



MANAGEMENT BOARD REPORT ON THE BUSINESS ACTIVITY OF THE KONČAR GROUP FOR THE PERIOD JANUARY - JULY 2011

The KONČAR Group consists of KONČAR - Electrical Industry Inc., as the parent company, and twenty subsidiaries in which the parent company exercises a predominant managerial influence (more than 50 per cent of the votes at the General Assembly). In addition to this, the parent company exercises a minority managerial influence (49 per cent of the votes at the General Assembly) in one company (affiliated company).

All of the companies pertaining to the group are legally independent companies, under the control and strategic guidance of the parent company by the respective supervisory boards of the companies and in accordance with the Companies Act, the KONČAR – Electrical Industry Inc. Charter and the Charters of the individual companies. The parent company also manages the portion of the assets which have not been invested into companies, but are in direct or indirect function of financial support of sales, products and equipment of the subsidiaries as credit-guarantee potential.

Parent company has issued joint and several guarantee in the total amount of HRK 543.3 million, of which HRK 390,9 million corresponds to performance guarantees (bid bonds, advanced payment guarantees, performance guarantees and warranty guarantees).

Business activities of the KONČAR Group are structured as follows:

- Energy and transport: Designing and building of production plants, transmission and distribution plants and the manufacture of accompanying equipment; electric vehicles and electric equipment for vehicles and electric traction plants
- Industry: Electromotor drives, medium and low-voltage electric equipment and catering equipment
- Trade: Electrical household appliances, serial production goods and low-voltage electrical goods
- Special activities: product research and development and infrastructure services

The Management Board

The Supervisory Board appoints and relieves the President of the Management Board and the Members of the Management Board. The terms of office of the President of the Management Board and the Board Members' mandates last for five years, with an option of reappointment. Pursuant to the Companies Act and the Company Charter, the Management Board is responsible for running the operations. In doing so, it is obliged and authorised to take any action and make any decision it deems necessary for the successful management of the Company. The consent of the Supervisory Board is required in making certain decisions stipulated by the KONČAR – Electrical Industry Inc. Charter.

KONČAR – Electrical Industry Inc. is managed by the Management Board consisting of:

Darinko Bago	President of the Management Board
Marina Kralj Miliša	Member of the Management Board
Jozo Miloloža	Member of the Management Board
Davor Mladina	Member of the Management Board
Miroslav Poljak	Member of the Management Board

Končar - Elektroindustrija d.d., Fallerovo šetalište 22, 10000 Zagreb, Hrvatska, www.koncar.hr

The Supervisory Board

Pursuant to the provisions contained in the Companies Act and the KONČAR – Electrical Industry Inc. Charter, the General Assembly makes the decisions on appointing and relieving the Supervisory Board. The Supervisory Board is responsible for appointing and dismissing the members of the Management Board, as well as for supervising the operations of the Company. More significant transactions and business decisions (the amount of transactions has been stipulated by the Company Charter) require the approval of the Supervisory Board. The Supervisory Board consists of the following nine members:

Igor Lučić	Chairman of the Supervisory Board
Jasminka Belačić	Vice-chairwoman of the Supervisory Board
Ante Babić	Member of the Supervisory Board
Kristijan Floričić	Member of the Supervisory Board
Ruder Friganović	Member of the Supervisory Board
Zdenka Matković	Member of the Supervisory Board
Nenad Matić	Member of the Supervisory Board
Đuro Perica	Member of the Supervisory Board
Ivan Rujnić	Member of the Supervisory Board

Končar Group business results for the period January – June 2011

The KONČAR Group achieved a positive financial result for the period January – June 2011. Total consolidated revenues for the half year ended 30 June 2011 amounts to HRK 1,214.7 million, while total expenses amount to HRK 1,132.5 million. The Group's consolidated profit before tax amounts to HRK 82.2 million. The income tax amounts to HRK 9.8 million and the profits after tax totals HRK 72.4 million, of which the portion of the minority stakes in the profits structure amounts to HRK 13.2 million, and the portion of the parent company's shareholders amounts to HRK 59.2 million.

Overall revenues in the amount of HRK 1,131.4 million were generated and they amount to 93.1 per cent of the total revenues. Financial income was generated in the amount of HRK 35.3 million, and it is composed of income from interest and foreign exchange differences in the amount of HRK 34.7 million and other financial income totalling HRK 0.8 million. Financial expenses total HRK 28.7 million and are composed of interest and negative foreign exchange differences in the amount of HRK 28.2 million, financial assets expenses in the amount of HRK 0.4 million and other financial expenses in the amount of HRK 0.1 million. The income from the part of income from associated companies amounted to HRK 48.1 million. The positive difference between financial income and expenses totalled HRK 6.8 million, the operating income amounted to HRK 27.3 million, as well as the income from the part of income from associated companies in the amount of HRK 48.1 million represent the consolidated profit before taxation in the amount of HRK 82.2 million. Of the 21 companies in the KONČAR Group, fifteen companies performed with a profit, while six companies performed with a loss in the total amount of HRK 17 million.

The consolidated sales revenues were generated in the amount of HRK 1,094.8 million and a total of HRK 434.1 million was generated in sales in the domestic market (39.6 per cent of the total sales of goods and services revenues) or a 18.6 per cent decrease with respect to the previous year and a 9.4 per cent decrease according to the plan. The exports generated revenue of sales of goods and services in the amount of HRK 660.7 million (60.4 per cent of total sales). Sales revenues in foreign markets were 8 per

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cent lower than in the same period of the previous year and 1.1 per cent less than the previously planned amount.

The consolidated sales revenues were generated in the amount of HRK 907.5 million or 83 per cent of the overall sales structure of the Group by companies from the business area of Energy and transport, companies from the business area of Trade generated sales in the amount of HRK 85.6 million or 7.8 per cent, sales of the companies from the business area of Industry amounted to HRK 55.8 million or 5.1 per cent, and three of the Special activities companies generated sales in the amount of HRK 45.9 million or 4.1 per cent of the overall sales structure of the Group.

In the structure of the domestic market sales of goods and services revenues, revenues from the sales of goods and services to the Croatian Electricity Company (Hrvatska Elektroprivreda or HEP) account for HRK 147.9 million or 34 per cent of the total domestic market revenue, the companies falling under the industry and shipbuilding industry categories were supplied with goods and services totalling HRK 96.6 million or 22.2 per cent of the total revenues of the sales of goods in Croatia, trading companies were supplied with HRK 67.3 million worth of products, the construction companies with HRK 48.7 million, the Croatian Railways Company (Hrvatske željeznice or HŽ) with HRK 31.2 million, Zagreb Electric Tram Company (ZET) with HRK 26.7 million, whereas the remainder worth HRK 15.7 million pertains to the Croatian Motorways Company (Hrvatske autoceste), the state and local administrations and public enterprises.

In the foreign market for the period January – June 2011 the turnover from the sales of goods and services amounts to HRK 660.7 million. The most significant export undertakings were performed in the markets of Germany; totalling HRK 86.8 million, Nigeria; totalling HRK 69.8 million, Bosnia and Herzegovina; totalling HRK 56.4 million, Sweden; totalling HRK 34.7 million, Finland; totalling HRK 28.1 million and Slovenia; totalling HRK 28 million.

During the same accounting period, investment equipment, raw and primary materials in the amount of HRK 337.9 million were imported. The import was completely covered by the exports and the coverage coefficient amounts to 1.95.

The investment in long term tangible and intangible assets for the period January to June 2011 amounts to HRK 87.1 million. The most considerable part of the abovementioned amount was invested in the following: the continuation of investment in the wind power plant project Pometeno brdo, equipping of the hall A for the integration and testing of the wind power generator gondola, the construction of the new testing station in the company Končar – Distribution and Special transformers Inc., the development of the new generation of 123kV switchgear, the development of autonomous hybrid renewable energy sources (Končar - Electrical Engineering Institute), as well as equipment replacement on the existing electrical substations in Sesevski Kraljevec.

For the period ended 30 June 2011 the KONČAR Group companies contracted a HRK 1,251.1 million worth of new works, which is 12.1 per cent less than the half-year plan for the foreign markets. Of the overall works contracted, 52.5 per cent pertains to the domestic market, and 47.5 per cent to the foreign markets. New works in the value of HRK 829.7 million have been contracted for implementation for the year 2011, while a HRK 421.4 million new works have been contracted for implementation for the year 2012 and subsequent years. The status of the works contracted (active liabilities) at the end of June 2011 totals HRK 2,255.7 million, which is 7 per cent higher as compared with the contracted works at the beginning of the year.

Despite the positive business results achieved during the first half-year period of this year, the complex market conditions which governed the year 2010 have continued to exercise their influence throughout this year. A further decrease in earnings from the sales of products and services on the domestic market, as well as slightly lower earnings on the foreign markets as compared to the same period of the previous year have both had an impact on the overall business results of the Končar Group for the period January to June of the current year. At the same time, an increase in contracted works (active liabilities) has been noted as compared with the situation at the beginning of the year.

The works thus contracted to be carried out in the year 2011 present a solid foundation for the fulfilment of the business plan for the current year. The main concerns of the Končar Group in the following period are creating new business opportunities, maximising efforts in order to increase exports and exploiting to the fullest the potential of the announced investments in Croatia.

Signed on behalf of the Board:

KONČAR – Electrical Industry Inc.
President of the Management Board
Darinko Bago

On 27 July 2011

Statement of the Management Board responsibility

This statement by the Management Board of KONČAR – Electrical Industry Inc. is issued in relation to the preparation and publishing of the consolidated financial statements for the KONČAR Group for the period January - July 2011.

The financial statements have been prepared in accordance with the Croatian Accounting Law valid on the day of publishing of these financial statements, as well as being with the International Financial Reporting Standards.

These consolidated financial statements, to the best of our knowledge, provide a true and fair view of the balance sheet, income statement, cash flow statement and statements of changes in equity of the KONČAR Group.

Signed on behalf of the Management Board:

Končar – Electrical Industry Inc.
President of the Management Board
Darinko Bago

On 27 July, 2011

Appendix 1

Reporting period:

1.1.2011.

to

30.6.2011.

Quarterly financial report of entrepreneur -TFI-PODRegistration number (MB) **03282635**Identification number of subject (MBS) **080040936**Personal identification number (OIB) **45050126417**Issuer company: **KONČAR - ELECTRICAL INDUSTRY Inc.**Postal code and place **10000****ZAGREB**Street and number **FALLEROVO ŠETALIŠTE 22**E-mail address: koncar.finance@koncar.hrInternet adresa: www.koncar.hrCode and name of comune/to **133 Zagreb**Code and county name **21 Zagreb City**Number of employees **3.971**

(at quarter end)

Consolidated statement **Yes**NKD/NWC code: **2711**

Subsidiaries subject to consolidation (according to IFRS): in appendix Registration number:

Končar - Energetika i usluge d.o.o	Zagreb	1343068
Končar - Institut za elektrotehniku d.d.	Zagreb	3645363
Končar - Elektronika i informatika d.d.	Zagreb	3282899
Končar - Mali električni strojevi d.d.	Zagreb	3282678
Končar - Generatori i motori d.d.	Zagreb	1356216
Končar - Mjerni transformatori d.d.	Zagreb	3654656
Končar - Distributivni i specijalni transform. d.d.	Zagreb	3654664
Končar - Električni aparati srednjeg napona d.d.	Zagreb	3641287
Končar - Električna vozila d.d.	Zagreb	3282660
Končar - Sklopna postrojenja d.d.	Sesvetski Kraljevec	3641279
Končar - Kućanski aparati d.o.o.	Zagreb	1403222
Končar - Električni visokonaponski aparati d.d.	Zagreb	3641252
Končar - Niskonaponske sklopke i prekidači d.o.o.	Zagreb	3228398
Končar - Ugostiteljska oprema d.d.	Zagreb	3788717
Končar - Alati d.d.	Zagreb	3672468
Končar - Montažni inženjering d.d.	Zagreb	3654362
Končar - Inženjering za energetiku i transport d.d.	Zagreb	3654354
Končar - Metalne konstrukcije d.d.	Zagreb	1114328
Končar - Obnovljivi izvori d.o.o.	Zagreb	2435071
Kones AG	Zurich, Švicarska	

Book keeping service:

Contact person: **BRANKA VELKOVSKI**

(fill in only surname and name of contact person)

Phone number: **01 3667175**Fascimile: **01 3655377**E-mail address: branka.velkovski@koncar.hrSurname and name **DARINKO BAGO**

(authorised person for representation)

Disclosure documents:

1. Financial statements (balance sheet, profit and loss account, cash flow statement, statement of changes in shareholders' equity and notes to the financial statements)
2. Statement of responsible persons for preparation of financial statements
3. Report of the Management Board on position of the Company

M.P.

(signed by authorised person for representation)

Balance Sheet
as of 30.06.2011.

Company: Končar - Electrical Industry Inc.			
Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001	0	0
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	1.182.984.550	1.301.520.680
I. INTANGIBLE ASSETS (004 do 009)	003	25.535.991	27.700.551
1. Expenditure for development	004	12.462.855	13.652.495
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	3.051.947	1.754.090
3. Goodwill	006	7.040.919	7.825.968
4. Advances for purchase of intangible assets	007	0	0
5. Intangible assets in progress	008	2.726.213	4.298.203
6. Other intangible assets	009	254.057	169.795
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	887.958.621	937.996.649
1. Land	011	156.023.708	156.163.471
2. Buildings	012	379.674.182	370.783.808
3. Plant and equipment	013	151.821.233	146.499.504
4. Tools, working inventory and transportation assets	014	74.459.271	82.728.176
5. Biological assets	015	0	0
6. Advances for purchase of tangible assets	016	3.836.726	3.529.237
7. Tangible assets in progress	017	27.593.153	31.977.751
8. Other tangible assets	018	700.738	52.465.089
9. Investment in real-estate	019	93.849.610	93.849.613
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	212.986.676	264.294.582
1. Share in related parties	021	293.704	1.910.559
2. Loans to related parties	022	0	0
3. Participating interests (shares)	023	806.316	2.604.087
4. Loans to companies with participating interest	024	0	0
5. Investments in securities	025	2.686.761	0
6. Loans, deposits, etc.	026	684.626	0
7. Other non-current financial assets	027	0	3.073.478
8. Equity-accounted investments	028	208.515.269	256.706.458
IV. RECEIVABLES (030 do 032)	029	56.503.262	71.528.898
1. Receivables from related parties	030	0	0
2. Receivables arising from sales on credit	031	47.262.055	67.559.472
3. Other receivables	032	9.241.207	3.969.426
V. DEFERRED TAX ASSET	033	0	0
C) CURRENT ASSETS (035+043+050+058)	034	2.109.617.444	2.053.225.563
I. INVENTORIES (036 do 042)	035	485.999.118	589.310.139
1. Raw materials and supplies	036	222.173.270	265.163.847
2. Production in progress	037	142.256.010	177.374.705
3. Finished products	038	85.428.778	82.023.691
4. Merchandise	039	18.380.883	14.820.964
5. Advances for inventories	040	13.889.218	49.926.932
6. Long term assets held for sale	041	3.870.959	0
7. Biological assets	042	0	0
II. RECEIVABLES (044 do 049)	043	886.053.481	756.632.291
1. Receivables from related parties	044	111.046.846	24.762.688
2. Receivables from end-customers	045	698.835.506	682.774.223
3. Receivables from participating parties	046	0	0
4. Receivables from employees and members of the company	047	1.563.937	1.255.921
5. Receivables from government and other institutions	048	34.579.177	39.235.512
6. Other receivables	049	40.028.015	8.603.947
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	157.199.494	205.181.184
1. Share in related parties	051	0	0
2. Loans to related parties	052	0	0
3. Participating interests (shares)	053	0	0
4. Loans to companies with participating interest	054	0	0
5. Investments in securities	055	0	0
6. Loans, deposits, etc.	056	155.489.822	205.181.184
7. Other financial assets	057	1.709.672	0
IV. CASH AND CASH EQUIVALENTS	058	580.365.351	502.101.949
D) PREPAYMENTS AND ACCRUED INCOME	059	3.547.985	13.164.037
E) TOTAL ASSETS (001+002+034+059)	060	3.296.149.979	3.367.910.280
F) OFF BALANCE SHEET ITEMS	061	2.009.430.712	1.966.285.660

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.794.175.361	1.821.317.410
I. SUBSCRIBED SHARE CAPITAL	063	1.028.847.600	1.028.847.600
II. CAPITAL RESERVES	064	719.579	719.579
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	201.140.508	259.583.247
1. Legal reserves	066	13.150.803	17.761.585
2. Reserve for own shares	067	0	0
3. Treasury shares and shares (deductible items)	068	0	0
4. Statutory reserves	069	121.706.437	152.514.412
5. Other reserves	070	66.283.268	89.307.250
IV. REVALUATION RESERVES	071	0	0
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	194.104.351	263.341.039
1. Retained earnings	073	194.104.351	263.341.039
2. Loss carried forward	074	0	0
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	154.975.583	59.187.236
1. Net profit for the period	076	154.975.583	59.187.236
2. Net loss for the period	077	0	0
VII. MINORITY INTEREST	078	214.387.740	209.638.709
B) PROVISIONS (080 do 082)	079	578.643.690	571.175.878
1. Provisions for pensions, severance pay and similar liabilities	080	21.899.686	14.771.491
2. Provisions for tax liabilities	081	0	0
3. Other provisions	082	556.744.004	556.404.387
C) NON-CURRENT LIABILITIES (084 do 092)	083	81.299.423	107.149.870
1. Liabilities to related parties	084	0	0
2. Liabilities for loans, deposits, etc.	085	79.684.423	100.617.998
3. Liabilities to banks and other financial institutions	086	1.615.000	6.269.977
4. Liabilities for advances	087	0	0
5. Trade payables	088	0	0
6. Commitments on securities	089	0	0
7. Liabilities to companies with participating interest	090	0	0
8. Other non-current liabilities	091	0	261.895
9. Deferred tax liabilities	092	0	0
D) CURRENT LIABILITIES (094 do 105)	093	775.540.242	745.175.223
1. Liabilities to related parties	094	13.175.194	2.005.820
2. Liabilities for loans, deposits, etc.	095	765.000	2.271.457
3. Liabilities to banks and other financial institutions	096	148.028.224	92.419.912
4. Liabilities for advances	097	180.197.510	197.848.046
5. Trade payables	098	358.020.213	331.688.181
6. Commitments on securities	099	0	0
7. Liabilities to companies with participating interest	100	0	0
8. Liabilities to employees	101	28.123.735	26.652.654
9. Taxes, contributions and similar liabilities	102	37.826.449	22.171.054
10. Liabilities arising from share in the result	103	0	5.771.806
11. Liabilities arising from non-current assets held for sale	104	0	0
12. Other current liabilities	105	9.403.917	64.346.293
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	66.491.263	123.091.899
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	3.296.149.979	3.367.910.280
G) OFF BALANCE SHEET ITEMS	108	2.009.430.712	1.966.285.660
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109	1.579.787.621	1.611.678.701
2. Attributable to minority interest	110	214.387.740	209.638.709

Income statement
period 01.01.2011. to 30.06.2011.

Company: Končar -Electrical Industry Inc.

Position	AOP	Previous period	Previous period	Current period	Current period
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 do 113)	111	1.344.425.176	689.790.701	1.131.091.284	559.682.400
1. Rendering of services	112	1.312.102.692	672.826.020	1.094.856.624	538.689.755
2. Other operating income	113	32.322.484	16.964.681	36.234.660	20.992.645
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	1.308.569.971	666.022.167	1.103.749.294	548.586.016
1. Change in inventories of work in progress	115	36.760.243	30.968.621	-29.419.750	2.447.857
2. Material expenses (117 do 119)	116	823.046.253	404.663.691	725.372.533	350.991.034
a) Costs of raw materials	117	633.197.392	303.031.612	561.487.578	257.662.368
b) Cost of goods sold	118	44.650.999	26.780.614	52.010.102	31.859.446
c) Other material expenses	119	145.197.862	74.851.465	111.874.853	61.469.220
3. Employee benefits expenses (121 do 123)	120	238.040.437	120.215.320	231.942.818	115.703.578
a) Net salaries	121	133.260.182	67.508.679	132.696.020	66.161.366
b) Tax and contributions from salary expenses	122	75.117.609	37.948.782	71.480.963	37.109.696
c) Contributions on salary	123	29.662.646	14.757.859	27.765.835	12.432.516
4. Depreciation and amortisation	124	38.421.199	19.009.545	38.060.790	19.224.247
5. Other expenses	125	92.410.743	48.783.619	94.010.139	52.747.983
6. Write down of assets (127+128)	126	9.810.525	7.005.959	2.270.180	1.258.880
a) non-current assets (except financial assets)	127	0	0	0	0
b) current assets (except financial assets)	128	9.810.525	7.005.959	2.270.180	1.258.880
7. Provisions	129	67.511.710	34.910.150	38.733.089	4.873.528
8. Other operating costs	130	2.568.861	465.262	2.779.495	1.338.909
III. FINANCIAL INCOME (132 do 136)	131	23.965.880	14.999.128	35.515.912	21.650.080
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	968.536	566.862	952.514	408.742
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	22.382.610	14.092.547	33.760.482	20.978.860
3. Income from investments in associates and joint ventures	134	0	0	0	0
4. Unrealised gains (income) from financial assets	135	0	0	0	0
5. Other financial income	136	614.734	339.719	802.916	262.478
IV. FINANCIAL EXPENSES (138 do 141)	137	23.331.999	13.736.383	28.768.199	12.921.690
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	1.165.075	573.446	964.145	413.462
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	22.136.881	13.162.785	27.258.593	11.984.039
3. Unrealised losses (expenses) from financial assets	140	0	0	395.451	395.451
4. Other financial expenses	141	30.043	152	150.010	128.738
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142	35.520.541	21.388.340	48.108.909	28.981.426
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143	0	0	0	0
VII. EXTRAORDINARY - OTHER INCOME	144	0	0	0	0
VIII. EXTRAORDINARY - OTHER EXPENSES	145	0	0	0	0
IX. TOTAL INCOME (111+131+144)	146	1.403.911.597	726.178.169	1.214.716.105	610.313.906
X. TOTAL EXPENSES (114+137+143+145)	147	1.331.901.970	679.758.550	1.132.517.493	561.507.706
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	72.009.627	46.419.619	82.198.612	48.806.200
1. Profit before taxes (146-147)	149	72.009.627	46.419.619	82.198.612	48.806.200
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	151	9.707.680	5.243.802	9.848.440	5.214.564
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	62.301.947	41.175.817	72.350.172	43.591.636
1. Profit for the period (149-151)	153	62.301.947	41.175.817	72.350.172	43.591.636
2. Loss for the period (151-148)	154	0	0	0	0
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155	50.502.106	33.819.492	59.187.236	36.480.170
2. Attributable to minority interest	156	11.799.841	6.913.889	13.162.936	7.111.466
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	62.301.947	40.733.381	72.350.172	43.591.636
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	241.974	158.400	111.897	227.813
1. Exchange differences from international settlement	159	241.974	158.400	111.897	227.813
2. Changes in revaluation reserves of long-term tangible and intangible assets	160	0	0	0	0
3. Profit or loss from re-evaluation of financial assets held for sale	161	0	0	0	0
4. Profit or loss from cash flow hedging	162	0	0	0	0
5. Profit or loss from hedging of foreign investments	163	0	0	0	0
6. Share of other comprehensive income/loss from associated companies	164	0	0	0	0
7. Actuarial gains/losses from defined benefit plans	165	0	0	0	0
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	0	0	0	0
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)	167	241.974	158.400	111.897	227.813
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	62.543.921	40.891.781	72.462.069	43.819.449
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	169	50.515.894	33.824.463	59.194.437	36.495.149
2. Attributable to minority interest	170	12.028.027	7.067.318	13.267.632	7.324.300

STATEMENT OF CASH FLOWS - Direct method
period 01.01.2011. to 30.06.2011.

Legal entity: Končar Electrical Industry INC.			
Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Cash receipts from customers	001	1.346.997.686	1.275.384.687
2. Cash receipts from royalties, fees, commissions, etc.	002	0	0
3. Cash receipts from insurance for damages compensation	003	4.989.881	7.185.203
4. Cash receipts arising from tax refunds	004	75.744.847	80.909.138
5. Other cash receipts	005	27.921.717	33.809.396
I. Total increase in cash flow from operating activities (001 do 005)	006	1.455.654.131	1.397.288.424
1. Cash paid to suppliers	007	913.542.238	936.413.175
2. Cash paid to employees	008	273.121.988	274.548.557
3. Cash outflows for insurance for damages compensation	009	4.915.952	3.910.086
4. Interest paid	010	7.240.908	6.185.280
5. Tax paid	011	103.949.869	79.537.112
6. Other cash outflows	012	59.169.475	65.437.276
II. Total decrease in cash flow from operating activities (007 do 012)	013	1.361.940.430	1.366.031.486
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	014	93.713.701	31.256.938
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	015	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	016	1.762.305	1.706.863
2. Cash inflows from sale of equity and debt financial instruments	017	0	2.937.239
3. Interest receipts	018	0	0
4. Dividend receipts	019	63.766.665	75.897.078
5. Other cash inflows from investing activities	020	0	0
III. Total cash inflows from investing activities(015 do 019)	021	65.528.970	80.541.180
1. Cash outflows for purchase of long - term tangible and intangible assets	022	26.693.659	32.717.462
2. Cash outflows for purchase of equity and debt financial instruments	023	87.000	1.873.294
3. Other cash outflows from investing activities	024	0	0
IV. Total cash inflows from investing activities (021 do 023)	025	26.780.659	34.590.756
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)	026	38.748.311	45.950.424
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)	027	0	0
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash receipts from issuance of equity and debt financial instruments	028	0	0
2. Cash inflows from loans, debentures, credits and other borrowings	029	38.250.304	30.029.171
3. Other cash inflows from financing activities	030	95.116.222	48.867.010
V. Total cash inflows from financing activities (027 do 029)	031	133.366.526	78.896.181
1. Cash outflows for repayment of loans and bonds	032	66.307.555	57.785.846
2. Dividends paid	033	1.888	43.699.733
3. Cash outflows for finance lease	034	0	0
4. Cash outflows for purchase of own stocks	035	0	0
5. Other cash outflows from financing activities	036	4.515.519	132.881.364
VI. Total cash inflows from financing activities (031 do 035)	037	70.824.962	234.366.943
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	038	62.541.564	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	039	0	155.470.762
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	040	195.003.576	0
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	041	0	78.263.400
Cash and cash equivalents at the beginning of period	042	310.321.360	580.365.351
Decrease in cash and cash equivalents	043	195.003.576	0
Increase in cash and cash equivalents	044	0	78.263.402
Cash and cash equivalents at the end of period	045	505.324.936	502.101.949

STATEMENT OF CHANGES IN EQUITY
period 1.1.2011 to 30.6.2011.

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	1.151.410.796	1.151.428.919
2. Capital reserves	002	719.579	719.579
3. Reserves from profit	003	261.601.518	333.138.204
4. Retained earnings or loss carried forward	004	194.407.567	263.680.536
5. Net profit or loss for the period	005	186.035.901	72.350.172
6. Revaluation of tangible assets	006	0	0
7. Revaluation of intangible assets	007	0	0
8. Revaluation of available for sale assets	008	0	0
9. Other revaluation	009	0	0
10. Total equity and reserves (AOP 001 to 009)	010	1.794.175.361	1.821.317.410
11. Foreign exchange differences from foreign investments	011	1.311.326	111.897
12. Current and deferred taxes	012	0	0
13. Cash flow hedge	013	0	0
14. Change of accounting policies	014	0	0
15. Correction of significant mistakes of prior period	015	-441.292	0
16. Other changes	016	175.642.047	27.030.152
17. Total increase or decrease of equity (AOP 011 to 016)	017	176.512.081	27.142.049
17 a. Attributable to majority owners	018	162.512.664	31.891.080
17 b. Attributable to minority interest	019	13.999.417	-4.749.031

Notes to the consolidated financial reports

Taxpayer: 03282635 KONČAR - ELEKTROINDUSTRIJA d.d.

1. Distribution of shares

There has been no distribution of shares.

2. Earnings per share

Earnings per share for the period January - June 2011 are HRK 23.01 and are higher than earnings per share during the same period of the previous year by HRK 3.38.

3. Changes in ownership structure

Compared to the previous trimestre, there have been no significant changes in the top ten shareholders.

4. Mergers and acquisitions

There have been no new mergers and acquisitions.

5. Uncertainty (description of cases in which exists the uncertainty of collection of outstanding debts or possible future expenses)

There have been no significant uncertainties in collection or future expenses.

6. Business results

During the period January- June 2011, as opposed to the same period of the previous year, revenues decreased by 13.5 per cent, while operational revenues, which make up for 93.1 per cent of the total revenues, decreased by 15.9 per cent. Total expenses decreased by 15.0 per cent in respect to the same period of last year, while operating expenses with changes in stock; which constitute 97.5 per cent of the total expenses, decreased by 15.7 per cent. Financial income and income from investment into affiliated companies increased by 40.6 per cent compared to the same period of last year. Financial expenses increased by 23.3 per cent in comparison with the same period of the previous year.

7. Products and services description

Production of electrical equipment for production, transmission and consumption of electrical energy, production of transport equipment and electric household appliances.

8. Operating and other costs

For the period January - June of the year 2011, in comparison with the same period of last year, the share of material expenses in the total revenue increased by 1.1 percentage point, amounts due to employees increased by 2.1 percentage points, depreciation and amortisation expenses rose by 0.4 percentage points, the share of other expenses increased by 1.1 percentage point, while the share of costs of provisions decreased by 1.6 percentage points and the expenses of values adjustment decreased by 0,5 percentage points.

9. Profit or loss

Consolidated Group profits after tax increased by 16.1 per cent compared to the same period of the previous year. The Group's net profit subscribed to the parent capital holders for the period January - June of the year 2011 amounts to HRK 59.19 million, which is an increase of HRK 8.69 million compared to the same period of the previous year. Of the 21 companies comprising the Končar Group, six companies declared a loss in the amount of HRK 17.04 million, of which HRK 13.57 million is subscribed to the parent capital holders.

10. Solvency

Cash and cash equivalents by the end of the first half-year of 2011, as opposed to the beginning of the year, decreased by HRK 78.26 million. The mentioned decrease is the result of the increase of the short-term deposit of more than 3 months and investments in long-term tangible assets.

11. Other notes

There have been no changes in accounting policies and procedures, and there are no new noteworthy lawsuits. During the first trimestre of the year 2011 the mother company refinanced one dependent company in the amount of HRK 8.55 million.

Appendix 1

Reporting period:

1.1.2011.

to

30.6.2011.

Quarterly financial report of entrepreneur -TFI-PODRegistration number (MB) **03282635**Identification number of subject (MBS) **080040936**Personal identification number (OIB) **45050126417**Issuer company: **KONČAR - ELECTRICAL INDUSTRY Inc.**Postal code and place **10000****ZAGREB**Street and number **FALLEROVO ŠETALIŠTE 22**E-mail address: koncar.finance@koncar.hrInternet adresa: www.koncar.hrCode and name of comune/to **133 Zagreb**Code and county name **21 Zagreb City**Number of employees **49**

(at quarter end)

Consolidated statement **No**NKD/NWC code: **2711**

Subsidiaries subject to consolidation (according to IFRS):

in appendix

Registration number:

Subsidiaries subject to consolidation (according to IFRS):	in appendix	Registration number:

Book keeping service:

Contact person: **VESNA ILIĆ**

(fill in only surname and name of contact person)

Phone number: **01 3667175**Fascimile: **01 3655377**E-mail address: vesna.ilic@koncar.hrSurname and name **DARINKO BAGO**

(authorised person for representation)

Disclosure documents:

1. Financial statements (balance sheet, profit and loss account, cash flow statement, statement of changes in shareholders' equity and notes to the financial statements)
2. Statement of responsible persons for preparation of financial statements
3. Report of the Management Board on position of the Company

M.P.

(signed by authorised person for representation)

Balance Sheet
as of 30.06.2011.

Company: Končar - Electrical Industry Inc.			
Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	1.149.126.978	1.156.857.884
I. INTANGIBLE ASSETS (004 do 009)	003	244.953	163.302
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005		
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008		
6. Other intangible assets	009	244.953	163.302
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	321.186.838	318.865.064
1. Land	011	72.487.276	72.531.259
2. Buildings	012	123.735.036	121.521.009
3. Plant and equipment	013	13.086.148	12.189.320
4. Tools, working inventory and transportation assets	014	404.447	1.056.777
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	1.703.296	1.450.097
7. Tangible assets in progress	017	15.857.649	16.266.989
8. Other tangible assets	018	63.376	
9. Investment in real-estate	019	93.849.610	93.849.613
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	793.378.482	803.945.840
1. Share in related parties	021	791.005.849	801.572.768
2. Loans to related parties	022		
3. Participating interests (shares)	023		
4. Loans to companies with participating interest	024		
5. Investments in securities	025	2.372.633	2.373.072
6. Loans, deposits, etc.	026		
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	34.316.705	33.883.678
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031	34.316.705	33.883.678
3. Other receivables	032		
V. DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	398.308.258	387.638.543
I. INVENTORIES (036 do 042)	035	6.091	56.867
1. Raw materials and supplies	036		
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039		
5. Advances for inventories	040	6.091	56.867
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	119.395.087	54.205.420
1. Receivables from related parties	044	103.492.189	42.876.867
2. Receivables from end-customers	045	597.490	563.916
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	35.103	92.849
5. Receivables from government and other institutions	048	5.325	
6. Other receivables	049	15.264.980	10.671.788
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	115.581.504	117.373.383
1. Share in related parties	051		
2. Loans to related parties	052	31.400.000	32.000.000
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	84.181.504	85.373.383
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	163.325.576	216.002.873
D) PREPAYMENTS AND ACCRUED INCOME	059	733.263	867.713
E) TOTAL ASSETS (001+002+034+059)	060	1.548.168.499	1.545.364.140
F) OFF BALANCE SHEET ITEMS	061	658.114.155	658.147.072

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.256.631.736	1.258.003.653
I. SUBSCRIBED SHARE CAPITAL	063	1.028.847.600	1.028.847.600
II. CAPITAL RESERVES	064	719.579	719.579
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	134.314.547	165.109.233
1. Legal reserves	066	11.389.054	14.464.809
2. Reserve for own shares	067		
3. Treasury shares and shares (deductible items)	068		
4. Statutory reserves	069	75.489.055	84.276.008
5. Other reserves	070	47.436.438	66.368.416
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	31.234.921	31.234.921
1. Retained earnings	073	31.234.921	31.234.921
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	61.515.089	32.092.320
1. Net profit for the period	076	61.515.089	32.092.320
2. Net loss for the period	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	282.274.972	281.911.125
1. Provisions for pensions, severance pay and similar liabilities	080	1.291.160	1.291.160
2. Provisions for tax liabilities	081		
3. Other provisions	082	280.983.812	280.619.965
C) NON-CURRENT LIABILITIES (084 do 092)	083	510.000	510.000
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085	510.000	510.000
3. Liabilities to banks and other financial institutions	086		
4. Liabilities for advances	087		
5. Trade payables	088		
6. Commitments on securities	089		
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091		
9. Deferred tax liabilities	092		
D) CURRENT LIABILITIES (094 do 105)	093	8.559.115	4.939.362
1. Liabilities to related parties	094	899.906	1.087.770
2. Liabilities for loans, deposits, etc.	095	340.000	170.000
3. Liabilities to banks and other financial institutions	096		
4. Liabilities for advances	097		
5. Trade payables	098	1.174.806	1.117.625
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	2.128.977	604.467
9. Taxes, contributions and similar liabilities	102	3.669.995	1.602.432
10. Liabilities arising from share in the result	103	127.658	127.658
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	217.773	229.410
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	192.676	
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.548.168.499	1.545.364.140
G) OFF BALANCE SHEET ITEMS	108	658.114.155	658.147.072
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109		
2. Attributable to minority interest	110		

Income statement
period 01.01.2011. to 30.06.2011.

Company: Končar -Electrical Industry Inc.

Position	AOP	Previous period	Previous period	Current period	Current period
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 do 113)	111	28.995.300	14.828.923	27.264.029	13.969.416
1. Rendering of services	112	26.780.164	13.490.180	25.820.611	12.886.326
2. Other operating income	113	2.215.136	1.338.743	1.443.418	1.083.090
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	41.680.689	20.443.582	33.933.911	16.485.876
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	10.985.128	5.894.305	12.764.953	6.130.033
a) Costs of raw materials	117	2.715.301	1.000.383	2.805.087	1.064.827
b) Cost of goods sold	118				
c) Other material expenses	119	8.269.827	4.893.922	9.959.866	5.065.206
3. Employee benefits expenses (121 do 123)	120	9.174.943	3.866.067	9.767.389	4.222.641
a) Net salaries	121	4.143.262	1.797.907	4.691.414	2.058.179
b) Tax and contributions from salary expenses	122	3.691.810	1.504.334	3.642.536	1.544.757
c) Contributions on salary	123	1.339.871	563.826	1.433.439	619.705
4. Depreciation and amortisation	124	3.456.028	1.741.072	3.992.600	2.007.215
5. Other expenses	125	7.541.494	4.467.812	7.407.747	4.125.987
6. Write down of assets (127+128)	126	0	0	0	0
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128				
7. Provisions	129	10.467.490	4.439.490		
8. Other operating costs	130	55.606	34.836	1.222	
III. FINANCIAL INCOME (132 do 136)	131	35.855.503	8.285.198	43.411.823	9.565.540
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	25.627.446	870.155	32.925.743	476.707
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	10.228.057	7.415.043	10.486.080	9.088.833
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136				
IV. FINANCIAL EXPENSES (138 do 141)	137	2.352.362	1.891.677	4.649.621	1.290.473
1. Interest, foreign exchange differences, dividends and similar income from related parties	138				
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	2.352.362	1.891.677	4.649.621	1.290.473
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141				
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+144)	146	64.850.803	23.114.121	70.675.852	23.534.956
X. TOTAL EXPENSES (114+137+143+145)	147	44.033.051	22.335.259	38.583.532	17.776.349
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	20.817.752	778.862	32.092.320	5.758.607
1. Profit before taxes (146-147)	149	20.817.752	778.862	32.092.320	5.758.607
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	20.817.752	778.862	32.092.320	5.758.607
1. Profit for the period (149-151)	153	20.817.752	778.862	32.092.320	5.758.607
2. Loss for the period (151-148)	154	0	0	0	0
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	20.817.752	778.862	32.092.320	5.758.607
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	430.117	293.208	145.024	329.492
1. Exchange differences from international settlement	159	430.117	293.208	145.024	329.492
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161				
4. Profit or loss from cash flow hedging	162				
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associated companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)	167	430.117	293.208	145.024	329.492
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	21.247.869	1.072.070	32.237.344	6.088.099
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	169				
2. Attributable to minority interest	170				

STATEMENT OF CASH FLOWS - Direct method
period 01.01.2011. to 30.06.2011.

Legal entity: Končar Electrical Industry INC.			
Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Cash receipts from customers	001	43.333.918	25.972.624
2. Cash receipts from royalties, fees, commissions, etc.	002		
3. Cash receipts from insurance for damages compensation	003		
4. Cash receipts arising from tax refunds	004		
5. Other cash receipts	005	14.396.060	13.607.626
I. Total increase in cash flow from operating activities (001 do 005)	006	57.729.978	39.580.250
1. Cash paid to suppliers	007	23.260.509	23.520.266
2. Cash paid to employees	008	9.210.582	12.768.670
3. Cash outflows for insurance for damages compensation	009		
4. Interest paid	010	133.452	4.291
5. Tax paid	011	2.103.132	2.600.404
6. Other cash outflows	012	4.767.920	8.949.971
II. Total decrease in cash flow from operating activities (007 do 012)	013	39.475.595	47.843.602
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	014	18.254.383	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	015	0	8.263.352
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	016	1.571.097	1.694.543
2. Cash inflows from sale of equity and debt financial instruments	017		2.937.239
3. Interest receipts	018		
4. Dividend receipts	019	64.124.985	99.482.820
5. Other cash inflows from investing activities	020		
III. Total cash inflows from investing activities(015 do 019)	021	65.696.082	104.114.602
1. Cash outflows for purchase of long - term tangible and intangible assets	022	13.880.817	1.409.416
2. Cash outflows for purchase of equity and debt financial instruments	023	87.000	10.423.294
3. Other cash outflows from investing activities	024	3.200.000	
IV. Total cash inflows from investing activities (021 do 023)	025	17.167.817	11.832.710
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)	026	48.528.265	92.281.892
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)	027	0	0
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash receipts from issuance of equity and debt financial instruments	028		
2. Cash inflows from loans, debentures, credits and other borrowings	029	19.700.000	4.400.000
3. Other cash inflows from financing activities	030	51.050.197	1.636.108
V. Total cash inflows from financing activities (027 do 029)	031	70.750.197	6.036.108
1. Cash outflows for repayment of loans and bonds	032	879.537	170.000
2. Dividends paid	033		30.865.428
3. Cash outflows for finance lease	034		
4. Cash outflows for purchase of own stocks	035		
5. Other cash outflows from financing activities	036	9.500.000	6.341.924
VI. Total cash inflows from financing activities (031 do 035)	037	10.379.537	37.377.352
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	038	60.370.660	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	039	0	31.341.244
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	040	127.153.308	52.677.296
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	041	0	0
Cash and cash equivalents at the beginning of period	042	108.862.227	163.325.576
Decrease in cash and cash equivalents	043	127.153.308	52.677.297
Increase in cash and cash equivalents	044		
Cash and cash equivalents at the end of period	045	236.015.535	216.002.873

STATEMENT OF CHANGES IN EQUITY

period 1.1.2011 to 30.6.2011.

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	1.028.847.600	1.028.847.600
2. Capital reserves	002	719.579	719.579
3. Reserves from profit	003	134.314.547	165.109.233
4. Retained earnings or loss carried forward	004	31.234.921	31.234.921
5. Net profit or loss for the period	005	61.515.089	32.092.320
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008		
9. Other revaluation	009		
10. Total equity and reserves (AOP 001 to 009)	010	1.256.631.736	1.258.003.653
11. Foreign exchange differences from foreign investments	011	825.532	145.024
12. Current and deferred taxes	012		
13. Cash flow hedge	013		
14. Change of accounting policies	014		
15. Correction of significant mistakes of prior period	015		
16. Other changes	016	69.268.107	1.226.893
17. Total increase or decrease of equity (AOP 011 to 016)	017	70.093.639	1.371.917
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		