlier settlement, losses from the sale and debiting of the fixed assets, and to the expenditures on the basis of the correction of the value and write-off of the receivables, expenditures and losses on inventories of materials and equipment supplies, losses from decrease in value of intangible assets in preparation, decrease of value of TAG devices, and expenditures on the basis of the corrections of the mistakes from previous years.
- Other financial expenditures were realized in a much higher amount than planned, as the result of decrease of value of performed investments in project documents in accordance with the Rulebook on Accounting Policies. The correction of the value is the result of the change of the motorway route on the section Tarčin – Konjic (pass through tunnel Prenj). When preparing the audited business plan, no information was available about the need for reduction of the value of above mentioned investments. According to the calculation, value of the investment decreased for BAM 8.883.539,38 for the correction of value of project documentation, which charged the expenditures of the accounting period of 01 January-31 December 2018.

4.3. Financial result

Table 19

No .	Name of costs	2018 plan	2018 rebalance	Achieved in 2018	Achieved in 2017	% of rebalance	% compared to the previous year
1	2	3	4	5	6	$7=(5/4) \times 100$	$8=(5/6) \times 100$
1.	Total revenues	200.450.000	199.588.000	201.517.705	140.518.501	100,97	143,41
2.	Total expenses	81.731.078	85.233.239	84.019.292	75.125.340	98,58	111,84
FINANCIAL RESULTS (1-2):		118.718.922	114.354.761	117.498.413	65.393.161	102,75	179,68

Financial result was achieved in planned amount and the same is higher for 179.68% compared to the same period in previous year. In accordance with the provisions of Article 94 of the Law on Roads in FBiH, financial result is non-taxable and as such is allocated to the liabilities for the intended purpose which represents a source of funds that will be used solely for management, construction, reconstruction, maintenance and protection of public roads.

Decision on the manner of distribution of financial result – revenue over expenditures incurred in 2018, was adopted by the Management Board of PC Motorways on 25 February 2019. Final decision on manner of distribution of financial results shall be adopted by the Assembly of the Company in accordance with the Law on Companies, Law on Roads of FBiH and Articles of Association of the PC Motorways.

5. PROJECTION OF THE FINANCING SOURCES – CREDITS AND PAYMENT

5. 1. Review of approved credits, withdrawals and utilization:

Table 20

No	Credit line	Withdrawal plan in 2018 in BAM	Withdrawal rebalance in 2018 in €	Withdrawal rebalance in 2018 in BAM	Withdrawal from 01 January-31 December 2018 in BAM	% of utilization
1	2	3	4	5	6	7=(6/5) *100
1.	OPEC A 48 mil. USD (Klopče - D.Gračanica)	2.389.716	7.319.157	14.315.026	15.722.414	109,83
2.	KFAED 28 mil. EUR (Drivuša - Klopče)	15.739.565	8.845.350	17.300.000	18.624.749	107,66
3.	EBRD 80 mil. EUR Buna - Počitelj i Vraca - D.Gračanica)	33.500.000	11.120.598	21.750.000	7.325.051	33,68
4.	EBRD 76 mil. EUR (Svilaj - Odžak i Klopče - D.Gračanica)	51.440.000	33.357.443	65.241.488	60.227.804	92,32
TOTAL:		103.069.281	60.642.548	118.606.514	101.900.017	85,91

In the reporting period, 85.91% of the credit funds were withdrawn in relation to the planned. By the end of 2018, nearly whole credit line at OPEC had been spent in the amount of USD 48 million. During the reporting period, EBRD credit lines were effective in the amount of 76 mil Euros and 80 mil Euros.

5.2. Review of accrued interests for existing credit lines

Table 21

No.	Credit line	Interest plan (BAM)	Interest rebalance in €	Interest rebalance in BAM	Realization 01 January-31 December 2018. in BAM	Interest capitalization	% of realization compared to rebalance
1	2	3	4	5	6	7	8=6/5*100
1.	EBRD 205 mil. EUR	1.807.139	971.261	1.899.622	1.718.287	0	90,45
2.	EIB 75 mil. EUR	1.114.691	623.020	1.218.521	1.218.515	0	100,00
3.	EIB 166 mil. EUR	2.374.055	1.318.554	2.578.867	2.468.799	0	95,73
4.	KFAED 28 mil. EUR	910.000	576.190	1.126.930	1.163.846	1.163.846	103,28
6.	OFID 48 mil. EUR	2.219.241	1.265.729	2.475.550	3.323.204	3.323.204	134,24
7.	EBRD 76 mil. EUR	217.665	223.460	437.050	145.174	145.174	33,22
8.	EBRD 80 mil. EUR	130.000	30.973	60.577	34.470	34.470	56,90
15.	Razvojna banka FBiH 30 mil. KM	607.587	339.877	664.742	643.625	0	96,82
16.	Razvojna banka FBiH 38 mil. KM	1.204.288	641.737	1.255.128	1.197.486	0	95,41
17.	Revolving 748-E382-16 (Intesa)	193.455	96.610	188.953	188.953	0	100,00
18.	Revolving 818-E425-17 (Raiffeisen)	36.170	54.844	107.266	125.998	0	117,46

19.	Revolving 794-E411-2/16 (UniCredit)	10.596	5.529	10.813	10.813	0	100,00
20.	Revolving lines up to BAM 60 mil.	650.000	153.388	300.000	277.044	0	92,35
21.	Overdraft (Union)	0	5.711	11.170	11.170	0	100,00
22.	Interests on note issuance	0	0	0	10.616	0	0,00
TOTAL:		11.474.887	6.306.882	12.335.189	12.538.000	4.666.694	101,64

Total realized interest expenses per credits are reported in the amount of BAM 12.538.000, of which BAM 7.871.306 was shown in the cost position, and the amount of BAM 4.666.694 KM is capitalized in accordance with International Accounting Standards, and the investments for which the credit funds have been spent are still ongoing. The slightly lower interest per credit of EBRD, 80 Million Euros compared to the planned values, is a result of lower realization on the construction of motorway section, compared to the plan.

In addition to the liabilities for interests shown in the table, the accounting records also include the liabilities for non-withdrawn fee per EBRD credit, No. 47372 in the amount of BAM 2.123.312 and fee for non-withdrawn assets per credit EBRD, No. 48999 in the amount of BAM 1.253.367. Above mentioned assets are capitalized. According to the loan agreement with the EBRD, the liability to pay the fee on the non-withdrawn assets is 120 days, i.e. 60 days after the loan agreement is signed. This is a significant amount of fee, bearing in mind that the agreements with EBRD were concluded in December 2015 (credit of 80 million Euros), that is, December 2016 (credit of 76 million Euros), and the condition for the effectiveness of the loan was to increase the excise duty on fuel, and signing of subsidiary contracts and subcontracts on financing was significantly delayed.

5.3. Review of payments per credits

Table 22

No.	Credit line	Payment plan in 2018 in BAM	Rebalance of payment in 2018 in €	Rebalance of payment in 2018 in BAM	Payment from 01 January to 31 December 2018 in BAM	% of realization
1	2	3	4	5	6	$7=(6/5)*100$
1.	EBRD 205 mil. EUR	18.882.279	9.654.356	18.882.279	18.882.279	100,00
2.	EBRD 205 mil. EUR	18.882.279	9.654.356	18.882.279	18.882.279	100,00
3.	EIB 75 mil. EUR	601.794	307.692	601.794	601.794	100,00
4.	EIB 75 mil. EUR	601.794	307.692	601.794	601.794	100,00
5.	EIB 75 mil. EUR	551.644	282.051	551.644	551.644	100,00
6.	EIB 75 mil. EUR	551.644	282.051	551.644	551.644	100,00
7.	EIB 75 mil. EUR	752.242	384.615	752.242	752.242	100,00
8.	EIB 75 mil. EUR	752.242	384.615	752.242	752.242	100,00
9.	EIB 75 mil. EUR	1.855.531	948.718	1.855.531	1.855.531	100,00
10.	EIB 75 mil. EUR	1.855.531	948.718	1.855.531	1.855.531	100,00
11.	Razvojna banka FBiH 30 mil. BAM	4.615.380	2.359.806	4.615.380	4.615.380	100,00
12.	Razvojna banka FBiH 38 mil BAM	5.066.666	2.590.545	5.066.666	5.066.664	100,00

13.	Revolving 748-E-382-16 (Intesa)	30.000.000	15.338.756	30.000.000	30.000.000	100,00
14.	Revolving 818-E-425-17 (Raiffeisen)	10.000.000	5.112.919	10.000.000	4.000.000	40,00
15.	Revolving 794-E-411-2/16 (UniCredit)	6.000.000	3.067.751	6.000.000	6.000.000	100,00
16.	Revolving line up to BAM 60 mil.				30.000.000	0,00
TOTAL:		100.969.026	51.624.643	100.969.026	124.969.024	123,77

All due liabilities per credits in the reporting period, on the basis of long-term credits at international and domestic credit institutions are settled.

When it comes to revolving credit lines as of 31 December 2018, all liabilities are settled, except for revolving credit line at Raiffeisen bank in the amount of 6 million BAM. In 2018, several contracts for revolving credit lines, with a total value of BAM 30 million were concluded. Please note that the contracts on revolving credit lines (number 16 in the table) stand out in the first half of 2019, however, all liabilities as of 31 December 2018 were settled.

6. ASSETS AND SOURCES OF ASSETS

Review of assets and sources of assets

Table 23

No.	Position	Balance on				Changes	
		31 December 2018		31 December 2017		Difference in BAM	
		Amount in BAM	%	Amount in BAM	%		
1	2	3	4	5	6	7= 3-5	8=3/5x100
A.	ASSETS (1+2)	1.968.880.907	100	1.793.290.889	99	175.590.018	109.79
1	Fixed assets and long-term placements	1.858.321.327	94,38	1.775.430.669	99,00	82.890.657	104,67
1.1.	Intangible assets	31.887.883	1,72	38.704.479	2,18	-6.816.596	82,39
1.2.	Real estate, plants and equipment	1.433.167.739	77,12	1.454.582.155	81,93	-21.414.416	98,53
1.3.	Advance payments and assets in preparation	373.116.732	20,08	261.847.748	14,75	111.268.984	142,49
1.4.	Other fixed assets, placements and receivables	20.148.973	1,08	20.296.287	1,14	-147.315	99,27
2	Current assets	110.559.581	5,62	17.860.220	0,48	92.699.361	619,03
2.1.	Supplies	305.229	0,28	283.608	1,59	21.622	107,62
2.2.	Short-term receivables	22.091.189	19,98	768.861	4,30	21.322.329	2,873,24

2.3.	Receivables for VAT	9.303.095	8,41	11.385.989	63,75	-2.082.894	81,71
2.4.	Money and short-term deposits	78.844.033	71,31	5.396.069	30,21	73.447.965	1,461,14
2.5	Suspense items	16.034	0,01	25.695	0,14	-9.661	62,40
B.	LIABILITIES (3+4)	1.968.880.907	100	1.793.290.889	100	175.590.018	109,79
3	Permanent sources of funds	936.386.682	47,56	818.888.269	45,66	117.498.413	114,35
3.1.	Share capital	2000	0,00	2000	0,00	0	100,00
3.2.	Other permanent sources	389.870.012	41,64	389.870.012	47,61	0	100,00
3.3.	Undistributed profits	546.514.670	58,36	429.016.257	52,39	117.498.413	127,39
4	Liabilities	1.032.494.225	52,44	974.402.620	54,34	58.091.605	105,96
4.1.	Long-term liabilities and credits	904.310.457	87,59	815.626.201	83,71	88.684.256	110,87
4.2.	Short-term liabilities	105.063.464	10,18	134.980.444	13,85	-29.916.980	77,84
4.3.	Long-term provisions and accruals	7.598.169	0,74	18.058.641	1,85	-10.460.471	42,07
4.4.	Suspense items	15.522.135	1,50	5.737.335	0,59	9.784.800	270,55

Review of fixed-term assets as of 31 December 2018

Table 24

Conto	Description	Acquisition value	Correction of value	Current value	Balance on 31 December 2017
013	Leasehold improvements	3.107.659	0	3.107.659	3.107.659
014	Other intangible assets	26.133.479	22.706.651	3.426.829	4.301.245
015	Intangible assets in preparation	34.236.936	8.883.539	25.353.396	31.295.576
020	Land	159.724.573	0	159.724.573	150.551.911
021	Buildings	1.336.058.019	115.721.239	1.220.336.780	1.240.792.659
022	Facilities and equipment	104.152.131	51.986.901	52.165.229	62.273.159
023	Tools, facility and office furniture	713.070	298.866	414.204	380.286
024	Means of transport	1.941.093	1.414.141	526.952	584.140
025	Real estate, facilities and equipment in preparation	360.641.320	0	360.641.320	250.168.302
027	Advance payments for real estate, facilities and equipment	12.475.412	0	12.475.412	11.679.446
050	Other fixed tangible assets in use	1.000	0	1.000	1.000
078	Other long-term receivables	25.000.000	5.000.000	20.000.000	20.000.000
091	Prepaid costs	142.373	0	142.373	290.705
098	Long-term accruals	5.600	0	5.600	4.582
TOTAL:		2.064.332.664	206.011.337	1.858.321.327	1.775.430.669

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Review of fixed assets in preparation

Table 25

A) Computer programs in preparation	492.899
B) Design documentation in preparation	24.860.497
C) Buildings in the process of construction	360.641.320
TOTAL:	385.994.716

7. EMPLOYMENT

Realization of employment plan according to organizational units for 2018

Table 26

No.	Sector/service	Plan for 2018	Realization of plan for 2018
1.	Administration cabinet	5	4
2.	Sector for design and construction	5	3
3.	Sector for management and maintenance	15	15
4.	Sector for economic and financial affairs	2	2
5.	Sector for legal affairs	3	1
Total:		30	25

Realization of trainee employment plan for 2018

Table 27

No.	Sector/service	Plan for 2018	Realization of plan for 2018
1.	Administration cabinet	4	2

2.	Sector for design and construction	4	1
3.	Sector for management and maintenance	5	2
4.	Sector for economic and financial affairs	1	1
5.	Sector for legal affairs	4	0
Total:		18	6

Note:

In addition of employment of new workers in 2018, which was realized in accordance with the Rebalance of the business plan, in 2018, PC Motorways FBiH d.o.o. Mostar **has terminated the employment for a total of five (5) workers for various reasons, as follows:**

- Administration cabinet two (2) workers;
- Sector for management and maintenance three (3) workers

8. RECAPITULATION OF THE INVESTMENTS

Total investments in the period of January – December 2018

Table 28

No.	Name of the investment	Estimated/ contracted value of services (VAT excluded) in BAM	2018 plan	2018 rebalance	Achieved in 2018	% of realization
1	2	3	4	5	6	7=6/5*100
	A) Investments on the construction of Corridor Vc (VAT excluded)	700.933.591	194.331.648	115.701.843	111.218.117	96,12
1.	Purchase of the land	108.500.000	28.690.000	14.590.000	9.172.662	62,87
	a) financing by their own assets	108.500.000	28.690.000	14.590.000	9.172.662	62,87

	b) budget funds of FBiH - Consumer unit	0	0	0	0	0,00
2.	Designing services	5.957.678	3.729.500	2.993.825	2.456.211	82,04
	a) financing by their own assets	5.957.678	3.729.500	2.993.825	2.456.211	82,04
	b) budget funds of FBiH - Consumer unit	0	0	0	0	0,00
3.	Construction	556.455.223	150.734.734	92.958.018	94.838.940	102,02
	a) financing by the international credits	466.455.323	125.147.777	90.458.018	93.120.760	102,94
	b) budget funds of FBiH - Consumer unit	69.999.900	17.186.957	2.000.000	1.718.179	85,91
	c) financing by their own assets	20.000.000	8.400.000	500.000	0	0,00
4.	Services of the supervision over the construction	28.474.201	10.946.564	5.115.000	4.641.703	90,75
	a) financing by the international credits	23.996.204	9.252.216	4.915.000	4.641.703	94,44
	b) budget funds of FBiH - Consumer unit	2.977.997	1.004.348	100.000	0	0,00
	c) financing by their own assets	1.500.000	690.000	100.000	0	0,00
5.	Project Manager Services	1.546.489	230.850	45.000	108.601	241,34
	a) financing by their own assets	1.546.489	230.850	45.000	108.601	241,34
	B) Capital investments on the motorway management and maintenance - financing by their own assets	1.413.200	1.413.200	1.522.532	1.769.056	116,19
1.	Capital investments on motorway management and maintenance (upgrading traffic management and control system, construction of noise protection walls, purchase of fire trucks and equipment, hardware and software solutions, purchase of electrical equipment, upgrading of the toll collection system and the application of new technologies, construction of lay-by, repair of pavement construction, repair of bridges, replacement of protective wire fence, etc.)	1.413.200	1.413.200	1.522.532	1.769.056	116,19
	C) Investments into information technologies - financing by their own assets	238.000	238.000	127.736	135.637	106,19
1.	Procurement: software solutions and license assumptions, computer equipment, printer, MFU/MFP devices, server, network and various other diagnostic equipment and tools of Document Management System (DMS)	238.000	238.000	127.736	135.637	106,19
	D) Other investments - financing by their own assets	80.000	80.000	100.305	102.814	102,50

III RISK OF INFORMATION FOR DECISION MAKING	G. Risk of integration	1. Risk of fraud by employees and third persons (5) 2. Risk of unauthorized use (5)	
	G. Financial risk	I) Risk of prices	1. Risk of interest rates (6)
		II) Liquidity risk	1. Liquidity risk (6) 2. Risk of cash flow (7) 3. Risk of opportunity costs (8)
		III) Credit risk	1. Risk of failure to meet contractual obligations (3) 2. Settlement risk (7)
	A. Operational risk	1. Risk of budget and planning (4) 3. Risk of adjustment (6) 2. Risk of prices (3) 4. Risk of accounting information (9)	
	B. Public reporting	1. Assessment of financial reports (6) 2. Risk of assessment of internal controls (4)	
	C. Strategic risk	1. Investment valuation risk (4) 4. Risk of planning (5) 2. Organization structure risk (4) 5. Environmental risk (4) 3. Strategic measurement risk (4)	

Financial risk

Financial risk may occur if the company fails to provide adequate liquidity to pay off its liabilities or to manage its financial risks in a manner inconsistent with the company's business objectives. Of all risk groups, financial risks are rated with highest scores, because of the significance of financial resources for the construction of future sections, and maintaining liquidity due to the maturity of the annuity under existing credit obligations.

a) Price list and credit risk

Risk when interest rates deviate from their expected values resulting in lower than expected investment return or higher than expected borrowing costs. PC Motorways is exposed to interest rate risk, because it borrows funds at floating interest rates, and due to relatively short repayment periods, it is exposed to high annuities of credits provided from international financial institutions. Above mentioned implies the possibility of liquidity risk occurring due to the untimely completion of works. The risk was rated as high risk.

b) Market risk

This risk may be financial market risk, if the company chooses to invest as part of a diversification strategy for managing investment risk. There is no risk, from the activity perspective.

c) Currency risk

Exposure to fluctuations and changes in foreign exchange rates may arise as a result of business activities in foreign markets and investments in monetary securities issued by foreign companies or denominated in foreign currencies. Credit repayments in Kuwaiti dinars are exposed to exchange rate risk, while other credits are given in BAM or in Euros and are not subject to currency risk.

d) Liquidity risk

The Company is exposed to liquidity risk in view of the forthcoming maturity of credit liabilities, unrealistically short repayment periods, and high annuities during accounting period. Maturity of the retentions and the increase in revolving contribute to the above mentioned risk. The risk increases with the expiration of the grace period, and the company performs continuous analyzes for the purpose of ensuring self-sustainability, smooth functioning and efficient operability.

Number: 01-1427-2 /19
Mostar, 15 April 2019

D i r e c t o r

Adnan Terzić, Graduate Engineer

CEO of the Sector for Economic and Financial Affairs

Ivica Ćurić, MBA