

Zagreb, 11th November 2011

ZAGREB STOCK EXCHANGE

Ivana Lučića 2a
10000 Zagreb

Subject: Supervisory Board Meeting Held

Dear Sirs,

This is to inform you that Dalekovod d.d. Supervisory Board held a meeting on 10th November 2011 where a detailed discussion was held on set Financial Reports and Management Board Report for the periods of 1st January 2011 to 30th September 2011, as well as on 2011 revised plan.

Due to a significant decrease of business activities on the domestic market caused predominantly by either prolongations or cancelling of most of the domestic tenders for which the Company has been bidding, the Company's operating revenues and profitability have been significantly damaged compared to the same period last year, which has caused the 2011 plan to fail accordingly.

According to the results published for first three quarters of 2011 the Company has suffered loss in the amount of 110.9 million HRK due to high one-off restructuring costs amounting to 73.1 million HRK, as well as due to insufficiently quick adaptation of expense structure which resulted in the loss of basic activity in the amount of 37.8 million HRK. Even though the Company managed to secure fresh capital and is implementing planned restructuring measures (number of employees decreased for 240 persons, 36 MW renewable energy sources project investment finished, non-core assets de-investment started off), the Company's fixed expenses still remain too high compared to earned revenues.

Subsequently, further measures for optimising fixed expenses in order to ensure positive business activity in 2012 have been suggested on the Supervisory Board's meeting, and a detailed model of separating production activities into a single business organisation according to discontinued operations has been created.

Separating production's activities from the Parent Company has been carried out for the sake of monitoring the production's business activities, ascertaining profitability of individual programmes within production, identifying non-profitable product lines with the purpose of optimising them and ensuring the legal entity's business independence according to market principles.

The process of separating production as well as the one-off restructuring costs is to be expected in the fourth quarter alike, which is why according to the suggested plan revision the Company's 2011 business results shall be additionally encumbered.

Based on the aforementioned, in terms of profit 2011 shall be offered in sacrifice, but for the sole purpose of optimising cost structure and ensuring positive business activities as well as gaining a demanding yield of capital of all of the Company's owners in the period to come.

Despite the fact that Dalekovod is continuously managing to compete on international tenders, which has been recently confirmed by contracts awarded in Norway (81 million EUR) and Slovenia (42 million EUR), as well as with contracted works totalling 126 million EUR which are currently being executed, the Company is aware of the fact that it needs to make additional business model adjustments to the newly arisen situation characterised by a decrease in overall business activity and height of earned revenues.

Respectfully yours,

Dalekovod d.d.