

**MANAGING BOARD REPORT ON BUSINESS OPERATIONS OF THE  
KONČAR GROUP  
FOR THE TIME PERIOD FROM JANUARY TO SEPTEMBER 2012**

The KONČAR Group consists of KONČAR – ELECTRICAL INDUSTRY Inc. as the Mother Company and 20 dependant companies in which the mother company has a prevailing influence (more than 50 % of votes at the AGM/EGM). In a smaller part of companies, besides ordinary shares, preferred shares have been registered as well. In addition, the Mother Company has a minority managing impact (49 % of votes at the AGM/EGM) in one company (associated company).

Companies within the Group are legally independent companies and the Mother Company supervises and directs them through Company Supervisory Boards in accordance with the Trading Company Act, the Statutes of KONČAR – ELECTRICAL INDUSTRY Inc and the Statues of each individual company. The Mother Company also manages a part of the assets that are not invested into companies, but, directly or indirectly, has the function of a financial support to marketing and sales, products and equipment of associated companies as credit and guarantee potential.

As of 30<sup>th</sup> September, 2012, the potential liability of Končar – Electrical Industry Inc. for the total issued warranties amounted to HRK 661,3 million out of which amount HRK 422.5 million refers to guarantees (bid bonds, advance payment guarantees, good performance guarantees and warranty period guarantees).

The Company has formed reserves in the amount of HRK 120.1 million for potential liabilities from those guarantees.

The KONČAR Group business activities are divided into business areas:

- Energy and transport: designing and construction of plants for generation, transmission and distribution of electric energy with belonging equipment, thyristor locomotives, electrical multiple units, tram cars, and electrical line side equipment;
- Industry: electric motor drives, middle voltage and low voltage electric equipment and catering equipment;
- Trade: electric household appliances, serial products and low voltage electric apparatus.
- Special business activities: research and development of products and infrastructural services.

### **Managing Board**

The President and Members of the Managing Board are appointed and recalled by the Supervisory Board. The term of office of the President and Members of the Managing Board lasts 5 years; after expiry of their term of office, they can be reappointed. Pursuant the Trading Company Act and the Statutes of the Company, the Managing Board manages business activities at its own responsibility; it is obliged and authorised to perform all possible actions and make decisions it considers necessary for a successful managing of the Company. Some decisions, prescribed by the Statues, require consent of the Supervisory Board.

The Company Končar – Electrical Industry Inc. is managed by the Managing Board consisting of:

Darinko Bago	The President of the Managing Board
Marina Kralj Miliša	A Member of the Managing Board in charge of Legal, Common and Personnel Affairs
Jozo Miloloža	A Member of the Managing Board in charge of Finances
Davor Mladina	A Member of the Managing Board in charge of Transmission and Distribution of Electric Energy, Industry and Trade
Miroslav Poljak	A Member of the Managing Board in charge of Generation of Electric Energy, Corporate Development and ICT

### *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 eight members:

Nenad Filipović	Chairman of the Supervisory Board
Jasminka Belačić	Vice-chairwoman of the Supervisory Board
Boris Draženović	Member of the Supervisory Board
Kristina Čelić	Member of the Supervisory Board
Vicko Ferić	Member of the Supervisory Board
Tomislav Radoš	Member of the Supervisory Board
Ivan Rujnić	Member of the Supervisory Board
Petar Vlaić	Member of the Supervisory Board

### **JANUARY – SEPTEMBER 2012 BUSINESS RESULTS OF THE KONČAR GROUP**

The Končar Group generated a positive financial result for the period January-September 2012. The total consolidated incomes amount to HRK 1,915.4 million or 5% higher than the previous year result. The unconsolidated incomes (data including incomes generated among associated companies as well) amount to HRK 2,323.6 million or 7% higher than the previous year result. A part of works and assets not included into consolidated incomes was invested among associated companies for generation of potentials for improvement of the technical and the technological level of the Group as a whole that will be reflected into the consolidated business results in the future.

The total consolidated revenues amount to HRK 1,793,5 million or 5% higher than the previous year. The Group consolidated profits before tax amount to HRK 121,9 million or 4,6% higher than the achievement for the same period in 2011. The profit tax advance amounts to HRK 13.5 million resulting in the profits after tax in the amount of HRK 108,4 million, out of which HRK 19 million belongs to the uncontrolled interest and HRK 89,46 million belongs to the Mother Company shareholders or 10% higher than achieved for the same period in 2011.

A share in the profits of the associated companies is generated in the amount of HRK 42,2 million making HRK 23 million less compared to the share achieved during the same time period of the previous year.

The financial incomes are generated in the amount of HRK 38.5 million and they are made of interests in the amount of HRK 18.2 million, exchange rate differences in the amount of HRK 18.2 million and other financial incomes in the amount of HRK 2.1 million. The financial revenues are generated in the amount of HRK 31.9 million and they are made of negative exchange rate differences in the amount of HRK 23,8 million, interests and other financial revenues in the amount of HRK 8.1 million. The positive difference between the financial incomes and the financial revenues amounts to HRK 6.6 million.

Profits from sales of products and services in the amount of HRK 73.1 million, a share of the profits of the associated companies in the amount of HRK 42.2 million and the positive difference between the financial incomes and revenues in the amount of HRK 6.6 million generate the consolidated profits before tax in the amount of HRK 121.9 million.

Out of 21 Končar Group Companies, 16 companies have positive business results, while five companies express a loss in the total amount of HRK 25.6 million.

Consolidated incomes from sales of products and services are generated in the amount of HRK 1,694.9 million that is higher than the result for the same period of the previous year by 3%. On the domestic market, products and services have been sold in the amount of HRK 812.4 million (48% out of the total generated incomes from sales of products and services) or 18.6% more than in the same period of the previous year,

while HRK 882.5 million has been generated in export (52 % out of the total generated incomes from sales of products and services) or 7.8 % less compared to the export generated during the first half year of 2011. Incomes from the export of products and services are smaller compared to the achievement of the same period of the previous year due to unevenly contracted dynamics of delivery throughout the quarters. It is expected that the level of incomes from sales of goods and services abroad will achieve the planned values.

Out of the consolidated incomes from sales of products and services, companies belonging to the Energy and Transport business area have generated sales in the amount of HRK 1.419,3 million or 84 % out of the total sales of the Group, companies of the Trade business area generated sales in the amount of HRK 125.8 million of 7 per cent, companies of the Industry business area HRK 85.8 million or 5 per cent and three companies belonging to the Special Business Activities HRK 64 million or 4 per cent of the total sales of the Group.

Regarding the structure of incomes from sales of products and services on the domestic market, incomes from sales of products and services to the Croatian Power Authority (HEP) amount to HRK 400.4 million or 49 per cent of the total amount generated on the domestic market, to the companies from the area of industry and shipping industry amount to HRK 118.3 million, to trading companies products and services in the amount of HRK 120.5 million were delivered, to Zagreb Holding (Zagreb Electric Tram) HRK 54.9 million were delivered, to Croatian Railways HRK 28.4 million and the rest of HRK 89.9 million were delivered to Croatian Motorways, state and local government bodies and public companies.

During the time period January – September, 2012 incomes from sales of goods and services in export amount to HRK 882.5 million. The most important export was realised in Germany in the amount of HRK 101.2 million, Sweden HRK 80.6 million, Finland HRK 49.8 million, Bosnia and Herzegovina HRK 47.1, Austria HRK 40.7 million and Russia HRK 35.9 million.

During the same period the Group companies imported the investment equipment, raw and other materials in the amount of HRK 520.7 million. The import is completely covered by the export and the coverage coefficient amounts to 1.7.

In the period January – September of 2012, Končar Group companies contracted new projects in the amount of HRK 1,656.5 million. The contracted project position (unsettled liabilities) at the end of September, 2012 amounted to HRK 2,179,3 million making less than the contracted project position at the beginning of the year by 2 %.

Out of total business activities, 508 % is contracted for the domestic market and 50 % for the international market. HRK 1,149,31 million on new projects was contracted for execution in 2012, and HRK 507.2 million was contracted for execution in 2013 and subsequent years.

The position of the total consolidated assets of the Končar Group as of 30<sup>th</sup> September, 2012 amounts to HRK 3,496,3 million representing an increase of HRK 0,5 million compared to the position as of 31<sup>st</sup> December, 2011.

Within the structure of the assets, the registered capital, provisions/reserves, retained profits, current year profits, uncontrolled interest amount to HRK 1,999.6 million making 62,4 million more than on the 31<sup>st</sup> December, 2011 and representing 57 % of the total sources.

Long term financial sources (capital, long term provisions / reserves and long term liabilities) are higher by HRK 623.3 million from the long term assets and average stock status indicating a good time structure of the asset sources. Current assets are 2.8 times higher than the current liabilities indicating a good liquidity of the system. The consolidated balance structure indicates a good financial stability of the Končar Group.

It is estimated that the consolidated incomes from sales of products and services will amount to HRK 2,440 million during the time period January –December, 2012 or 3 % higher than incomes generated during the same period of 2011. It is estimated for the same time period that a part of profits belonging to the Mother Company shareholder will amount to approximately HRK 138 million.

Signed in the name of the Managing Board:

Končar – Electrical Industry Inc.  
Managing Board President

Darinko Bago

29<sup>th</sup> October, 2012

**STATEMENT OF PERSONS RESPONSIBLE FOR COMPILATION OF THE KONČAR GROUP  
CONSOLIDATED FINANCIAL REPORTS**

This Statement of the Končar – Electrical Industry Inc., Zagreb is given regarding compilation and publishing of the Končar Group Consolidated Financial Reports for the time period January – September 2012.

Financial Reports are compiled in accordance with the Croatian Accounting Act valid on the day of publishing of these financial reports as well as with the International Financial Reporting Standards.

According to our best consideration, consolidated financial reports express a complete and true reflection of the balance sheet, the profit and loss account, the cash flow and the report on changes of the caption of the Končar Group.

Signed in the name of the Managing Board:

Končar – Electrical Industry Inc.  
Managing Board President

Darinko Bago

29<sup>th</sup> September, 2012

- Note:

Consolidated Financial Reports are compiled by expert services of Končar – Electrical Industry Inc.

Contract persons:

Ervin Filipčić, Managing Board Office Head, [ervin.filipcic@koncar.hr](mailto:ervin.filipcic@koncar.hr)

Branka Velkovski, accounting expert, [branka.velkovski@koncar.hr](mailto:branka.velkovski@koncar.hr)

Vesna Ilić, Accounting Department Head, [vesna.ilic@koncar.hr](mailto:vesna.ilic@koncar.hr)

**Appendix 1**

Reporting period:

01.01.

to

30.09.2012.

**Quarterly financial report of entrepreneur TFI-POD**

Registration 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.hr](mailto:koncar.finance@koncar.hr)Internet address: [www.koncar.hr](http://www.koncar.hr)Code and name of comune/to | 133 | **ZAGREB** |Code and county name | 21 | **GRAD ZAGREB** |Number of employees | **49** |Consolidated statement | **NO** |(at quarter end)  
NKD/NWC code: | **2711** |

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

Book keeping service: | |

Contact person: **ILIĆ VESNA**  
(fill in only surname and name of contact person)Phone number: **01 3667 183** |Fascimile: **01 3667 177**E-mail address: [vesna.ilic@koncar.hr](mailto:vesna.ilic@koncar.hr)Surname and name **BAGO DARINKO**  
(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. Report of the Management Board on position of the Company
3. Statement of responsible persons for preparation of financial statements

M.P.

(signed by authorised person for representation)

**Balance Sheet**  
as of 30.09.2012.

<b>Company: Končar - Electrical Industry Inc.</b>			
Position	AOP	31.12.2011.	30.09.2012.
1	2	3	4
<b>ASSETS</b>			
<b>A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL</b>	<b>001</b>		
<b>B) NON-CURRENT ASSETS (003+010+020+029+033)</b>	<b>002</b>	1.096.115.598	1.103.698.705
I. INTANGIBLE ASSETS (004 do 009)	<b>003</b>	81.651	0
1. Expenditure for development	<b>004</b>		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	<b>005</b>		
3. Goodwill	<b>006</b>		
4. Advances for purchase of intangible assets	<b>007</b>		
5. Intangible assets in progress	<b>008</b>		
6. Other intangible assets	<b>009</b>	81.651	
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	<b>010</b>	325.058.313	333.481.616
1. Land	<b>011</b>	73.320.124	76.201.036
2. Buildings	<b>012</b>	134.064.653	140.356.473
3. Plant and equipment	<b>013</b>	13.749.214	19.396.419
4. Tools, working inventory and transportation assets	<b>014</b>	1.508.563	2.613.444
5. Biological assets	<b>015</b>		
6. Advances for purchase of tangible assets	<b>016</b>	43.568	401.879
7. Tangible assets in progress	<b>017</b>	8.459.202	662.752
8. Other tangible assets	<b>018</b>	63.376	
9. Investment in real-estate	<b>019</b>	93.849.613	93.849.613
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	<b>020</b>	741.803.371	741.762.067
1. Share in related parties	<b>021</b>	737.341.793	737.300.050
2. Loans to related parties	<b>022</b>		
3. Participating interests (shares)	<b>023</b>		
4. Loans to companies with participating interest	<b>024</b>		
5. Investments in securities	<b>025</b>	4.461.578	4.462.017
6. Loans, deposits, etc.	<b>026</b>		
7. Other non-current financial assets	<b>027</b>		
8. Equity-accounted investments	<b>028</b>		
IV. RECEIVABLES (030 do 032)	<b>029</b>	29.172.263	28.455.022
1. Receivables from related parties	<b>030</b>		
2. Receivables arising from sales on credit	<b>031</b>	23.497.797	22.841.347
3. Other receivables	<b>032</b>	5.674.466	5.613.675
V. DEFERRED TAX ASSET	<b>033</b>		
<b>C) CURRENT ASSETS (035+043+050+058)</b>	<b>034</b>	409.217.316	389.288.033
I. INVENTORIES (036 do 042)	<b>035</b>	90.441	268.869
1. Raw materials and supplies	<b>036</b>		
2. Production in progress	<b>037</b>		
3. Finished products	<b>038</b>		
4. Merchandise	<b>039</b>		
5. Advances for inventories	<b>040</b>	90.441	268.869
6. Long term assets held for sale	<b>041</b>		
7. Biological assets	<b>042</b>		
II. RECEIVABLES (044 do 049)	<b>043</b>	48.764.661	46.014.498
1. Receivables from related parties	<b>044</b>	29.439.913	32.111.322
2. Receivables from end-customers	<b>045</b>	495.870	479.657
3. Receivables from participating parties	<b>046</b>		
4. Receivables from employees and members of the company	<b>047</b>	38.204	
5. Receivables from government and other institutions	<b>048</b>	602.804	
6. Other receivables	<b>049</b>	18.187.870	13.423.519
III. CURRENT FINANCIAL ASSETS (051 do 057)	<b>050</b>	317.823.242	288.099.716
1. Share in related parties	<b>051</b>		
2. Loans to related parties	<b>052</b>	53.915.000	74.341.420
3. Participating interests (shares)	<b>053</b>		
4. Loans to companies with participating interest	<b>054</b>		
5. Investments in securities	<b>055</b>		
6. Loans, deposits, etc.	<b>056</b>	263.908.242	213.758.296
7. Other financial assets	<b>057</b>		
IV. CASH AND CASH EQUIVALENTS	<b>058</b>	42.538.972	54.904.950
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>059</b>	861.682	1.466.550
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	1.506.194.596	1.494.453.288
<b>F) OFF BALANCE SHEET ITEMS</b>	<b>061</b>	796.880.027	749.215.434

<b>EQUITY AND LIABILITIES</b>			
<b>A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	1.297.367.022	1.313.383.625
I. SUBSCRIBED SHARE CAPITAL	<b>063</b>	1.028.847.600	1.028.847.600
II. CAPITAL RESERVES	<b>064</b>	719.579	719.579
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	160.743.015	200.182.908
1. Legal reserves	<b>066</b>	14.464.809	17.997.220
2. Reserve for own shares	<b>067</b>	3.845.600	4.129.200
3. Treasury shares and shares (deductible items)	<b>068</b>	3.845.600	4.129.200
4. Statutory reserves	<b>069</b>	84.276.008	102.458.881
5. Other reserves	<b>070</b>	62.002.198	79.726.807
IV. REVALUATION RESERVES	<b>071</b>		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	<b>072</b>	36.408.610	36.408.610
1. Retained earnings	<b>073</b>	36.408.610	36.408.610
2. Loss carried forward	<b>074</b>		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	<b>075</b>	70.648.218	47.224.928
1. Net profit for the period	<b>076</b>	70.648.218	47.224.928
2. Net loss for the period	<b>077</b>		
VII. MINORITY INTEREST	<b>078</b>		
<b>B) PROVISIONS (080 do 082)</b>	<b>079</b>	201.043.042	177.292.685
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	946.316	946.316
2. Provisions for tax liabilities	<b>081</b>		
3. Other provisions	<b>082</b>	200.096.726	176.346.369
<b>C) NON-CURRENT LIABILITIES (084 do 092)</b>	<b>083</b>	170.000	170.000
1. Liabilities to related parties	<b>084</b>		
2. Liabilities for loans, deposits, etc.	<b>085</b>	170.000	170.000
3. Liabilities to banks and other financial institutions	<b>086</b>		
4. Liabilities for advances	<b>087</b>		
5. Trade payables	<b>088</b>		
6. Commitments on securities	<b>089</b>		
7. Liabilities to companies with participating interest	<b>090</b>		
8. Other non-current liabilities	<b>091</b>		
9. Deferred tax liabilities	<b>092</b>		
<b>D) CURRENT LIABILITIES (094 do 105)</b>	<b>093</b>	7.614.532	3.606.978
1. Liabilities to related parties	<b>094</b>	974.776	796.470
2. Liabilities for loans, deposits, etc.	<b>095</b>	340.000	170.000
3. Liabilities to banks and other financial institutions	<b>096</b>		
4. Liabilities for advances	<b>097</b>		
5. Trade payables	<b>098</b>	1.054.832	722.876
6. Commitments on securities	<b>099</b>		
7. Liabilities to companies with participating interest	<b>100</b>		
8. Liabilities to employees	<b>101</b>	2.305.606	346.131
9. Taxes, contributions and similar liabilities	<b>102</b>	2.702.518	1.375.380
10. Liabilities arising from share in the result	<b>103</b>	114.360	99.096
11. Liabilities arising from non-current assets held for sale	<b>104</b>		
12. Other current liabilities	<b>105</b>	122.440	97.025
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>106</b>		
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	1.506.194.596	1.494.453.288
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>108</b>	796.880.027	749.215.434
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>			
<b>ISSUED CAPITAL AND RESERVES</b>			
1. Attributable to majority owners	<b>109</b>		
2. Attributable to minority interest	<b>110</b>		

**Income statement**  
period 01.01.2012. to 30.09.2012.

Company: Končar -Electrical Industry Inc.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME (112 do 113)</b>	<b>111</b>	43.868.054	16.604.025	64.482.456	37.407.127
1. Rendering of services	112	39.051.024	13.230.413	40.112.032	13.950.676
2. Other operating income	113	4.817.030	3.373.612	24.370.424	23.456.451
<b>II. OPERATING COSTS (115+116+120+124+125+126+129+130)</b>	<b>114</b>	53.818.937	19.885.026	48.398.108	15.170.215
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	18.609.920	5.844.967	17.441.144	6.121.916
a) Costs of raw materials	117	3.963.612	1.158.525	3.566.325	1.110.410
b) Cost of goods sold	118				
c) Other material expenses	119	14.646.308	4.686.442	13.874.819	5.011.506
3. Employee benefits expenses (121 do 123)	120	13.163.819	3.396.430	12.848.828	3.357.453
a) Net salaries	121	6.347.874	1.656.460	6.214.552	1.633.953
b) Tax and contributions from salary expenses	122	4.575.916	933.380	4.852.702	1.280.502
c) Contributions on salary	123	2.240.029	806.590	1.781.574	442.998
4. Depreciation and amortisation	124	6.013.468	2.020.868	7.717.248	2.736.030
5. Other expenses	125	13.400.313	5.992.566	10.220.534	2.954.816
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	2.630.195	2.630.195		
8. Other operating costs	130	1.222		170.354	
<b>III. FINANCIAL INCOME (132 do 136)</b>	<b>131</b>	68.233.631	24.821.808	34.587.730	5.202.876
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	49.560.159	16.634.416	26.577.280	1.043.636
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	18.642.819	8.156.739	8.010.450	4.159.240
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136	30.653	30.653		
<b>IV. FINANCIAL EXPENSES (138 do 141)</b>	<b>137</b>	9.598.282	4.948.661	3.447.150	1.356.811
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	9.598.282	4.948.661	3.447.150	1.356.811
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141				
<b>V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES</b>	<b>142</b>				
<b>VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES</b>	<b>143</b>				
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>				
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>				
<b>IX. TOTAL INCOME (111+131+144)</b>	<b>146</b>	112.101.685	41.425.833	99.070.186	42.610.003
<b>X. TOTAL EXPENSES (114+137+143+145)</b>	<b>147</b>	63.417.219	24.833.687	51.845.258	16.527.026
<b>XI. PROFIT OR LOSS BEFORE TAXES (146-147)</b>	<b>148</b>	48.684.466	16.592.146	47.224.928	26.082.977
1. Profit before taxes (146-147)	149	48.684.466	16.592.146	47.224.928	26.082.977
2. Loss before taxes (147-146)	150	0	0	0	0
<b>XII. TAXATION</b>	<b>151</b>				
<b>XII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	48.684.466	16.592.146	47.224.928	26.082.977
1. Profit for the period (149-151)	153	48.684.466	16.592.146	47.224.928	26.082.977
2. Loss for the period (151-148)	154	0	0	0	0
<b>ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (=152)</b>	<b>157</b>	48.684.466	16.592.146	47.224.928	26.082.977
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)</b>	<b>158</b>	117.087	-27.937	-41.743	-107.094
1. Exchange differences from international settlement	159	117.087	-27.937	-41.743	-107.094
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				
<b>III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>				
<b>IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)</b>	<b>167</b>	117.087	-27.937	-41.743	-107.094
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	48.801.553	16.564.209	47.183.185	25.975.883
<b>ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>					
1. Attributable to majority owners	169				
2. Attributable to minority interest	170				



**STATEMENT OF CASH FLOWS - Direct method**  
**period 01.01.2012. to 30.09.2012.**

Legal entity: Končar Electrical Industry INC.			
Position	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Cash receipts from customers	<b>001</b>	40.305.548	50.263.682
2. Cash receipts from royalties, fees, commissions, etc.	<b>002</b>		
3. Cash receipts from insurance for damages compensation	<b>003</b>		
4. Cash receipts arising from tax refunds	<b>004</b>		
5. Other cash receipts	<b>005</b>	20.363.689	4.447.837
<b>I. Total increase in cash flow from operating activities (001 to 005)</b>	<b>006</b>	60.669.237	54.711.519
1. Cash paid to suppliers	<b>007</b>	35.320.255	31.205.839
2. Cash paid to employees	<b>008</b>	16.745.714	17.049.018
3. Cash outflows for insurance for damages compensation	<b>009</b>		
4. Interest paid	<b>010</b>	4.489	1.247
5. Tax paid	<b>011</b>	4.007.422	3.457.464
6. Other cash outflows	<b>012</b>	15.177.512	5.343.301
<b>II. Total decrease in cash flow from operating activities (007 to 012)</b>	<b>013</b>	71.255.392	57.056.869
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>014</b>	0	0
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>015</b>	10.586.155	2.345.350
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	<b>016</b>	2.365.530	1.568.613
2. Cash inflows from sale of equity and debt financial instruments	<b>017</b>	3.572.891	1.800.864
3. Interest receipts	<b>018</b>	4.748.620	8.403.757
4. Dividend receipts	<b>019</b>	107.053.897	23.660.444
5. Other cash inflows from investing activities	<b>020</b>		
<b>III. Total cash inflows from investing activities(016 to 020)</b>	<b>021</b>	117.740.938	35.433.678
1. Cash outflows for purchase of long - term tangible and intangible assets	<b>022</b>	2.772.796	18.175.063
2. Cash outflows for purchase of equity and debt financial instruments	<b>023</b>	15.007.010	
3. Other cash outflows from investing activities	<b>024</b>		
<b>IV. Total cash outflows from investing activities (022 to 024)</b>	<b>025</b>	17.779.806	18.175.063
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>026</b>	99.961.132	17.258.615
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>027</b>	0	0
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Cash receipts from issuance of equity and debt financial instruments	<b>028</b>		
2. Cash inflows from loans, debentures, credits and other borrowings	<b>029</b>	4.400.000	24.398.580
3. Other cash inflows from financing activities	<b>030</b>	1.641.896	51.473.029
<b>V. Total cash inflows from financing activities (028 to 030)</b>	<b>031</b>	6.041.896	75.871.609
1. Cash outflows for repayment of loans and bonds	<b>032</b>	170.000	170.000
2. Dividends paid	<b>033</b>	30.865.428	30.765.324
3. Cash outflows for finance lease	<b>034</b>		
4. Cash outflows for purchase of own stocks	<b>035</b>	9.666.286	416.521
5. Other cash outflows from financing activities	<b>036</b>	24.534.677	47.067.051
<b>VI. Total cash outflows from financing activities (032 to 036)</b>	<b>037</b>	65.236.391	78.418.896
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>038</b>	0	0
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>039</b>	59.194.495	2.547.287
<b>Total increases of cash flows (014 – 015 + 026 – 027 + 038 – 039)</b>	<b>040</b>	30.180.482	12.365.978
<b>Total decreases of cash flows (015 – 014 + 027 – 026 + 039 – 038)</b>	<b>041</b>	0	0
<b>Cash and cash equivalents at the beginning of period</b>	<b>042</b>	163.325.576	42.538.972
<b>Decrease in cash and cash equivalents</b>	<b>043</b>	30.180.482	12.365.978
<b>Increase in cash and cash equivalents</b>	<b>044</b>		
<b>Cash and cash equivalents at the end of period</b>	<b>045</b>	193.506.058	54.904.950

## STATEMENT OF CHANGES IN EQUITY

period **01.01.2012.** to **30.09.2012.**

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	<b>001</b>	1.028.847.600	1.028.847.600
2. Capital reserves	<b>002</b>	719.579	719.579
3. Reserves from profit	<b>003</b>	160.743.015	200.182.908
4. Retained earnings or loss carried forward	<b>004</b>	36.408.610	36.408.610
5. Net profit or loss for the period	<b>005</b>	70.648.218	47.224.928
6. Revaluation of tangible assets	<b>006</b>		
7. Revaluation of intangible assets	<b>007</b>		
8. Revaluation of available for sale assets	<b>008</b>		
9. Other revaluation	<b>009</b>		
<b>10. Total equity and reserves (AOP 001 to 009)</b>	<b>010</b>	1.297.367.022	1.313.383.625
11. Foreign exchange differences from foreign investments	<b>011</b>	217.531	-41.743
12. Current and deferred taxes	<b>012</b>		
13. Cash flow hedge	<b>013</b>		
14. Change of accounting policies	<b>014</b>		
15. Correction of significant mistakes of prior period	<b>015</b>		
16. Other changes	<b>016</b>	40.517.755	16.058.346
<b>17. Total increase or decrease of equity (AOP 011 to 016)</b>	<b>017</b>	40.735.286	16.016.603
17 a. Attributable to majority owners	<b>018</b>		
17 b. Attributable to minority interest	<b>019</b>		