

Dalekovod Group
Marijana Čavića 4
10 000 Zagreb



Management Board Report for I - IX 2012

Non-audited, consolidated

Zagreb, 31 October 2012

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I MANAGEMENT BOARD REPORT

Given below is a review of 9-month business operations and presentation of non-audited financial statements of the Dalekovod Group (hereinafter „Group“) and Dalekovod d.d. (hereinafter „Company“) for the third quarter of 2012. All data are expressed in HRK unless otherwise stated.

Key financial indicators of the Dalekovod Group in the third quarter of 2012:

- **Total revenue in the amount of HRK 1,090 million**
+ 25,5% compared to the same period last year
- **Profit before tax, interest and depreciation (EBITDA) in the amount of HRK 90,2 million**
Positive EBITDA compared to the loss in the same period in 2011
- **Profit before interest and tax (EBIT) of HRK 52,4 million**
A negative EBIT of HRK 57,9 million was realised during the same period last year.
- **Net loss after minority interests in the amount of HRK 9,6 million**
A negative loss of HRK 110,9 million was realised during the same period last year.
- **Decrease in Group's total liabilities by HRK 42 million**
- 4,68% compared to 31 Dec 2011 (excluding Sky office/project financing)

In the third quarter of 2012 the Group has realised sales revenue totalling HRK 1,090 million, being an increase of 25% compared to the same period last year. During the same period the Company has realised total sales revenue in the amount of HRK 784.1 million, being a decrease of 3,5% compared to the same period last year. The decrease of revenue at the Company level has been mainly due to the fact that the Production Business Unit formed an integral part of the Company during the year 2011. The Group has realised EBITDA totalling HRK 90.2 million, EBITDA margin being 8,3%, which is mainly due to efficiently implemented restructuring measures and a significant recovery of business operations compared to the same period last year when the Group realised a negative EBITDA margin. Further, the Group has realised a net loss totalling HRK 9.6 million, while the Company during the same period has realised a net loss totalling HRK 44 million.

The net negative result from the Company's and Group's ordinary activities recorded in the third quarter of 2012 is due to prolongation of completion of the current Group's contracts, high level of financial costs that make up 5,2% of sales revenue and continuation of negative macro-economic trends in the domestic market, that reflect primarily in the decline in infrastructure projects.

The most significant factors of the Group's and Company's net negative result in the last quarter include:

➤ **Prolonged completion of works at the existing construction sites**

Significant prolongations of projects being observed in the area of road construction have a huge impact on the performance of the Company's business operations. Internationally, the Company has been facing prolongation of projects in the Ukrainian market.

➤ **The Company, being under heavy pressure of servicing the expenditures, slowed down its operations during the realisation of all projects.**

The Company has been under heavy pressure of servicing the loan principal and interest, which has had a negative impact on the working capital and profitability as well.

The Company and the new Management Board have put focus on decrease in all fixed costs. Although in the first half-year positive moves in the right direction with regard to profitability have been observed, the Management Board is aware of the fact that it is necessary to further continue implementation of financial and operative restructuring with emphasis on selling non-core assets and decreasing credit indebtedness.

Changes in the Management Board

In July 2012 the Supervisory Board dismissed from duty previous members of the Management Board Luka Miličić (President of the Management Board) and Damir Skansi (member of the Management Board) and appointed new members of the Management Board. The new members of the Management Board as of 1 October 2012 are: Matjaž Gorjup – President of the Management Board, Krešimir Anušić – member of the Management Board, Marko Jurković – member of the Management Board, Željko Lekšić – member of the Management Board.

Primary tasks of the new Management Board include continuing implementation of laid down operative and financial restructuring tasks in terms of balance sheet optimisation through decrease in credit indebtedness and decrease in all fixed costs.

Selling Company's non-core assets

As this restructuring task has become a focus and priority of the new Management Board with a view of decreasing the liabilities, the Company has become actively engaged in:

- a) Sky Office – the project is anticipated to be completed by the end of December 2012. Activities regarding sale or hire of the whole building are underway.
- b) Wind power plants – active search for strategic partners in terms of sale of the existing wind power plant portfolio. It should be noted that the Company plans further investments in the development of new renewable energy sources projects and expansion of the existing wind power plant fields.
- c) Other non-core assets – an office in charge of divesting other identified non-core assets has been set up within the Company.

It is important to emphasise that despite the extremely unfavourable year 2011, and continuation of unfavourable conditions in 2012, the Group has managed to remain competitive on both the foreign as well as on the domestic market, which has resulted in new projects contracted by the Company totalling HRK 314 million in the first ten months of 2012. Besides, the Company has been taking active part in both domestic and foreign invitations to bid. In order to further increase the competitiveness and better use the huge opportunities arising in the international markets, the Group is determined to implement further measures of internal restructuring, optimise cost structure in compliance with the strategy of further internalisation and additionally optimise the balance sheet by decreasing financial indebtedness through selling all its non-core assets according to the laid out plan. Special attention should be drawn to the outstanding contracted works totalling HRK 1.8 billion, that the Company for the most part intends to complete during the year 2013.

Although emphasised earlier in the text, the new Management Board shall continue implementing strategic measures with a view of maintaining and prudently managing the Group's liquidity, and focusing on development of managing all risks connected with the Company's business operations. The Supervisory Board has, together with the new Management Board, additionally enlarged the monthly based reports on Group's revenues and expenditures by adding comparisons of the above amounts with the planned amounts, the anticipated revenues for the forthcoming period and a plan for repaying debt (in line with the group's focus and need to decrease indebtedness). The Group has been continuously integrating and improving the controlling system in order to efficiently monitor the implementation of planned saving measures in the amount of HRK 75 million in 2012 and getting the EBITDA margin to its pre-crisis level, between 7 - 10%.

Annotation of the Management Board

Taking into account the anticipated unfavourable macro-economic environment, the Company Management Board believes that the mentioned measures that have already carried out, as well as other planned restructuring measures, shall support its intention to bring the Group's interests into line with the interests of shareholders and creditors as much as possible. The impact of the measures undertaken has already been evident in 2012 through realised decrease in fixed costs, by enabling the Group to remain competitive in the long run and successfully continue the strategy of further internalisation of its business operations. The Group's competitiveness is a result of several-decades long successful performance of demanding projects, a comprehensive international reference list and employees' expertise. Dalekovod is one of the most important exporters in Croatia contracting profitable high value added projects. Internal changes that have been carried out within the Company shall enable it to ensure stable business operations and decrease in financial exposure. In the forthcoming period the Management Board shall focus primarily on optimisation of debt maturity and further optimisation of working capital. The Management Board shall also continue to undertake all necessary measures in order to ensure sustainability and business growth under the current circumstances.

On behalf of the Management Board:

Matjaž Gorjup, MEng (ME)
President of the Management Board
Dalekovod d.d., m.p.

II REPRESENTATION LETTER

Pursuant to Article 410 Paragraph 2 and Article 407 Paragraph 2 Section 3 and Paragraph 3 of the Capital Market Act, persons responsible for elaboration of the Report are: Matjaž Gorjup – President of the Management Board, Krešimir Anušić – member of the Management Board, Marko Jurković – member of the Management Board, Željko Lekšić- member of the Management Board, submit this:

REPRESENTATION LETTER

According to our best knowledge, the abbreviated set of the Group's and Company's financial statements that have been drawn up in compliance with current financial reporting standards give an integral and true representation of assets and liabilities, and the Company's and Group's operating results, along with a short reference to causative agents of the disclosed data. The Financial Statements have not been audited.

On behalf of the Management Board:

Matjaž Gorjup, MEng (ME)

President of the Management Board
Dalekovod d.d., m.p.

III BALANCE SHEET

ITEM	AOP	Previous year (net)	Current year (net)	Previous year (net)	Current year (net)
				DALEKOVOD d.d.	
1	2	3	4	5	6
ASSETS					
A) SUBSCRIBED CAPITAL UNPAID	001	0	0	0	0
B) NON CURRENT ASSETS (003+010+020+029+033)	002	1.127.395.179	1.119.837.997	1.222.229.586	1.273.914.516
I. INTANGIBLE ASSETS (004 do 009)	003	18.148.117	13.193.900	27.482.563	20.287.767
1. Research & Development expenditure	004	0	0	0	0
2. Patents, licences, royalties, trade marks, software&similar rights	005	16.914.361	11.903.487	21.669.580	14.098.563
3. Goodwill	006	0	0	4.559.000	4.559.000
4. Prepayments for intangible assets	007	0	0	0	0
5. Intangible assets under construction	008	1.233.756	1.290.413	1.253.983	1.290.413
6. Other intangible assets	009	0	0	0	339.791
II. TANGIBLE ASSETS (011 do 019)	010	585.879.705	568.550.822	984.034.145	1.037.928.524
1. Land	011	164.913.887	164.913.887	212.124.393	211.805.403
2. Property	012	71.460.820	69.195.995	114.871.611	116.478.042
3. Plants and equipment	013	97.775.867	92.094.408	154.560.883	145.165.993
4. Tools, plants&vehicles	014	14.050.127	9.735.439	22.851.301	18.415.192
5. Biological asset	015	0	0	0	0
6. Prepayments for tangible assets	016	0	0	44.595	118.618
7. Assets under construction	017	7.100.194	7.215.558	248.725.101	320.156.424
8. Other tangible assets	018	0	0	0	20.010
9. Investments property	019	230.578.810	225.395.535	230.856.261	225.768.842
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	523.367.357	538.093.275	210.711.440	215.698.225
1. Share in related parties	021	427.498.522	443.511.908	101.551.520	85.535.351
2. Loans to related parties	022	2.929.980	2.296.647	2.929.980	0
3. Participating interests (stakes)	023	30.277.334	30.277.334	30.324.677	55.156.851
4. Loans to participating interest	024	8.551.101	8.551.101	8.551.101	8.551.101
5. Investments in securities	025	28.053.190	27.300.148	29.876.847	27.300.148
6. Loans & deposits	026	26.057.230	26.156.137	26.137.315	27.814.774
7. Other non-current financial assets	027	0	0	11.340.000	11.340.000
8. Investment accounted by equity method	028	0	0	0	0
IV. TRADE RECEIVABLES (030 do 032)	029	0	0	1.438	0
1. Receivables from related parties	030	0	0	0	0
2. Receivables from credit sales	031	0	0	0	0
3. Other receivables	032	0	0	1.438	0
V. DEFERRED TAX ASSETS	033	0	0	0	0
C) CURENT ASSETS (035+043+050+058)	034	1.024.699.656	952.527.199	1.253.962.988	1.236.766.044
I. INVENTORIES (036 do 042)	035	20.144.725	17.193.911	189.960.872	188.689.139
1. Raw materials & consumables	036	14.390.404	14.158.921	77.117.651	85.588.341
2. Work in progress	037	0	0	12.788.435	35.684.908
3. Products	038	5.724.889	2.484.666	83.110.705	49.684.190
4. Merchandise	039	29.432	550.324	16.273.707	17.015.266
5. Prepayments for inventories	040	0	0	552.703	597.310
6. Other available-for-sale assets	041	0	0	117.671	119.124
7. Biological asset	042	0	0	0	0
II. RECEIVABLES (044 do 049)	043	838.895.899	724.445.607	919.192.995	872.579.333
1. Receivables from related parties	044	73.178.702	71.643.574	0	0
2. Trade receivables	045	548.920.800	462.664.104	640.754.965	643.774.741
3. Receivables from participating parties	046	4.037.721	3.905.932	4.037.721	4.457.319
4. Amounts receivable from employees	047	656.421	401.980	1.879.956	1.610.973
5. Receivables from government agencies	048	56.245.870	42.764.527	65.426.835	50.714.086
6. Other receivables	049	155.856.385	143.065.490	207.093.518	172.022.214
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	135.545.130	146.301.750	98.874.386	94.814.189
1. Share in related parties	051	0	0	0	0
2. Loans to related parties	052	48.684.603	68.537.881	0	0
3. Participating interests (stakes)	053	0	0	0	3.308.546
4. Loans to participating interest	054	9.631.534	2.781.110	9.631.534	2.781.110
5. Investments in securities	055	26.629	26.629	26.629	12.662.562
6. Loans & deposits	056	77.202.364	74.956.130	88.905.357	75.701.105
7. Other financial assets	057	0	0	310.866	360.866
IV. CASH ON HAND AND IN THE BANK	058	30.113.902	64.585.932	45.934.735	80.683.383
D) PREPAYMENTS AND ACCRUED INCOME	059	5.637.911	4.697.349	9.619.059	8.778.600
E) TOTAL ASSETS (001+002+034+059)	060	2.157.732.746	2.077.062.545	2.485.811.633	2.519.459.160
F) OFF-BALANCE SHEET ITEMS	061	614.789.122	841.158.868	643.491.396	845.058.281

ITEM	AOP	Previous year (net)	Current year (net)	Previous year (net)	Current year (net)
1	2	3	4	5	6
DALEKOVOD d.d.					
EQUITY AND LIABILITIES					
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	583.638.994	504.633.233	610.228.565	570.685.361
I. SHARE CAPITAL	063	286.726.500	286.726.500	286.726.500	286.726.500
II. CAPITAL RESERVES	064	80.478.889	80.478.889	80.478.889	80.478.889
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	434.445.578	122.539.112	441.552.955	129.044.999
1. Legal reserves	066	11.486.600	11.486.600	13.171.867	12.586.043
2. Reserves for own shares	067	7.773.071	7.773.071	7.773.071	7.773.071
3. Own shares and stakes (less)	068	7.773.071	7.773.071	7.773.071	7.773.071
4. Statutory reserves	069	310.195.565	32.881.286	310.420.110	33.089.335
5. Other reserves	070	112.763.413	78.171.226	117.960.978	83.369.621
IV. REVALUATION RESERVES	071	59.302.306	59.302.306	59.302.306	59.650.161
V. RETAINED EARNINGS OR LOSS BROUGHT FORWARD (073-074)	072	0	0	17.711.613	21.473.484
1. Retained earnings	073	0	0	27.868.908	36.882.528
2. Loss brought forward	074	0	0	10.157.295	15.409.044
VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR (076-077)	075	-277.314.279	-44.413.574	-278.179.473	-9.687.260
1. Profit for the financial year	076	0	0	0	0
2. Loss for the financial year	077	277.314.279	44.413.574	278.179.473	9.687.260
VII. MINORITY INTEREST	078	0	0	2.635.775	2.998.588
B) PROVISIONS (080 do 082)	079	3.762.000	3.762.000	7.068.583	7.057.793
1. Provisions for pensions, severance pay and similar liabilities	080	3.762.000	3.762.000	6.579.068	6.565.742
2. Provisions for tax obligations	081	0	0	0	49.690
3. Other provisions	082	0	0	489.515	442.361
C) NON-CURRENT LIABILITIES (084 do 092)	083	482.436.118	485.533.392	672.477.705	726.808.186
1. Liabilities to related parties	084	0	0	633.333	0
2. Liabilities for loans, deposits and other	085	0	0	0	0
3. Liabilities towards banks and other financial institutions	086	329.101.121	341.949.496	517.686.271	582.723.265
4. Amounts payable for prepayment	087	0	0	0	0
5. Trade payables	088	153.334.997	143.583.896	154.158.101	144.084.921
6. Amounts payable for securities	089	0	0	0	0
7. Liabilities toward participating interests	090	0	0	0	0
8. Other non-current liabilities	091	0	0	0	0
9. Deferred tax	092	0	0	0	0
D) CURRENT LIABILITIES (094 do 105)	093	1.084.844.932	1.079.146.899	1.192.865.836	1.200.081.717
1. Liabilities to related parties	094	52.724.327	79.583.776	0	0
2. Liabilities for loans, deposits and other	095	1.159.071	1.915.679	1.226.407	7.514.738
3. Liabilities towards banks and other financial institutions	096	356.960.472	318.617.457	407.334.632	366.162.648
4. Amounts payable for prepayment	097	196.951.533	183.041.783	224.669.303	185.264.804
5. Trade payables	098	355.053.342	324.003.664	415.550.167	440.846.079
6. Amounts payable for securities	099	64.948.782	58.118.751	64.948.782	58.118.751
7. Liabilities toward participating interests	100	1.906.148	3.950.619	1.906.148	3.950.619
8. Liabilities to employees	101	17.345.107	29.101.097	23.668.192	36.153.886
9. Taxes, contributions and similar liabilities	102	4.777.585	34.203.960	16.922.163	52.221.422
10. Liabilities arising from share in the result	103	1.899.762	1.899.762	2.899.762	1.899.762
11. Liabilities arising from non-current assets held for sale	104	0	0	0	0
12. Other current liabilities	105	31.118.803	44.710.351	33.740.280	47.949.008
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	3.050.702	3.987.021	3.170.944	14.826.103
F) TOTAL LIABILITIES (062+079+083+093+106)	107	2.157.732.746	2.077.062.545	2.485.811.633	2.519.459.160
G) OFF-BALANCE SHEET ITEMS	108	614.789.122	841.158.868	643.491.396	845.058.281
ANNEX TO THE BALANCE SHEET (to be filled in by a company preparing the consolidated annual financial statements)					
A) CAPITAL AND RESERVES					
1. Attributable to equity holders of the parent company's capital	109			607.592.790	567.686.773
2. Attributable to non-controlling interests	110			2.635.775	2.998.588

IV GROSS PROFIT REPORT

ITEM	AOP	Previous period		Current period	
		3	4	5	6
		DALEKOVOD d.d.		DALEKOVOD GROUP	
I. OPERATING INCOME (112+113)	111	812.625.252	784.195.698	868.707.703	1.090.025.816
1. Sales revenue	112	788.822.046	773.620.102	843.591.552	1.079.715.491
2. Other operating Income	113	23.803.206	10.575.596	25.116.151	10.310.325
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	801.592.271	775.929.429	861.986.809	1.045.822.225
1. Changes in inventories of finished products and work in progress	115	0	3.342.101	2.374.324	10.415.938
2. Material costs (117 do 119)	116	542.480.393	560.333.171	541.694.387	709.504.317
a) Cost of raw materials & consumables	117	139.956.534	155.263.973	135.531.266	278.187.510
b) Cost of goods sold	118	61.225.439	79.987.090	67.718.054	80.476.550
c) Other costs	119	341.298.420	325.082.108	338.445.067	350.840.257
3. Staff costs (121 do 123)	120	126.355.109	107.500.744	167.672.915	186.767.716
a) Net salaries	121	80.661.881	71.230.982	104.820.458	119.292.514
b) Employee income tax	122	29.857.858	17.900.351	39.566.118	39.212.670
c) Tax on pay roll	123	15.835.370	18.369.411	23.286.339	28.262.532
4. Depreciation and amortisation	124	32.836.722	29.442.008	36.536.689	37.808.797
5. Other expenditures	125	82.346.584	68.146.747	95.653.887	90.596.304
6. Value adjustment (127+128)	126	31	90.924	32	92.402
a) non-current assets (without financial assets)	127	0	0	0	0
b) current assets (without financial assets)	128	31	90.924	32	92.402
7. Provisions	129	0	0	0	0
8. Other operating expenses	130	17.573.432	7.073.734	18.054.575	10.636.751
III. FINANCIAL INCOME (132 do 136)	131	2.503.608	2.839.868	2.191.690	3.430.339
1. Interest income, foreign exchange differences, dividends and other financial income related to subsidiaries	132	1.997.499	1.950.316	1.668.088	2.414.859
2. Interest income, foreign exchange differences, dividends and other financial income related to third parties	133	284	536.815	15.431	656.798
3. Part of Income from associates and participating interests	134	505.825	352.737	505.949	352.737
4. Unrealized gains (income) from the financial assets	135	0	0	0	0
5. Other financial income	136	0	0	2.222	5.945
IV. FINANCIAL COSTS (138 do 141)	137	53.555.473	55.195.745	54.585.631	56.312.633
1. Interest, foreign exchange differences and other expenses related to subsidiaries	138	118.116	680.199	221.949	822.944
2. Interest, foreign exchange differences and other expenses related to third parties	139	53.437.357	47.606.373	54.347.755	48.527.282
3. Unrealized loss (expenses) from the financial assets	140	0	0	0	0
4. Other financial expenses	141	0	6.909.173	15.927	6.962.407
V. SHARE OF INCOME OF ASSOCIATES	142	0	0	0	3.198.162
VI. SHARE OF LOSS OF ASSOCIATES	143	0	0	0	0
VII. EXTRAORDINARY - OTHER INCOME	144	0	0	8.475.426	5.019.731
VIII. EXTRAORDINARY - OTHER EXPENSES	145	73.122.957	0	73.122.957	140
IX. TOTAL INCOME (111+131+142 + 144)	146	815.128.860	787.035.566	879.374.819	1.101.674.048
X. TOTAL EXPENSES (114+137+143 + 145)	147	928.270.701	831.125.174	989.695.397	1.102.134.998
XI. PROFIT OR LOSS BEFORE TAX (146-147)	148	-113.141.841	-44.089.608	-110.320.578	-460.950
1. Profit before tax (146-147)	149	0	0	0	0
2. Loss before tax (147-146)	150	113.141.841	44.089.608	110.320.578	460.950
XII. INCOME TAX EXPENSE	151	0	323.968	672.185	9.236.417
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-113.141.841	-44.413.574	-110.992.763	-9.697.367
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	113.141.841	44.413.574	110.992.763	9.697.367
ANNEX TO THE PROFIT AND LOSS ACCOUNT (to be filled in by entities submitting consolidated financial statements)		0	0	0	0
XIV. PROFIT OR LOSS FOR THE PERIOD		0	0	0	0
1. Attributable to owners of the company	155	0	0	-110.896.682	-9.687.260
2. Attributable to non-controlling interests	156	0	0	-96.081	-10.107
STATEMENTS OF COMPREHENSIVE INCOME (to be filled by entities who work in compliance with IFRS)		0	0	0	0
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	-113.141.841	-44.413.574	-110.992.763	-9.697.367
II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 do 165)	158	0	0	0	0
1. Exchange differences arising from foreign operations	159	0	0	0	0
2. Revaluation of non-current assets and intangible assets	160	0	0	0	0
3. Gains or loss available for sale investments	161	0	0	0	0
4. Gains or loss on net movement on cash flow hedges	162	0	0	0	0
5. Gains or loss on net investments hedge	163	0	0	0	0
6. Share of the other comprehensive income/loss of associates	164	0	0	0	0
7. Actuarial gain / loss on post employment benefit obligations	165	0	0	0	0
III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD	166	0	0	0	0
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (158-166)	167	0	0	0	0
V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (157+167)	168	-113.141.841	-44.413.574	-110.992.763	-9.697.367
APPENDIX Statement of Comprehensive Income (to be filled in by entities submitting consolidated financial statements)		0	0	0	0
VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD		0	0	0	0
1. Attributable to owners of the company	169	0	0	-110.896.682	-9.687.260
2. Attributable to non-controlling interests	170	0	0	-96.081	-10.107

V CASH FLOW REPORT

ITEM	AOP	Previous period	Current period	Previous period	Current period
	2	3	4	5	6
		DALEKOVOD d. d.		DALEKOVOD GROUP	
CASH FLOW FROM OPERATING ACTIVITIES					
1. Pre-tax profit	001	-113.141.841	-44.089.608	-110.320.578	-460.950
2. Depreciation	002	37.060.309	29.442.008	40.760.276	37.808.797
3. Increase in short-term liabilities	003	119.797.233	116.333.145	171.831.236	124.640.865
4. Decrease in short-term receivables	004	0	0	4.611.624	0
5. Reduction of stocks	005	35.005.009	2.950.813	40.099.236	9.182.841
6. Other increase in cash flow	006	0	7.230.664	154.526	6.663.898
I. Total increase in cash flow from operating activities (001 to 006)	007	78.720.710	111.867.022	147.136.320	177.835.451
1. Decrease in short-term liabilities	008	0	0	3.935.970	0
2. Increase in short-term receivables	009	63.098.123	8.859.739	126.677.223	65.684.854
3. Increase in stocks	010	0	0	2.497.023	0
4. Other decrease in cash flow	011	117.890.095	0	131.041.636	0
II Total decrease in cash flow from operating activities (008 to 011)	012	180.988.218	8.859.739	264.151.852	65.684.854
A1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (007-012)	013	0	103.007.283	0	112.150.597
A2) NET DECREASE IN CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	102.267.508	0	117.015.532	0
CASH FLOW FROM INVESTMENT ACTIVITIES					
1. Cash receipts from sale of fixed tangible and intangible assets	015	2.291.671	1.118.865	2.291.671	1.118.865
2. Cash receipts from sale of treasury and debt financial instruments	016	15.124.475	9.208.715	15.124.475	25.229.571
3. Cash receipts from interests	017	1.215.891	299.429	1.234.527	311.986
4. Cash receipts from dividends	018	0	0	0	0
5. Other cash receipts from investment activities	019	0	0	297.373	0
III. Total cash receipts from investment activities (015 do 019)	020	18.632.037	10.627.009	18.948.046	26.660.422
1. Expenditures for buying fixed assets and intangible assets	021	2.829.555	8.277.778	52.251.203	9.367.924
2. Expenditures for purchasing treasury and debt financial instruments	022	78.141.034	16.922.377	78.141.034	16.922.377
3. Other expenditures from investment activities	023	0	19.215.418	112.560	89.913.202
IV. Total expenditures from investment activities (021 to 023)	024	80.970.589	44.415.573	130.504.797	116.203.503
B1) NET INCREASE IN CASH FLOW FROM INVESTMENT ACTIVITIES (020-024)	025	0	0	0	0
b2) NET DECREASE IN CASH FLOW FROM INVESTMENT ACTIVITIES (024-020)	026	62.338.552	33.788.564	111.556.751	89.543.081
CASH FLOW FROM FINANCIAL ACTIVITIES					
1. Cash receipts from issuance of treasury and debt financial instruments	027	194.200.676	0	194.200.676	0
2. Cash receipts from loan principal, bonds, borrowings and other loans	028	560.129.252	22.122.851	649.182.610	72.292.598
3. Total cash receipts from financial activities	029	0	0	67.635.585	800.000
V. Total cash receipts from financial activities (027 To 029)	030	754.329.928	22.122.851	911.018.871	73.092.598
1. Expenditures for repayment of loan principal and bonds	031	631.838.355	45.710.422	644.372.009	47.228.555
2. Expenditures for payment of dividends	032	0	0	0	0
3. Expenditures for financial leasing	033	11.066.362	11.159.118	11.121.480	11.191.529
4. Expenditures for redemption of treasury shares	034	0	0	0	0
5. Other expenditures from financial activities	035	0	0	76.606.323	2.531.382
VI. Total expenditures from financial activities (031 to 035)	036	642.904.717	56.869.540	732.099.812	60.951.466
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)	037	111.425.211	0	178.919.059	12.141.132
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)	038	0	34.746.689	0	0
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	0	34.472.030	0	34.748.648
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	53.180.849	0	49.653.224	0
Cash and cash equivalents at the beginning of the period	041	86.091.287	30.113.902	99.548.455	45.934.735
Increase in cash and cash equivalents	042	0	34.472.030	0	34.748.648
Decrease in cash and cash equivalents	043	53.180.849	0	49.653.224	0
Cash and cash equivalents at the end of the period	044	32.910.438	64.585.932	49.895.231	80.683.383

VI CHANGES TO CAPITAL REPORT

ITEM	AOP	Previous year	Current year	Previous year	Current year
			DALEKOVOD d.d.		
1. Share capital	001	286.726.500	286.726.500	286.726.500	286.726.500
2. Capital reserves	002	80.478.889	80.478.889	80.478.889	80.478.889
3. Reserves from profit	003	434.445.578	122.539.112	441.552.955	129.044.999
4. Retained profit or loss carried forward	004	0		17.711.613	21.473.484
5. Profit or loss of current year	005	-277.314.279	-44.413.574	-278.179.473	-9.687.260
6. Revaluation of longterm tangible assets	006	50.020.716	50.020.716	50.020.716	50.368.571
7. Revaluation of intangible assets	007	0	0	0	0
8. Revaluation of financial assets available for sale	008	9.281.590	9.281.590	9.281.590	9.281.590
9. Other revaluations	009	0	0	0	0
10. Total equity and reserves (AOP 001 to 009)	010	583.638.994	504.633.233	607.592.790	567.686.773
11. Foreign exchange differences arising from the titles of net	011	0	0	0	0
12. Current and deferred taxes (part)	012	0	0	0	0
13. Cash flow protection	013	0	0	0	0
14. Changes in accounting policies	014	0	0	0	0
15. Correction of significant errors in the previous period	015	0	34.592.187	0	34.592.187
16. Other changes in equity	016	0	0	0	0
17. Total increase or decrease in equity (AOP 011 to 016)	17	0	34.592.187	0	34.592.187
17 a. Attributed to parent company equity holders	018			607.592.790	567.686.773
17 b. Attributed to minority interest	019			2.635.775	2.998.588

VII NOTES TO FINANCIAL STATEMENTS

1 MANAGEMENT BOARD MEMBERS

- 1 President: Matjaž Gorjup, MEng (ME)
- 2 Member: Krešimir Anušić, MEng (EE)
- 3 Member: Marko Jurković, MEng (EE), MA (Econ)
- 4 Member: Željko Lekšić, MEng (ME)

2 SUPERVISORY BOARD MEMBERS

President: D.Sc. Petar Đukan
 Vice President: Marijan Pavlović, LL.M.
 Member: Nataša Ivanović, MA (Econ)
 Member: Dubravko Štimac, MA (Econ)
 Member: Davor Doko, MA (Econ)
 Member: D.Sc. Ante Ćurković, MEng
 Member: Viktor Miletić

3 SHAREHOLDERS' STRUCTURE (as of 30 Sep 2012):

NATURAL PERSONS	1,384,156
PENSION FUNDS	648,086
BANKS	367,589
TELEGRA d.o.o.	164,753
OTHERS	258,747
OWN SHARES	43,934
TOTAL	2,867,265

4 MERGERS AND ACQUISITIONS

There have been no mergers and acquisitions in the first three quarters of 2012.

5 UNCERTAINTY

There have been no identified doubtful or disputable receivables in the first three quarters of 2012 that could exert influence on the continuity of business operations.

6 DESCRIPTION OF PRODUCTS AND SERVICES

Dalekovod d.d. has in the course of time specialised in performing turn-key projects in the following fields:

- Power transmission and distribution projects, especially transmission lines from 0.4 to 500 kV
- Substations of all levels and voltage levels up to 500 kV
- Overhead, underground and underwater cables up to 110 kV
- Telecommunication facilities
- All types of networks and antennas
- Production of suspension and jointing equipment for all types of transmission lines and substations from 0.4 to 500 kV
- Production and installation of all metal parts for traffic roads, especially for road lighting, guard-rails and traffic signalisation
- Tunnel lighting and traffic control
- Electrification of railways and trams

7 CHANGES IN ACCOUNTING POLICIES

No new accounting policies have been implemented.