

Zagreb, 31 October 2017

MANAGEMENT REPORT FOR JAN-SEP 2017

Unaudited, consolidated and unconsolidated



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I. MANAGEMENT BOARD'S REPORT

KEY INDICATORS

The operating results achieved in the first three quarters of 2017 show continuous recovery and growth in all business segments of Dalekovod d.d. (the "Company") and Dalekovod Group (the "Group") after completion of the financial restructuring.

Group's and Company's financial stability relies on four critical areas: profitable growth and development, cost-efficiency, stable cash flow and risk management.

Group's focus on revenue growth is reflected in the 24.9% increase in operating revenue compared to the same period in 2016, with sales revenue increasing by 34.1%. This increase in revenue is a result of a significant increase in operating activities compared to the same period last year, both on international markets, in particular Norway and Finland, and on the local market. Foreign revenue obtained in the first three quarters of 2017 accounted for 62.1% of total revenue compared to 62.8% in the same period last year. The entire Dalekovod Group continues to be highly focused on international markets and negotiates new international contracts. This in particular includes a new contract worth EUR 35 million in Norway and a project in Sweden which is especially important because Dalekovod thereby penetrates a new market where it was not present in earlier years.

EBITDA was 39.4% lower than in 2016 – HRK 60.0 million – which is as expected considering the impacts of a one-time items of revenue obtained by selling rights to the Ministry of Finance in Q1 2016 (HRK 50 million) and currency translation gains from operating activities and the first three quarters of 2017 were unaffected by any one-time items. Exclusive of last year's one-time items, EBITDA increased by 22.5%. At the same time, as the best indicator of operating efficiency, gross profit on the Group level increased by HRK 22.1 million.

Net income obtained by the Group in the first three quarters was HRK -14.3 million, which is HRK 30.1 million less than in 2016, also as a result of the one-time revenue items in 2016.

During the same period, Dalekovod d.d. (the "Company") obtained operating revenue of HRK 807.2 million, which is 32.3% more than last year. As is the case with the Group, the Company attained a remarkable increase in sales revenue of 44.7% compared to the same period in 2016.

Company's EBITDA was HRK 59.8 million, which is 32.9% less than the same period last year. As is the case with the Group, it is a result of a one-time item of revenue obtained by selling rights to the Ministry of Finance in Q1 2016 (HRK 50 million) and currency translation gains from operating activities. Without the one-time items in



2016, EBITDA for the first three quarters increased by 53.1% while gross profit, as the most relevant operating indicator, increased by 55.0%. This continues the strong upward trend for operating cash flow.

Net income obtained by the Company in the first three quarters was HRK 18.0 million, which is HRK 62.8 million less than the same period last year – as is the case with other indicators, this is a result of one-time items in the first three quarters of 2017.

For the Management Board

Alen Premužak

Chairman of the Management Board

Dalekovod d.d.





II. DECLARATION

Pursuant to Article 410, paragraph 1, and Article 407, paragraph 2, subparagraph 3 and paragraph 3 of the Capital Market Act, the persons responsible for preparing the financial statements: Alen Premužak, Chairman of the Management Board, Marko Jurković, Management Board Member, Helena Jurčić Šestan, Management Board Member, Ivica Kranjčić, Management Board Member, and Ivan Kurobasa, Management Board Member, hereby make this

DECLARATION

To the best of our knowledge, the financial statements for the reporting period, prepared in compliance with the appropriate financial reporting standards, provide a full and true view of the assets, liabilities and income of DALEKOVOD and the companies included in consolidation, with a brief comment on the causes of the information provided. The financial statements have not been audited.

For the Management Board:

Alen Premužak
Chairman of the Management Board
Dalekovod d.d.



III. BALANCE SHEET (unaudited)

ASSETS

| Name of position: | AOP | Previous year (net) | Current year (net) | Previous year (net) | Current year (net) |
|---|------------|----------------------|--------------------|------------------------|--------------------|
| | | DALEKOVOD jsc | | DALEKOVOD GROUP | |
| | | 3 | 4 | 5 | 6 |
| ASSETS | | | | | |
| A) SUBSCRIBED CAPITAL UNPAID | 001 | 0 | 0 | 0 | 0 |
| B) NON CURRENT ASSETS (003+010+020+029+033) | 002 | 729.484.108 | 714.787.446 | 519.144.893 | 507.740.764 |
| I. INTANGIBLE ASSETS (004 to 009) | 003 | 9.817.024 | 7.577.490 | 14.088.947 | 11.904.446 |
| 1. Research & Development expenditure | 004 | 0 | 0 | | 0 |
| 2. Patents, licences, royalties, trade marks, software&similar rights | 005 | 9.000.768 | 6.761.234 | 10.400.077 | 8.010.240 |
| 3. Goodwill | 006 | 0 | 0 | 1.213.000 | 1.213.000 |
| 4. Prepayments for intangible assets | 007 | 0 | 0 | | 0 |
| 5. Intangible assets under construction | 008 | 816.256 | 816.256 | 2.475.870 | 2.681.206 |
| 6. Other intangible assets | 009 | 0 | 0 | | 0 |
| II. TANGIBLE ASSETS (011 to 019) | 010 | 367.468.166 | 345.381.160 | 449.683.983 | 427.101.428 |
| 1. Land | 011 | 1.157.642 | 0 | 21.792.041 | 20.602.510 |
| 2. Property | 012 | 6.491.873 | 2.657.412 | 149.728.949 | 140.691.057 |
| 3. Plants and equipment | 013 | 20.960.778 | 22.860.765 | 76.064.955 | 67.662.332 |
| 4. Tools, plants&vehicles | 014 | 13.468.054 | 15.929.110 | 25.372.856 | 29.192.009 |
| 5. Biological asset | 015 | 0 | 0 | | 0 |
| 6. Prepayments for tangible assets | 016 | 0 | 0 | | 0 |
| 7. Assets under construction | 017 | 0 | 0 | 8.928.218 | 9.100.064 |
| 8. Other tangible assets | 018 | 161.425.158 | 159.853.457 | 161.425.158 | 159.853.456 |
| 9. Investments property | 019 | 163.964.661 | 144.080.416 | 6.371.806 | 0 |
| III. NON-CURRENT FINANCIAL ASSETS (021 to 028) | 020 | 326.699.590 | 322.941.293 | 29.677.574 | 27.216.092 |
| 1. Share in related parties | 021 | 276.891.774 | 280.798.810 | | 0 |
| 2. Loans to related parties | 022 | 18.924.528 | 14.020.454 | | 0 |
| 3. Participating interests (stakes) | 023 | 8.290.373 | 8.290.373 | 2.742.698 | 2.077.886 |
| 4. Loans to participating interest | 024 | 0 | 0 | | 0 |
| 5. Investments in securities | 025 | 4.073.972 | 1.344.591 | 4.568.447 | 1.733.134 |
| 6. Loans & deposits | 026 | 18.518.943 | 18.487.065 | 22.366.429 | 23.405.072 |
| 7. Other non-current financial assets | 027 | 0 | 0 | | 0 |
| 8. Investment accounted by equity method | 028 | 0 | 0 | | 0 |
| IV. TRADE RECEIVABLES (030 to 032) | 029 | 25.499.328 | 38.887.503 | 25.694.389 | 41.518.798 |
| 1. Receivables from related parties | 030 | 0 | 0 | | 0 |
| 2. Receivables from credit sales | 031 | 0 | 0 | | 0 |
| 3. Other receivables | 032 | 25.499.328 | 38.887.503 | 25.694.389 | 41.518.798 |
| V. DEFERRED TAX ASSETS | 033 | 0 | 0 | | 0 |
| C) CURENT ASSETS (035+043+050+058) | 034 | 620.960.788 | 567.255.649 | 926.739.408 | 871.976.639 |
| I. INVENTORIES (036 to 042) | 035 | 11.059.440 | 8.184.725 | 221.770.291 | 211.742.514 |
| 1. Raw materials & consumables | 036 | 10.347.176 | 7.309.969 | 77.210.362 | 65.281.831 |
| 2. Work in progress | 037 | 0 | 0 | 30.502.896 | 18.414.766 |
| 3. Products | 038 | 235.023 | 221.544 | 41.683.014 | 53.396.777 |
| 4. Merchandise | 039 | 477.241 | 653.212 | 6.803.287 | 8.746.853 |
| 5. Prepayments for inventories | 040 | 0 | 0 | 527.886 | 859.441 |
| 6. Other available-for-sale assets | 041 | 0 | 0 | 65.042.846 | 65.042.846 |
| 7. Biological asset | 042 | 0 | 0 | | 0 |
| II. RECEIVABLES (044 to 049) | 043 | 460.315.534 | 458.445.336 | 533.768.966 | 550.046.306 |
| 1. Receivables from related parties | 044 | 37.496.398 | 23.969.862 | | 0 |
| 2. Trade receivables | 045 | 177.715.374 | 229.242.595 | 275.484.785 | 325.462.726 |
| 3. Receivables from participating parties | 046 | 519.386 | 352.448 | 1.056.277 | 417.172 |
| 4. Amounts receivable from employees | 047 | 197.497 | 65.081 | 221.562 | 93.222 |
| 5. Receivables from government agencies | 048 | 10.334.763 | 7.907.379 | 16.176.070 | 14.170.143 |
| 6. Other receivables | 049 | 234.052.116 | 196.907.971 | 240.830.272 | 209.903.043 |
| III. CURRENT FINANCIAL ASSETS (051 to 057) | 050 | 62.736.871 | 65.300.884 | 65.772.027 | 54.335.352 |
| 1. Share in related parties | 051 | 0 | 0 | | 0 |
| 2. Loans to related parties | 052 | 2.207.466 | 10.352.137 | | 0 |
| 3. Participating interests (stakes) | 053 | 0 | 0 | | 0 |
| 4. Loans to participating interest | 054 | 0 | 0 | | 0 |
| 5. Investments in securities | 055 | 30.485.060 | 30.494.834 | 30.485.060 | 30.494.834 |
| 6. Loans & deposits | 056 | 30.044.345 | 24.453.913 | 35.286.967 | 23.840.518 |
| 7. Other financial assets | 057 | 0 | 0 | | 0 |
| IV. CASH ON HAND AND IN THE BANK | 058 | 86.848.943 | 35.324.704 | 105.428.124 | 55.852.467 |
| D) PREPAYMENTS AND ACCRUED INCOME | 059 | 2.271.497 | 2.849.831 | 2.608.625 | 3.330.398 |
| E) TOTAL ASSETS (001+002+034+059) | 060 | 1.352.716.393 | 1.284.892.926 | 1.448.492.926 | 1.383.047.801 |
| F) OFF-BALANCE SHEET ITEMS | 061 | 669.618.925 | 538.474.616 | 793.206.354 | 598.923.060 |

LIABILITIES

| Name of position: | AOP | Previous year (net) | Current year (net) | Previous year (net) | Current year (net) |
|---|------------|----------------------|--------------------|------------------------|--------------------|
| | | DALEKOVOD jsc | | DALEKOVOD GROUP | |
| 1 | 2 | 3 | 4 | 5 | 6 |
| EQUITY AND LIABILITIES | | | | | |
| A) CAPITAL AND RESERVES (063+064+065+071+072+075+078) | 062 | 271.183.667 | 289.188.614 | 259.907.516 | 273.647.853 |
| I. SHARE CAPITAL | 063 | 247.193.050 | 247.193.050 | 247.193.050 | 247.193.050 |
| II. CAPITAL RESERVES | 064 | 86.141.670 | 86.141.670 | 86.141.670 | 86.141.670 |
| III. RESERVES FROM PROFIT (066+067-068+069+070) | 065 | 43.675.007 | 43.675.007 | 75.581.849 | 75.010.016 |
| 1. Legal reserves | 066 | 11.486.600 | 11.486.600 | 11.652.410 | 11.652.410 |
| 2. Reserves for own shares | 067 | 8.465.950 | 8.465.950 | 8.465.950 | 8.465.950 |
| 3. Own shares and stakes (less) | 068 | -8.465.950 | -8.465.950 | -8.465.950 | -8.465.950 |
| 4. Statutory reserves | 069 | 32.188.407 | 32.188.407 | 67.117.790 | 67.117.790 |
| 5. Other reserves | 070 | 0 | 0 | -3.188.351 | -3.760.184 |
| IV. REVALUATION RESERVES | 071 | 69.396.583 | 69.396.583 | 69.396.583 | 69.396.583 |
| V. RETAINED EARNINGS OR LOSS BROUGHT FORWARD (073-074) | 072 | -200.410.664 | -175.222.643 | -254.479.421 | -217.711.128 |
| 1. Retained earnings | 073 | | 0 | | 0 |
| 2. Loss brought forward | 074 | 200.410.664 | 175.222.643 | 254.479.421 | 217.711.128 |
| VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR (076-077) | 075 | 25.188.021 | 18.004.947 | 36.768.293 | 14.311.102 |
| 1. Profit for the financial year | 076 | 25.188.021 | 18.004.947 | 36.768.293 | 14.311.102 |
| 2. Loss for the financial year | 077 | 0 | 0 | | 0 |
| VII. MINORITY INTEREST | 078 | 0 | 0 | -694.508 | -693.440 |
| B) PROVISIONS (080 to 082) | 079 | 22.654.443 | 21.636.688 | 25.855.947 | 24.817.048 |
| 1. Provisions for pensions, severance pay and similar liabilities | 080 | 4.404.568 | 4.404.568 | 7.542.238 | 7.541.444 |
| 2. Provisions for tax obligations | 081 | 0 | 0 | | 0 |
| 3. Other provisions | 082 | 18.249.875 | 17.232.120 | 18.313.709 | 17.275.604 |
| C) NON-CURRENT LIABILITIES (084 to 092) | 083 | 428.509.757 | 394.851.832 | 415.647.492 | 386.276.498 |
| 1. Liabilities to related parties | 084 | 13.141.088 | 10.691.619 | | 0 |
| 2. Liabilities for loans, deposits and other | 085 | 0 | 0 | | 0 |
| 3. Liabilities towards banks and other financial institutions | 086 | 347.508.682 | 324.287.116 | 347.718.745 | 326.666.591 |
| 4. Amounts payable for prepayment | 087 | 0 | 0 | | 0 |
| 5. Trade payables | 088 | 9.742.640 | 1.368.346 | 9.811.399 | 1.105.155 |
| 6. Amounts payable for securities | 089 | 42.495.986 | 43.271.355 | 42.495.987 | 43.271.356 |
| 7. Liabilities toward participating interests | 090 | 387.965 | 0 | 387.965 | 0 |
| 8. Other non-current liabilities | 091 | 0 | 0 | | 0 |
| 9. Deferred tax | 092 | 15.233.396 | 15.233.396 | 15.233.396 | 15.233.396 |
| D) CURRENT LIABILITIES (094 to 105) | 093 | 614.606.694 | 553.805.243 | 731.320.138 | 672.895.853 |
| 1. Liabilities to related parties | 094 | 37.787.055 | 23.083.289 | | 0 |
| 2. Liabilities for loans, deposits and other | 095 | 0 | 0 | | 0 |
| 3. Liabilities towards banks and other financial institutions | 096 | 113.854.477 | 113.896.509 | 157.023.499 | 144.959.308 |
| 4. Amounts payable for prepayment | 097 | 130.455.505 | 86.247.798 | 135.581.042 | 90.467.911 |
| 5. Trade payables | 098 | 154.428.383 | 183.433.804 | 225.830.671 | 259.780.687 |
| 6. Amounts payable for securities | 099 | 60.832.636 | 58.509.271 | 60.832.637 | 58.509.272 |
| 7. Liabilities toward participating interests | 100 | 0 | 169.131 | 1.153.639 | 405.991 |
| 8. Liabilities to employees | 101 | 25.739.721 | 34.864.728 | 48.739.877 | 57.651.982 |
| 9. Taxes, contributions and similar liabilities | 102 | 28.301.085 | 37.191.974 | 33.408.724 | 42.830.256 |
| 10. Liabilities arising from share in the result | 103 | 100.985 | 100.985 | 100.985 | 120.111 |
| 11. Liabilities arising from non-current assets held for sale | 104 | 0 | 0 | | 0 |
| 12. Other current liabilities | 105 | 63.106.847 | 16.307.754 | 68.649.064 | 18.170.335 |
| E) ACCRUED EXPENSES AND DEFERRED INCOME | 106 | 15.761.832 | 25.410.549 | 15.761.833 | 25.410.549 |
| F) TOTAL LIABILITIES (062+079+083+093+106) | 107 | 1.352.716.393 | 1.284.892.926 | 1.448.492.926 | 1.383.047.801 |
| G) OFF-BALANCE SHEET ITEMS | 108 | 669.618.925 | 538.474.616 | 793.206.354 | 598.923.060 |
| 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 | | | 260.602.024 | 274.341.293 |
| 2. Attributable to non-controlling interests | 110 | | | -694.508 | -693.440 |

IV. STATEMENT OF COMPREHENSIVE INCOME (unaudited)

| Name of position | AOP | Previous period | Current period | Previous period | Current period |
|--|------------|--------------------|--------------------|------------------------|----------------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| DALEKOVOD J.S.C. | | | | DALEKOVOD GROUP | |
| I. OPERATING INCOME (112+113) | 111 | 610.289.154 | 807.157.513 | 844.103.224 | 1.054.477.141 |
| 1. Sales revenue | 112 | 541.464.609 | 783.367.735 | 771.807.280 | 1.034.880.108 |
| 2. Other operating income | 113 | 68.824.545 | 23.789.778 | 72.295.944 | 19.597.033 |
| II. OPERATING EXPENSES (115+116+120+124+125+126+129+130) | 114 | 546.800.843 | 773.173.065 | 781.221.708 | 1.027.112.495 |
| 1. Changes in inventories of finished products and work in progress | 115 | 30.049 | 13.479 | -12.526.721 | 475.480 |
| 2. Material costs (117 to 119) | 116 | 345.900.932 | 538.657.316 | 485.489.237 | 685.293.214 |
| a) Cost of raw materials & consumables | 117 | 142.574.974 | 232.809.070 | 199.938.259 | 291.459.664 |
| b) Cost of goods sold | 118 | 47.504.208 | 87.437.083 | 99.458.691 | 134.559.175 |
| c) Other costs | 119 | 155.821.750 | 218.411.163 | 186.092.287 | 259.274.375 |
| 3. Staff costs (121 to 123) | 120 | 120.471.343 | 140.659.447 | 191.223.410 | 212.608.744 |
| a) Net salaries | 121 | 90.213.704 | 109.913.778 | 133.196.662 | 154.939.511 |
| b) Employee income tax | 122 | 19.338.986 | 19.221.364 | 37.629.926 | 43.125.262 |
| c) Tax on payroll | 123 | 10.918.653 | 11.524.305 | 20.396.822 | 14.543.971 |
| 4. Depreciation and amortisation | 124 | 25.567.997 | 25.798.420 | 36.124.775 | 32.657.849 |
| 5. Other expenditures | 125 | 7.727.212 | 7.867.945 | 15.346.920 | 16.172.364 |
| 6. Value adjustment (127+128) | 126 | 9.763 | 102.418 | 31.914 | 155.114 |
| a) non-current assets (without financial assets) | 127 | 9.763 | 102.418 | 31.914 | 107.076 |
| b) current assets (without financial assets) | 128 | 0 | 0 | 0 | 48.038 |
| 7. Provisions | 129 | 0 | 0 | 0 | 0 |
| 8. Other operating expenses | 130 | 47.093.547 | 60.074.040 | 65.532.173 | 79.749.730 |
| III. FINANCIAL INCOME (132 to 136) | 131 | 4.042.577 | 7.575.739 | 7.944.841 | 12.095.032 |
| 1. Interest income, foreign exchange differences, dividends and other financial income related to subsidiaries | 132 | 2.569.159 | 3.810.447 | 0 | 0 |
| 2. Interest income, foreign exchange differences, dividends and other financial income related to third parties | 133 | 1.473.418 | 3.718.220 | 7.950.973 | 12.047.960 |
| 3. Part of income from associates and participating interests | 134 | 0 | 0 | 0 | 0 |
| 4. Unrealized gains (income) from the financial assets | 135 | 0 | 0 | 0 | 0 |
| 5. Other financial income | 136 | 0 | 47.072 | -6.132 | 47.072 |
| IV. FINANCIAL COSTS (138 to 141) | 137 | 15.888.051 | 19.397.045 | 23.330.595 | 20.098.783 |
| 1. Interest, foreign exchange differences and other expenses related to subsidiaries | 138 | 946.441 | 810.815 | 0 | 0 |
| 2. Interest, foreign exchange differences and other expenses related to third parties | 139 | 14.941.610 | 18.586.230 | 23.327.830 | 20.098.783 |
| 3. Unrealized loss (expenses) from the financial assets | 140 | 0 | 0 | 0 | 0 |
| 4. Other financial expenses | 141 | 0 | 0 | 2.765 | 0 |
| V. SHARE OF INCOME OF ASSOCIATES | 142 | 0 | 0 | 617.089 | 0 |
| VI. SHARE OF LOSS OF ASSOCIATES | 143 | 0 | 0 | 0 | 664.812 |
| VII. EXTRAORDINARY - OTHER INCOME | 144 | 0 | 0 | 0 | 0 |
| VIII. EXTRAORDINARY - OTHER EXPENSES | 145 | 0 | 0 | 0 | 0 |
| IX. TOTAL INCOME (111+131+142 + 144) | 146 | 614.331.731 | 814.733.252 | 852.665.154 | 1.066.572.173 |
| X. TOTAL EXPENSES (114+137+143 + 145) | 147 | 562.688.894 | 792.570.110 | 804.552.303 | 1.047.876.090 |
| XI. PROFIT OR LOSS BEFORE TAX (146-147) | 148 | 51.642.837 | 22.163.142 | 48.112.851 | 18.696.083 |
| 1. Profit before tax (146-147) | 149 | 51.642.837 | 22.163.142 | 48.112.851 | 18.696.083 |
| 2. Loss before tax (147-146) | 150 | 0 | 0 | 0 | 0 |
| XII. INCOME TAX EXPENSE | 151 | 3.243.019 | 4.158.195 | 3.681.010 | 4.384.981 |
| XIII. PROFIT OR LOSS FOR THE PERIOD (148-151) | 152 | 48.399.818 | 18.004.947 | 44.431.841 | 14.311.102 |
| 1. Profit for the period (149-151) | 153 | 48.399.818 | 18.004.947 | 44.431.841 | 14.311.102 |
| 2. Loss for the period (151-148) | 154 | 0 | 0 | 0 | 0 |
| ANNEX TO THE PROFIT AND LOSS ACCOUNT (to be filled in by entities submitting consolidated financial statements) | | | | | |
| XIV. PROFIT OR LOSS FOR THE PERIOD | | | | | |
| 1. Attributable to owners of the company | 155 | 0 | 0 | 44.431.841 | 14.311.102 |
| 2. Attributable to non-controlling interests | 156 | 0 | 0 | 0 | 0 |
| STATEMENTS OF COMPREHENSIVE INCOME (to be filled by entities who work in compliance with IFRS) | | | | | |
| I. PROFIT OR LOSS FOR THE PERIOD (= 152) | 157 | 48.399.818 | 18.004.947 | 44.431.841 | 14.311.102 |
| II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 to 165) | 158 | 0 | 0 | -447.689 | -570.765 |
| 1. Exchange differences arising from foreign operations | 159 | 0 | 0 | -447.689 | -570.765 |
| 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 | -447.689 | -570.765 |
| V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (157+167) | 168 | 48.399.818 | 18.004.947 | 43.984.152 | 13.740.337 |
| APPENDIX Statement of Comprehensive Income (to be filled in by entities submitting consolidated financial statements) | | | | | |
| VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD | | | | | |
| 1. Attributable to owners of the company | 169 | 0 | 0 | 43.986.394 | 13.739.269 |
| 2. Attributable to non-controlling interests | 170 | 0 | 0 | -2.242 | 1.068 |



V. CASH FLOW STATEMENT (unaudited)

| Name of position: | AOP | Previous period | Current period | Previous period | Current period |
|--|------------|--------------------|----------------------|--------------------|--------------------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | | | DALEKOVOD jsc | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| 1. Pre-tax profit | 001 | 51.642.837 | 22.163.142 | 48.112.851 | 18.696.083 |
| 2. Depreciation | 002 | 25.567.997 | 25.798.420 | 36.124.775 | 32.657.849 |
| 3. Increase in short-term liabilities | 003 | 0 | 14.470.786 | 0 | 33.202.368 |
| 4. Decrease in short-term receivables | 004 | 107.486.164 | 0 | 99.419.869 | 0 |
| 5. Reduction of stocks | 005 | 10.311.949 | 2.874.715 | 0 | 10.027.777 |
| 6. Other increase in cash flow | 006 | 0 | 0 | 0 | 0 |
| I. Total increase in cash flow from operating activities (001 to 006) | 007 | 195.008.947 | 65.307.063 | 183.657.494 | 94.584.077 |
| 1. Decrease in short-term liabilities | 008 | 76.176.303 | 0 | 59.446.693 | 0 |
| 2. Increase in short-term receivables | 009 | 0 | 37.833.747 | 0 | 49.338.836 |
| 3. Increase in stocks | 010 | 0 | 0 | 8.178.523 | 0 |
| 4. Other decrease in cash flow | 011 | 53.720.117 | 47.079.316 | 77.083.739 | 55.251.666 |
| II Total decrease in cash flow from operating activities (008 to 011) | 012 | 129.896.420 | 84.913.063 | 144.708.955 | 104.590.502 |
| A1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES | 013 | 65.112.527 | 0 | 38.948.539 | 0 |
| A2) NET DECREASE IN CASH FLOW FROM OPERATING ACTIVITIES | 014 | 0 | 19.606.000 | 0 | 10.006.425 |
| CASH FLOW FROM INVESTMENT ACTIVITIES | | | | | |
| 1. Cash receipts from sale of fixed tangible and intangible assets | 015 | 0 | 2.855.490 | 6.828.113 | 3.825.736 |
| 2. Cash receipts from sale of treasury and debt financial instruments | 016 | 0 | 0 | 0 | 0 |
| 3. Cash receipts from interests | 017 | 0 | 744.055 | 0 | 646.868 |
| 4. Cash receipts from dividends | 018 | 0 | 3.785.927 | 0 | 0 |
| 5. Other cash receipts from investment activities | 019 | 378.507 | 7.608.307 | 411.449 | 11.062.844 |
| III. Total cash receipts from investment activities (015 to 019) | 020 | 378.507 | 14.993.779 | 7.239.561 | 15.535.448 |
| 1. Expenditures for buying fixed assets and intangible assets | 021 | 8.399.789 | 13.061.268 | 23.929.926 | 16.276.133 |
| 2. Expenditures for purchasing treasury and debt financial instruments | 022 | 869.411 | 0 | 0 | 0 |
| 3. Other expenditures from investment activities | 023 | 35.090.703 | 9.484.810 | 16.282.895 | 0 |
| IV. Total expenditures from investment activities (021 to 023) | 024 | 44.359.903 | 22.546.078 | 40.212.821 | 16.276.133 |
| B1) NET INCREASE IN CASH FLOW FROM INVESTMENT ACTIVITIES | 025 | 0 | 0 | 0 | 0 |
| b2) NET DECREASE IN CASH FLOW FROM INVESTMENT ACTIVITIES | 026 | 43.981.396 | 7.552.299 | 32.973.260 | 740.685 |
| CASH FLOW FROM FINANCIAL ACTIVITIES | | | | | |
| 1. Cash receipts from issuance of treasury and debt financial | 027 | 0 | 0 | 0 | 0 |
| 2. Cash receipts from loan principal, bonds, borrowings and other loans | 028 | 0 | 3.600.000 | 44.673.374 | 0 |
| 3. Total cash receipts from financial activities | 029 | 0 | 0 | 0 | 0 |
| V. Total cash receipts from financial activities (027 to 029) | 030 | 0 | 3.600.000 | 44.673.374 | 0 |
| 1. Expenditures for repayment of loan principal and bonds | 031 | 0 | 14.526.180 | 30.059.134 | 24.973.393 |
| 2. Expenditures for payment of dividends | 032 | 0 | 0 | 0 | 0 |
| 3. Expenditures for financial leasing | 033 | 10.377.787 | 11.891.764 | 10.512.680 | 12.307.158 |
| 4. Expenditures for redemption of treasury shares | 034 | 649.740 | 0 | 649.740 | 0 |
| 5. Other expenditures from financial activities | 035 | 39.903.126 | 1.547.996 | 39.903.126 | 1.547.996 |
| VI. Total expenditures from financial activities (031 to 035) | 036 | 50.930.653 | 27.965.940 | 81.124.679 | 38.828.547 |
| C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES | 037 | 0 | 0 | 0 | 0 |
| C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES | 038 | 50.930.653 | 24.365.940 | 36.451.305 | 38.828.547 |
| Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038) | 039 | 0 | 0 | 0 | 0 |
| Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037) | 040 | 29.799.522 | 51.524.239 | 30.476.026 | 49.575.657 |
| Cash and cash equivalents at the beginning of the period | 041 | 81.849.024 | 86.848.943 | 102.077.241 | 105.428.124 |
| Increase in cash and cash equivalents | 042 | 0 | 0 | 0 | 0 |
| Decrease in cash and cash equivalents | 043 | 29.799.522 | 51.524.239 | 30.476.026 | 49.575.657 |
| Cash and cash equivalents at the end of the period | 044 | 52.049.502 | 35.324.704 | 71.601.215 | 55.852.467 |



VI. STATEMENT OF CHANGES IN EQUITY (unaudited)

| Name of position: | AOP | Previous period | Current period | Previous period | Current period |
|---|------------|----------------------|--------------------|------------------------|--------------------|
| | | DALEKOVOD jsc | | DALEKOVOD GROUP | |
| 1. Share capital | 001 | 247.193.050 | 247.193.050 | 247.193.050 | 247.193.050 |
| 2. Capital reserves | 002 | 86.141.670 | 86.141.670 | 86.141.670 | 86.141.670 |
| 3. Reserves from profit | 003 | 43.675.007 | 43.675.007 | 75.581.849 | 75.010.016 |
| 4. Retained profit or loss carried forward | 004 | -200.410.664 | -175.222.643 | -255.173.929 | -218.404.568 |
| 5. Profit or loss of current year | 005 | 25.188.021 | 18.004.947 | 36.768.293 | 14.311.102 |
| 6. Revaluation of longterm tangible assets | 006 | 69.396.583 | 69.396.583 | 69.396.583 | 69.396.583 |
| 7. Revaluation of intangible assets | 007 | | | | |
| 8. Revaluation of financial assets available for sale | 008 | | | | |
| 9. Other revaluations | 009 | | | | |
| 10. Total equity and reserves (AOP 001 to 009) | 010 | 271.183.667 | 289.188.614 | 259.907.516 | 273.647.853 |
| 11. Foreign exchange differences arising from the sales of net investment in foreign operations | 011 | | | -71.160 | -570.765 |
| 12. Current and deferred taxes (part) | 012 | | | | |
| 13. Cash flow protection | 013 | | | | |
| 14. Changes in accounting policies | 014 | | | | |
| 15. Correction of significant errors in the previous period | 015 | | | | |
| 16. Other changes in equity | 016 | | | 37.812.521 | 14.312.170 |
| 17. Total increase or decrease in equity (AOP 011 to 016) | 017 | | | 37.741.361 | 13.741.405 |
| 17 a. Attributed to parent company equity holders | 018 | | | 37.739.999 | 13.740.337 |
| 17 b. Attributed to minority interest | 019 | | | 1.362 | 1.068 |

VII. NOTES TO FINANCIAL STATEMENTS

1. GENERAL DETAILS

MANAGEMENT BOARD

Alen Premužak – Chairman of the Management Board

Marko Jurković – Management Board Member

Helena Jurčić Šestan – Management Board Member

Ivica Kranjčić – Management Board Member

Ivan Kurobasa – Management Board Member

SUPERVISORY BOARD

Marko Lesić – Chairman of the Supervisory Board

Ivan Peteržilnik – Deputy Chairman of the Supervisory Board

Krešimir Ružđak – Supervisory Board Member

Vlado Čović – Supervisory Board Member

Hrvoje Markovinović – Supervisory Board Member

Milan Račić – Supervisory Board Member

Marko Makek – Supervisory Board Member

Mirela Tomljanović Radović – Supervisory Board Member

Rajko Pavelić – Supervisory Board Member

Dalekovod dioničko društvo za inženjering, proizvodnju i izgradnju

Marijana Čavića 4, 10 000 Zagreb, Croatia

10001 Zagreb, P.P. 128

URL: www.dalekovod.hr, www.dalekovod.com

E-mail: dalekovod@dalekovod.hr

Share capital: HRK 247,193,050.00. Number of shares: 24,719,305

IBAN: HR8323600001101226102 ZABA Zagreb

REG. NO.: (MBS): 080010093, Commercial Court in Zagreb

Stat. No.: 3275531

PIN: 47911242222

Activity code: 4222 (Construction of utility projects for electricity and telecommunications)

2. SHAREHOLDINGS (as at 30 September 2017):

| | |
|------------------------|------------|
| Konsolidator d.o.o. | 15,000,000 |
| Individuals | 4,519,043 |
| Financial institutions | 4,170,952 |
| Others | 930,469 |
| Own shares | 98,841 |
| TOTAL | 24,719,305 |

1. MERGERS AND CONSOLIDATIONS

There were no mergers or consolidations in the first 9 months of 2017.

2. UNCERTAINTY

No items of doubtful and bad debt affecting business continuity were identified in the first 9 months of 2017.

3. DESCRIPTION OF PRODUCTS AND SERVICES

Over time, Dalekovod d.d. has become specialized in performing contracts on a turnkey basis in the following areas:

- electrical facilities, especially transmission lines between 0.4 and 500 kV
- transformer stations of all levels and voltages up to 500 kV
- air, underground and underwater cables up to 110 kV
- telecommunication facilities, all types of networks and antennas
- production of suspension and joining equipment for all types of transmission lines and transformer stations between 0.4 and 500 kV
- production and installation of all metal parts for roads, especially for road lighting, security barriers and traffic signals, tunnel lighting and traffic management
- electrification of railway tracks and tramways

4. CHANGES IN ACCOUNTING POLICIES

There are no new accounting policies.