

**JANUARY – SEPTEMBER 2013 MANAGING BOARD REPORT**

The KONČAR Group consists of KONČAR – ELECTRICAL INDUSTRY Inc. as the Mother Company and 20 dependent companies in which the Mother Company has a prevailing influence (more than 50 % of votes at the Annual General Meeting). In addition to ordinary shares, preferred shares are also registered for a part of companies. Besides, the Mother Company has a minority managing influence (49 % of votes at the Annual General Meeting) in a company (the associated company).

Within the frames of the Group, Companies are independent from the legal point of view, while the Mother Company supervises and directs them strategically through company supervisory boards in accordance with the Company Law and the Statutes of KONČAR – ELECTRICAL INDUSTRY Inc. and Statutes of each individual Company. The Mother Company manages a part of the assets not invested into Group Companies, but nevertheless engaged directly or indirectly having the function of a financial support to sales of products and equipment of connected companies as the credit, guarantee or warranty potential.

The potential liability of Končar – Electrical Industry Inc. visible in the total issued warranties on 30<sup>st</sup> September, 2013 amounted to HRK 567,3 million representing an increase compared to 31<sup>st</sup> December, 2012 in the amount of HRK 58,4 million. The amount of HRK 359,2 million represents good performance guarantees.

The Končar Group business activities are divided into following business areas:

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

***Managing Board***

The Supervisory Board appoints and recalls the president and members of the Managing Board. The term of office of the president and members of the Managing Board is 5 years. After expiry of the term of office, they can be reappointed. Pursuant the Company Law and the Statutes of the Company, the Managing Board manages the Company at its own responsibility and it is obliged and authorised to perform all the activities and to reach all the decisions it considers necessary for a successful managing of the Company. The Supervisory Board consent is required for certain decisions prescribed by the Statutes.

The following Managing Board manages the Company Končar – Electrical Industry Inc.:

Darinko Bago	Managing Board President
Marina Kralj Miliša	Managing Board Member in charge of general, legal and personnel affairs
Jozo Miloloža	Managing Board Member in charge of finances
Davor Mladina	Managing Board Member in charge of transmission and distribution of electric power, industry and trade
Miroslav Poljak	Managing Board Member in charge of generation of electric power, corporative development and ICT

### **Supervisory Board**

Pursuant provisions of the Company Law and the Statutes of KONČAR – Electrical Industry Inc., the Annual General Meeting reaches the decisions on appointment and recall of the Supervisory Board.

The Supervisory Board is responsible for appointment and recall of Management Board members and for the supervision of management of the Company. The Supervisory Board consent is required for more significant transactions and business decisions (the amount of the transaction is defined in the Supervisory Board Rules of Procedure and Statutes of dependant companies).

The Supervisory Board has 9 members as follows:

Nenad Filipović	Supervisory Board President
Jasminka Belačić	Supervisory Board Deputy President
Boris Draženović	Member
Kristina Čelić	Member
Vicko Ferić	Member
Dragan Marčinko	Member
Tomislav Radoš	Member
Ivan Rujnić	Member
Petar Vlaić	Member

### **January – September 2013 Končar Group Business Report**

During the period January - September of 2013, the Končar Group Companies generated the total consolidated incomes in the amount of HRK 1,994.3 million making them higher by 4,1% than the achievement of the same time period of the previous year. The total expenditures for the same time period were made in the amount of HRK 1,874 million. The Group consolidated profits before tax were generated in the amount of HRK 120.3 million. The profit tax advance was calculated in the amount of HRK 14.9 million and the profits after tax amount to HRK 105.4 million. Out of the stated amount HRK 19.6 million belong to the non-controlling interest (minority interest), while HRK 85.8 million belong to the Group Mother Company shareholders.

Operating incomes were achieved in the amount of HRK 1,921.3 million, out of which amount HRK 1,759.3 million or 91.6 % of the total operating incomes, HRK 120.1 million belongs to the provisions credited to income statements and HRK 41.9 million to other operating incomes.

The consolidated sales of goods and services were achieved in the amount of HRK 1.759,3 million and they are higher by 3.8 % than the achieved in the same time period during the year of 2013. On the domestic market the sales of products and services were generated in the amount of HRK 854,7 million that is higher by 5.2% than the achieved during the January - September 2012. The generated income of sales of products and services in export was HRK 904.6 million or 2.5% higher than the achievement of January – September, 2012.

Operating expenses were realised in the amount of HRK 1,834.9 million. Within the frames of operating expenses, material costs were realised in the amount of HRK 1,174.8 million which are lower by 4 % compared to the same time period of the previous year. The majority part of the material costs belongs to the costs for raw materials and consumables that amount to HRK 897.8 million and they are lower by 7.8 % compared to the same time period of the previous year. Personnel costs were achieved in the amount of HRK 408,9 million.

The difference between the operating incomes and the operating expenses makes the profit from the operating activities in the amount of HKR 86.5 million making them higher by 18.3% than the achievement of the same time period of the previous year.

The share in the profit of the associated entrepreneur amounts to HRK 32.3 million and it is lower by HRK 9.9 million compared to the achievement for the time period January – September 2012.

The operating profit in the amount of HRK 86.5 million, the share in profits of the associated entrepreneur in the amount of HRK 32.3 million and the positive difference between the financial incomes and expenditures in the amount of HRK 1.5 million make the consolidated profit before tax in the amount of HRK 120.3 million.

Out of 21 Končar Group Companies, 15 companies achieved positive business results, while six companies expressed a loss in the total amount of HRK 43.3 million.

The structure of sales of products and services on the domestic market shows that sales of products and services to the Croatian Power Authority (HEP) amount to HRK 354.2 million or 41.4 per cent of the total sales of products and services on the domestic market. Products in the amount of HRK 158.7 million were delivered to trading companies, in the amount of HRK 117.6 million or 13.8 per cent of the total sales of products in Croatia were delivered to companies belonging to the area of industry and ship building, in the amount of HRK 75.4 million were delivered to INA (Croatian Oil company), THT and Plinacro, HRK 52.9 million to ZET (Zagreb Electric Tram), HRK 55.1 million to HŽ (Croatian Railways) and the rest amount of HRK 40.8 million belong to the State and Local Administration, buyers from the area of civil engineering and not allocated buyers.

On the foreign market the income from sales of products and services for the time period January – September, 2013 amounted to HRK 904.6 million and they were higher by 2.5% compared to the achievement of the same time period of the previous year. The most important export was made to Germany in the amount of HRK 93.6 million, Sweden in the amount of HRK 86.6 million, BiH in the amount of HRK 74.9 million, Austria in the amount of HRK 55.9 million and Finland in the amount of 48.8 million.

During the time period January – September, 2013, the imports in the amount of HRK 455.8 million were generated. Raw materials and consumables were imported in the amount of HRK 444.4 million and the investment purchases amounted to HRK 11.4 million. For the same time period of this year, the incomes from sales of products and services in export amounted to HRK 904.6 million. The export import coverage coefficient is 2.

During the third quarter of 2013 the Končar Group Companies contracted new projects in the amount of HRK 1.820,7 million making it higher by HRK 164.3 million or by 9.9% compared to the value of the projects contracted during the same time period of the previous year. Out of the total contracted projects 48 % was contracted for the domestic market and 52 % for the foreign market. HRK 1,131.5 million of contracted projects will be performed in 2013 and HRK 689.2 million of contracted projects will be performed in 2014 and following years.

At the end of June, 2013, the status of contracted projects (open liabilities) amounted to HRK 2,267.1 million making it higher by 2.8 % than the contracted projects at the beginning of the year.

The total consolidated assets of the Končar Group as of 30<sup>st</sup> September, 2013 amount to HRK 3,378.4 million. Within the asset resource structure, registered capital, reserves, retained profits, profits of the current year and non-controlling interest amount to HRK 2,122 million or by HRK 54.3 million higher compared to the status on 31<sup>st</sup> December, 2012 and they make 62.8 % of the total resources.

Non-current asset resources (capital, non-current reserves and non-current liabilities) are higher by HRK 493.5 million than the non-current assets and the average status of the inventories showing a good term structure of asset resources. Current assets are 3.6 times higher than the current liabilities showing a good liquidity of the system. The consolidated balance sheet structure shows good financial stability of the Končar Group.

Signed in the name of the Managing Board:

Končar – Electrical Industry Inc.  
Managing Board President

Darinko Bago

30<sup>th</sup> September, 2013

**STATEMENT OF PERSONS IN CHARGE OF  
KONČAR CONSOLIDATED FINANCIAL REPORT COMPILATION**

This Statement of the Managing Board of Končar – Electrical Industry Inc., Zagreb is made regarding compilation and publication of consolidated financial reports of the Končar Group for the time period January – September, 2013.

Financial reports are prepared in accordance with the International Financial Reporting Standards endorsed for use in the European Union.

Pursuant our best knowledge, these Consolidated Financial Reports give a whole and true reflection of the Balance Sheet, Profit and Loss Account, Cash Flow and Capital Change Report of the Končar Group.

Signed in the name of the Managing Board:

Končar – Electrical Industry Inc.  
Managing Board President

Darinko Bago

30<sup>th</sup> September, 2013

- Note:

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

Contact 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)

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

**Appendix 1**

Reporting period:

1.1.2013

to

30.9.2013

**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/town | 133 | ZAGREB

Code and county name | 21 | GRAD ZAGREB

Number of employees | 3.795

(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 - Obnovljivi izvori d.o.o.	Zagreb	2435071
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 - Ugoditeljska 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
Kones AG	Zurich, Switzerland	

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.hr](mailto:branka.velkovski@koncar.hr)

Surname 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. 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 30.9.2013.

<b>Company: Končar - Electrical Industry Inc.</b>			
Position	AOP	Previous period	Current period
1	2	3	4
<b>ASSETS</b>			
<b>A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL</b>	<b>001</b>	0	0
<b>B) NON-CURRENT ASSETS (003+010+020+029+033)</b>	<b>002</b>	1.478.441.134	1.506.776.831
I. INTANGIBLE ASSETS (004 do 009)	<b>003</b>	33.926.181	30.731.369
1. Expenditure for development	<b>004</b>	7.640.875	12.156.129
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	<b>005</b>	5.041.108	6.018.056
3. Goodwill	<b>006</b>	7.500.898	7.421.415
4. Advances for purchase of intangible assets	<b>007</b>	477.797	93.699
5. Intangible assets in progress	<b>008</b>	12.878.487	4.718.690
6. Other intangible assets	<b>009</b>	387.016	323.380
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	<b>010</b>	1.157.484.397	1.156.888.056
1. Land	<b>011</b>	158.130.608	157.763.852
2. Buildings	<b>012</b>	351.183.758	394.671.207
3. Plant and equipment	<b>013</b>	221.163.585	382.845.960
4. Tools, working inventory and transportation assets	<b>014</b>	74.386.781	76.252.162
5. Biological assets	<b>015</b>	0	0
6. Advances for purchase of tangible assets	<b>016</b>	7.570.446	19.835.705
7. Tangible assets in progress	<b>017</b>	251.691.275	31.612.413
8. Other tangible assets	<b>018</b>	690.173	1.983.219
9. Investment in real-estate	<b>019</b>	92.667.771	91.923.538
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	<b>020</b>	260.282.408	292.581.333
1. Share in related parties	<b>021</b>	293.704	289.395
2. Loans to related parties	<b>022</b>	0	0
3. Participating interests (shares)	<b>023</b>	811.316	868.388
4. Loans to companies with participating interest	<b>024</b>	0	0
5. Investments in securities	<b>025</b>	4.201.213	3.921.424
6. Loans, deposits, etc.	<b>026</b>	1.421.275	1.066.074
7. Other non-current financial assets	<b>027</b>	0	610.186
8. Equity-accounted investments	<b>028</b>	253.554.900	285.825.866
IV. RECEIVABLES (030 do 032)	<b>029</b>	26.748.148	26.576.073
1. Receivables from related parties	<b>030</b>	0	0
2. Receivables arising from sales on credit	<b>031</b>	17.673.567	17.197.134
3. Other receivables	<b>032</b>	9.074.581	9.378.939
V. DEFERRED TAX ASSET	<b>033</b>	0	0
<b>C) CURRENT ASSETS (035+043+050+058)</b>	<b>034</b>	2.046.990.313	1.851.387.146
I. INVENTORIES (036 do 042)	<b>035</b>	490.649.906	526.743.940
1. Raw materials and supplies	<b>036</b>	263.182.329	241.421.233
2. Production in progress	<b>037</b>	119.290.512	160.908.450
3. Finished products	<b>038</b>	74.443.322	66.870.014
4. Merchandise	<b>039</b>	11.124.204	19.334.009
5. Advances for inventories	<b>040</b>	8.395.612	32.250.233
6. Long term assets held for sale	<b>041</b>	14.213.927	5.960.001
7. Biological assets	<b>042</b>	0	0
II. RECEIVABLES (044 do 049)	<b>043</b>	948.121.448	637.629.569
1. Receivables from related parties	<b>044</b>	14.454.628	16.552.890
2. Receivables from end-customers	<b>045</b>	822.939.856	563.592.247
3. Receivables from participating parties	<b>046</b>	0	0
4. Receivables from employees and members of the company	<b>047</b>	1.161.560	2.108.928
5. Receivables from government and other institutions	<b>048</b>	31.671.151	21.771.751
6. Other receivables	<b>049</b>	77.894.253	33.603.753
III. CURRENT FINANCIAL ASSETS (051 do 057)	<b>050</b>	196.551.197	301.863.601
1. Share in related parties	<b>051</b>	0	0
2. Loans to related parties	<b>052</b>	0	0
3. Participating interests (shares)	<b>053</b>	0	0
4. Loans to companies with participating interest	<b>054</b>	0	0
5. Investments in securities	<b>055</b>	0	0
6. Loans, deposits, etc.	<b>056</b>	196.551.197	297.687.146
7. Other financial assets	<b>057</b>	0	4.176.455
IV. CASH AND CASH EQUIVALENTS	<b>058</b>	411.667.762	385.150.036
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>059</b>	5.828.902	20.253.100
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	3.531.260.349	3.378.417.077
<b>F) OFF BALANCE SHEET ITEMS</b>	<b>061</b>	2.330.786.248	2.181.307.825

<b>EQUITY AND LIABILITIES</b>			
<b>A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	2.067.942.691	2.122.006.408
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>	304.225.167	417.355.400
1. Legal reserves	<b>066</b>	22.449.226	32.472.146
2. Reserve for own shares	<b>067</b>	265.600	1.800.000
3. Treasury shares and shares (deductible items)	<b>068</b>	265.600	1.800.000
4. Statutory reserves	<b>069</b>	185.426.451	244.177.135
5. Other reserves	<b>070</b>	96.349.490	140.706.119
IV. REVALUATION RESERVES	<b>071</b>		0
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	<b>072</b>	349.004.034	352.481.940
1. Retained earnings	<b>073</b>	349.004.034	352.481.940
2. Loss carried forward	<b>074</b>	0	0
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	<b>075</b>	150.536.186	85.818.261
1. Net profit for the period	<b>076</b>	150.536.186	85.818.261
2. Net loss for the period	<b>077</b>	0	0
VII. MINORITY INTEREST	<b>078</b>	234.610.125	236.783.628
<b>B) PROVISIONS (080 do 082)</b>	<b>079</b>	417.453.051	369.971.888
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	24.519.744	24.407.226
2. Provisions for tax liabilities	<b>081</b>	0	0
3. Other provisions	<b>082</b>	392.933.307	345.564.662
<b>C) NON-CURRENT LIABILITIES (084 do 092)</b>	<b>083</b>	246.081.105	239.646.318
1. Liabilities to related parties	<b>084</b>	0	0
2. Liabilities for loans, deposits, etc.	<b>085</b>	510.000	340.000
3. Liabilities to banks and other financial institutions	<b>086</b>	245.571.105	239.142.937
4. Liabilities for advances	<b>087</b>	0	0
5. Trade payables	<b>088</b>	0	0
6. Commitments on securities	<b>089</b>	0	0
7. Liabilities to companies with participating interest	<b>090</b>	0	0
8. Other non-current liabilities	<b>091</b>	0	163.381
9. Deferred tax liabilities	<b>092</b>	0	0
<b>D) CURRENT LIABILITIES (094 do 105)</b>	<b>093</b>	708.446.463	522.802.718
1. Liabilities to related parties	<b>094</b>	439.126	1.194.553
2. Liabilities for loans, deposits, etc.	<b>095</b>	510.000	340.000
3. Liabilities to banks and other financial institutions	<b>096</b>	101.666.247	62.908.744
4. Liabilities for advances	<b>097</b>	131.632.451	134.157.005
5. Trade payables	<b>098</b>	349.504.869	255.903.188
6. Commitments on securities	<b>099</b>	0	0
7. Liabilities to companies with participating interest	<b>100</b>	0	0
8. Liabilities to employees	<b>101</b>	31.245.182	29.235.181
9. Taxes, contributions and similar liabilities	<b>102</b>	55.406.556	27.028.504
10. Liabilities arising from share in the result	<b>103</b>	226.041	380.697
11. Liabilities arising from non-current assets held for sale	<b>104</b>	0	0
12. Other current liabilities	<b>105</b>	37.815.991	11.654.846
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>106</b>	91.337.039	123.989.745
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	3.531.260.349	3.378.417.077
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>108</b>	2.330.786.248	2.181.307.825
<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>	1.833.332.566	1.885.222.780
2. Attributable to minority interest	<b>110</b>	234.610.125	236.783.628

**Income statement**  
period 1.1.2013. to 30.9.2013.

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>	1.834.651.532	679.003.888	1.921.312.927	666.014.930
1. Rendering of services	112	1.695.599.555	589.456.546	1.759.913.877	548.309.066
2. Other operating income	113	139.051.977	89.547.342	161.399.050	117.705.864
<b>II. OPERATING COSTS (115+116+120+124+125+126+129+130)</b>	<b>114</b>	1.761.556.065	649.413.921	1.834.857.449	636.098.222
1. Change in inventories of work in progress	115	-95.017.784	-1.077.989	-16.079.837	11.914.063
2. Material expenses (117 do 119)	116	1.223.111.865	410.253.326	1.174.755.932	363.144.204
a) Costs of raw materials	117	973.575.334	312.091.994	897.838.046	261.948.031
b) Cost of goods sold	118	79.784.934	34.006.565	70.161.374	27.770.394
c) Other material expenses	119	169.751.597	64.154.767	206.756.512	73.425.779
3. Employee benefits expenses (121 do 123)	120	334.584.903	110.584.928	356.824.222	114.562.616
a) Net salaries	121	190.730.383	63.643.514	204.079.565	64.416.008
b) Tax and contributions from salary expenses	122	100.384.634	32.512.431	109.813.728	38.017.369
c) Contributions on salary	123	43.469.886	14.428.983	42.930.929	12.129.239
4. Depreciation and amortisation	124	52.183.096	17.425.277	60.352.120	21.710.250
5. Other expenses	125	143.730.414	46.555.031	153.425.346	46.790.395
6. Write down of assets (127+128)	126	64.431.442	55.089.420	26.974.943	23.953.163
a) non-current assets (except financial assets)	127	0	0	19.574.927	19.574.927
b) current assets (except financial assets)	128	64.431.442	55.089.420	7.400.016	4.378.236
7. Provisions	129	21.175.138	7.874.090	67.692.243	53.025.823
8. Other operating costs	130	17.356.991	2.709.838	10.912.480	997.708
<b>III. FINANCIAL INCOME (132 do 136)</b>	<b>131</b>	38.539.931	16.174.597	40.684.696	20.146.916
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	676.210	296.426	1.014.007	411.281
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	35.872.925	15.303.915	38.132.672	19.410.679
3. Income from investments in associates and joint ventures	134	0	0	0	0
4. Unrealised gains (income) from financial assets	135	121.717	64.481	182.663	58.717
5. Other financial income	136	1.869.079	509.775	1.355.354	266.239
<b>IV. FINANCIAL EXPENSES (138 do 141)</b>	<b>137</b>	31.979.098	11.853.031	39.151.621	11.507.279
1. Interest, foreign exchange differences, dividends and similar income from third parties	138	694.895	325.473	911.430	319.362
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	31.281.703	11.527.558	38.086.823	11.187.917
3. Unrealised losses (expenses) from financial assets	140	0	0	31.758	0
4. Other financial expenses	141	2.500	0	121.610	0
<b>V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES</b>	<b>142</b>	42.217.020	12.829.296	32.270.966	13.788.214
<b>VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES</b>	<b>143</b>	0	0	0	0
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>	0	0	0	0
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>	0	0	0	0
<b>IX. TOTAL INCOME (111+131+144)</b>	<b>146</b>	1.915.408.483	708.007.781	1.994.268.589	699.950.060
<b>X. TOTAL EXPENSES (114+137+143+145)</b>	<b>147</b>	1.793.535.163	661.266.952	1.874.009.070	647.605.501
<b>XI. PROFIT OR LOSS BEFORE TAXES (146-147)</b>	<b>148</b>	121.873.320	46.740.829	120.259.519	52.344.559
1. Profit before taxes (146-147)	149	121.873.320	46.740.829		
2. Loss before taxes (147-146)	150	0	0	0	0
<b>XII. TAXATION</b>	<b>151</b>	13.458.464	2.927.473	14.856.559	5.492.603
<b>XII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	108.414.856	43.813.356	105.402.960	46.851.956
1. Profit for the period (149-151)	153	108.414.856	43.813.356	105.402.960	46.851.956
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	89.431.244	39.879.321	85.818.261	41.123.915
2. Attributable to minority interest	156	18.983.612	3.934.035	19.584.699	5.728.041
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (=152)</b>	<b>157</b>	108.414.856	43.813.356	105.402.960	52.344.559
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)</b>	<b>158</b>	-19.716	-97.060	-38.137	191.646
1. Exchange differences from international settlement	159	-19.716	-97.060	-38.137	191.646
2. Changes in revaluation reserves of long-term tangible and intangible	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	164	0	0	0	0
7. Actuarial gains/losses from defined benefit plans	165	0	0	0	0
<b>III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>	0	0	0	0
<b>IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)</b>	<b>167</b>	-19.716	-97.060	-38.137	191.646
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	108.395.140	43.716.296	105.364.823	52.536.205
<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	89.411.528	39.782.261	85.780.124	46.808.164
2. Attributable to minority interest	170	18.983.612	3.934.035	19.584.699	5.728.041



**STATEMENT OF CASH FLOWS - Direct method**  
**period 1.1.2013. to 30.9.2013.**

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>	1.864.032.575	2.272.924.231
2. Cash receipts from royalties, fees, commissions, etc.	<b>002</b>	0	0
3. Cash receipts from insurance for damages compensation	<b>003</b>	41.289.624	17.548.761
4. Cash receipts arising from tax refunds	<b>004</b>	165.660.096	107.835.867
5. Other cash receipts	<b>005</b>	41.702.936	52.298.403
<b>I. Total increase in cash flow from operating activities (001 to 005)</b>	<b>006</b>	2.112.685.231	2.450.607.262
1. Cash paid to suppliers	<b>007</b>	1.560.925.415	1.541.964.330
2. Cash paid to employees	<b>008</b>	428.907.395	426.100.216
3. Cash outflows for insurance for damages compensation	<b>009</b>	5.660.067	6.756.424
4. Interest paid	<b>010</b>	12.018.682	10.360.252
5. Tax paid	<b>011</b>	150.075.357	139.320.135
6. Other cash outflows	<b>012</b>	93.845.931	96.227.033
<b>II. Total decrease in cash flow from operating activities (007 to 012)</b>	<b>013</b>	2.251.432.847	2.220.728.390
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>014</b>	0	229.878.872
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>015</b>	138.747.616	0
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	<b>016</b>	4.686.123	2.603.967
2. Cash inflows from sale of equity and debt financial instruments	<b>017</b>	5.800.864	1.530.259
3. Interest receipts	<b>018</b>	0	0
4. Dividend receipts	<b>019</b>	1.529.617	1.158.152
5. Other cash inflows from investing activities	<b>020</b>	0	0
<b>III. Total cash inflows from investing activities(016 to 020)</b>	<b>021</b>	12.016.604	5.292.378
1. Cash outflows for purchase of long - term tangible and intangible assets	<b>022</b>	79.859.396	48.286.559
2. Cash outflows for purchase of equity and debt financial instruments	<b>023</b>	4.000.000	100.170
3. Other cash outflows from investing activities	<b>024</b>	0	0
<b>IV. Total cash outflows from investing activities (022 to 024)</b>	<b>025</b>	83.859.396	48.386.729
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>026</b>	0	0
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>027</b>	71.842.792	43.094.351
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Cash receipts from issuance of equity and debt financial instruments	<b>028</b>	4.686.123	2.603.967
2. Cash inflows from loans, debentures, credits and other borrowings	<b>029</b>	5.800.864	1.530.259
3. Other cash inflows from financing activities	<b>030</b>	0	0
<b>V. Total cash inflows from financing activities (028 to 030)</b>	<b>031</b>	1.529.617	1.158.152
1. Cash outflows for repayment of loans and bonds	<b>032</b>	0	0
2. Dividends paid	<b>033</b>	12.016.604	5.292.378
3. Cash outflows for finance lease	<b>034</b>	79.859.396	48.286.559
4. Cash outflows for purchase of own stocks	<b>035</b>	4.000.000	100.170
5. Other cash outflows from financing activities	<b>036</b>	0	0
<b>VI. Total cash outflows from financing activities (032 to 036)</b>	<b>037</b>	83.859.396	48.386.729
<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>	71.842.792	43.094.351
<b>Total increases of cash flows (014 – 015 + 026– 027 + 038 – 039)</b>	<b>040</b>	0	143.690.170
<b>Total decreases of cash flows (015 – 014 + 027– 026 + 039 – 038)</b>	<b>041</b>	282.433.200	0
<b>Cash and cash equivalents at the beginning of period</b>	<b>042</b>	319.420.075	411.667.762
<b>Decrease in cash and cash equivalents</b>	<b>043</b>	0	0
<b>Increase in cash and cash equivalents</b>	<b>044</b>	65.395.497	26.517.726
<b>Cash and cash equivalents at the end of period</b>	<b>045</b>	254.024.578	385.150.036

**STATEMENT OF CHANGES IN EQUITY**  
 period **1.1.2013** to **30.9.2013**  
**Legal entity: Končar Electrical Industry INC.**

	Position	AOP	Year	
			Previous year	Current year
	1	2	3	4
1. Subscribed share capital		001	1.150.319.400	1.131.585.411
2. Capital reserves		002	719.579	719.579
3. Reserves from profit		003	390.596.965	517.435.090
4. Retained earnings or loss carried forward		004	347.955.258	366.863.368
5. Net profit or loss for the period		005	178.351.489	105.402.960
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
<b>10. Total equity and reserves (AOP 001 to 009)</b>		<b>010</b>	<b>2.067.942.691</b>	<b>2.122.006.408</b>
11. Foreign exchange differences from foreign investments		011	71.263	-38.137
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	-67.854	0
16. Other changes		016	130.730.455	54.101.854
<b>17. Total increase or decrease of equity (AOP 011 to 016)</b>		<b>017</b>	<b>130.733.864</b>	<b>54.063.717</b>
17 a. Attributable to majority owners		018	120.600.779	51.890.214
17 b. Attributable to minority interest		019	10.133.085	2.173.503

## Notes to the consolidated financial reports

**Taxpayer: 03282635 Končar Electrical Industry INC.**

### 1. Distribution of shares

There has been no distribution of shares.

### 2. Earnings per share

Earnings per share for the period January - September 2013 are HRK 33,36 and are lower than earnings per share during the same period of the previous year by HRK 1.41.

### 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 - September, as opposed to the same period of the previous year, revenues increased by 4,1 per cent, while operational revenues, which make up for 96.3 per cent of the total revenues, increased by 4,7 per cent. Total expenses increased by 4,5 per cent in respect to the same period of last year, while operating expenses with changes in stock, which constitute 97.9 per cent of the total expenses, increased by 4,2 per cent. Financial income and income from investment into affiliated companies increased by 9,7 per cent compared to the same period of last year. Financial expenses increased by 22,4 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 - September of the year 2013, in comparison with the same period of last year, the share of employees expenses in the total revenue increased by 1.2 percentage point, depreciation and amortisation by 0.4 percentage points and the provisions increased by 2,4 percentage point, while the share of material expenses decreased by 2.5 percentage point and the expenses of value adjustment decreased by 0.2 percentage points.

### 9. Profit or loss

Consolidated Group profits after tax decreased by 2,78 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 - September of the year 2013 amounts to HRK 85,82 million, which is a decrease of HRK 3,61 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 44,6 million, of which HRK 43,92 million is subscribed to the parent capital holders.

### 10. Solvency

Cash and cash equivalents by the end of the third trimester of 2013, as opposed to the beginning of the year, decreased by HRK 26,52 million. The mentioned decrease is the result of investments in current assets (inventories) and investment in deposits.

### 11. Other notes

In the third trimester of the year 2013 simplified decrease of issued capital has been carried out in three companies because of the coverage of loss carried forward in the amount of HRK 105,85 million out of which 94,48 million was subscribed to the parent capital holders.

**Appendix 1**

Reporting period:

01.01.2013.

to

30.09.2013.

**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 | 52 |

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 30.09.2013.

<b>Company: Končar - Electrical Industry Inc.</b>			
Position	AOP	Previous period	Current period
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>	1.079.639.263	1.125.632.044
I. INTANGIBLE ASSETS (004 do 009)	<b>003</b>	0	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>		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	<b>010</b>	345.712.485	351.638.648
1. Land	<b>011</b>	76.201.035	75.834.279
2. Buildings	<b>012</b>	128.856.608	130.409.349
3. Plant and equipment	<b>013</b>	24.476.093	21.751.116
4. Tools, working inventory and transportation assets	<b>014</b>	2.616.150	2.748.734
5. Biological assets	<b>015</b>		
6. Advances for purchase of tangible assets	<b>016</b>	13.387.642	20.657.025
7. Tangible assets in progress	<b>017</b>	446.616	509.804
8. Other tangible assets	<b>018</b>	63.376	63.376
9. Investment in real-estate	<b>019</b>	99.664.965	99.664.965
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	<b>020</b>	710.372.344	751.452.078
1. Share in related parties	<b>021</b>	706.450.920	747.530.654
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>	3.921.424	3.921.424
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>	23.554.434	22.541.318
1. Receivables from related parties	<b>030</b>		
2. Receivables arising from sales on credit	<b>031</b>	18.257.005	17.197.134
3. Other receivables	<b>032</b>	5.297.867	5.344.184
V. DEFERRED TAX ASSET	<b>033</b>		
<b>C) CURRENT ASSETS (035+043+050+058)</b>	<b>034</b>	448.202.734	385.242.883
I. INVENTORIES (036 do 042)	<b>035</b>	794.388	185.201
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>	794.388	185.201
6. Long term assets held for sale	<b>041</b>		
7. Biological assets	<b>042</b>		
II. RECEIVABLES (044 do 049)	<b>043</b>	38.932.281	38.484.151
1. Receivables from related parties	<b>044</b>	17.992.512	21.501.895
2. Receivables from end-customers	<b>045</b>	612.509	299.942
3. Receivables from participating parties	<b>046</b>		
4. Receivables from employees and members of the company	<b>047</b>	43.176	52.837
5. Receivables from government and other institutions	<b>048</b>		
6. Other receivables	<b>049</b>	20.284.084	16.629.477
III. CURRENT FINANCIAL ASSETS (051 do 057)	<b>050</b>	209.553.828	269.018.854
1. Share in related parties	<b>051</b>		
2. Loans to related parties	<b>052</b>	83.018.262	60.022.872
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>		
7. Other financial assets	<b>057</b>	126.535.566	208.995.982
IV. CASH AND CASH EQUIVALENTS	<b>058</b>	198.922.237	77.554.677
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>059</b>	1.157.065	1.028.207
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	1.528.999.062	1.511.903.134
<b>F) OFF BALANCE SHEET ITEMS</b>	<b>061</b>	745.924.395	721.407.921

<b>EQUITY AND LIABILITIES</b>			
<b>A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	1.376.809.504	1.420.840.356
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>	197.000.749	273.396.225
1. Legal reserves	<b>066</b>	17.997.220	23.454.999
2. Reserve for own shares	<b>067</b>	265.600	1.800.000
3. Treasury shares and shares (deductible items)	<b>068</b>	265.600	1.800.000
4. Statutory reserves	<b>069</b>	102.458.881	138.879.053
5. Other reserves	<b>070</b>	76.544.648	111.062.173
IV. REVALUATION RESERVES	<b>071</b>		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	<b>072</b>	41.085.994	37.997.206
1. Retained earnings	<b>073</b>	41.085.994	37.997.206
2. Loss carried forward	<b>074</b>		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	<b>075</b>	109.155.582	79.879.746
1. Net profit for the period	<b>076</b>	109.155.582	79.879.746
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>	137.873.197	85.465.317
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	1.187.395	1.187.395
2. Provisions for tax liabilities	<b>081</b>		
3. Other provisions	<b>082</b>	136.685.802	84.277.922
<b>C) NON-CURRENT LIABILITIES (084 do 092)</b>	<b>083</b>	0	0
1. Liabilities to related parties	<b>084</b>		
2. Liabilities for loans, deposits, etc.	<b>085</b>		
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>	14.316.361	5.597.461
1. Liabilities to related parties	<b>094</b>	2.088.311	2.701.652
2. Liabilities for loans, deposits, etc.	<b>095</b>	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>	1.579.536	1.048.712
6. Commitments on securities	<b>099</b>		
7. Liabilities to companies with participating interest	<b>100</b>		
8. Liabilities to employees	<b>101</b>	2.062.985	363.039
9. Taxes, contributions and similar liabilities	<b>102</b>	8.188.912	1.166.310
10. Liabilities arising from share in the result	<b>103</b>	97.692	173.527
11. Liabilities arising from non-current assets held for sale	<b>104</b>		
12. Other current liabilities	<b>105</b>	128.925	144.221
<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>	1.528.999.062	1.511.903.134
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>108</b>	745.924.395	721.407.921
<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 01.01.2013. to 30.09.2013.

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>	64.482.456	37.407.127	124.768.998	97.848.750
1. Rendering of services	112	40.112.032	13.950.676	39.709.385	13.371.138
2. Other operating income	113	24.370.424	23.456.451	85.059.613	84.477.612
<b>II. OPERATING COSTS (115+116+120+124+125+126+129+130)</b>	<b>114</b>	48.398.108	15.170.215	87.943.252	45.260.747
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	17.441.144	6.121.916	19.468.897	7.407.347
a) Costs of raw materials	117	3.566.325	1.110.410	4.314.467	1.071.298
b) Cost of goods sold	118				
c) Other material expenses	119	13.874.819	5.011.506	15.154.430	6.336.049
3. Employee benefits expenses (121 do 123)	120	12.848.828	3.357.453	13.927.157	3.667.298
a) Net salaries	121	6.214.552	1.633.953	6.670.256	1.773.082
b) Tax and contributions from salary expenses	122	4.852.702	1.280.502	5.482.186	1.412.425
c) Contributions on salary	123	1.781.574	442.998	1.774.715	481.791
4. Depreciation and amortisation	124	7.717.248	2.736.030	8.155.854	2.711.242
5. Other expenses	125	10.220.534	2.954.816	18.211.995	3.347.360
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			28.110.427	28.110.427
8. Other operating costs	130	170.354		68.922	17.073
<b>III. FINANCIAL INCOME (132 do 136)</b>	<b>131</b>	34.587.730	5.202.876	49.573.648	7.539.128
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	26.577.280	1.043.636	39.645.546	1.079.346
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	8.010.450	4.159.240	9.928.102	6.459.782
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136				
<b>IV. FINANCIAL EXPENSES (138 do 141)</b>	<b>137</b>	3.447.150	1.356.811	4.399.731	204.264
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	3.447.150	1.356.811	4.399.731	204.264
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>	99.070.186	42.610.003	174.342.646	105.387.878
<b>X. TOTAL EXPENSES (114+137+143+145)</b>	<b>147</b>	51.845.258	16.527.026	92.342.983	45.465.011
<b>XI. PROFIT OR LOSS BEFORE TAXES (146-147)</b>	<b>148</b>	47.224.928	26.082.977	81.999.663	59.922.867
1. Profit before taxes (146-147)	149	47.224.928	26.082.977	81.999.663	59.922.867
2. Loss before taxes (147-146)	150	0	0	0	0
<b>XII. TAXATION</b>	<b>151</b>			2.119.917	1.271.950
<b>XII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	47.224.928	26.082.977	79.879.746	58.650.917
1. Profit for the period (149-151)	153	47.224.928	26.082.977	79.879.746	58.650.917
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>	47.224.928	26.082.977	79.879.746	58.650.917
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)</b>	<b>158</b>	-41.743	-107.094	131.072	374.701
1. Exchange differences from international settlement	159	-41.743	-107.094	131.072	374.701
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>	-41.743	-107.094	131.072	374.701
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	47.183.185	25.975.883	80.010.818	59.025.618
<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 01.01.2013. to 30.09.2013.**

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	001	50.263.682	46.352.091
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	4.447.837	11.560.514
<b>I. Total increase in cash flow from operating activities (001 to 005)</b>	<b>006</b>	54.711.519	57.912.605
1. Cash paid to suppliers	007	31.205.839	35.220.524
2. Cash paid to employees	008	17.049.018	17.774.615
3. Cash outflows for insurance for damages compensation	009		
4. Interest paid	010	1.247	1.854
5. Tax paid	011	3.457.464	12.726.362
6. Other cash outflows	012	5.343.301	9.400.517
<b>II. Total decrease in cash flow from operating activities (007 to 012)</b>	<b>013</b>	57.056.869	75.123.872
<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>	2.345.350	17.211.267
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	016	1.568.613	7.464.560
2. Cash inflows from sale of equity and debt financial instruments	017	1.800.864	1.530.259
3. Interest receipts	018	8.403.757	7.747.091
4. Dividend receipts	019	23.660.444	21.551.442
5. Other cash inflows from investing activities	020		
<b>III. Total cash inflows from investing activities(016 to 020)</b>	<b>021</b>	35.433.678	38.293.352
1. Cash outflows for purchase of long - term tangible and intangible assets	022	18.175.063	15.855.687
2. Cash outflows for purchase of equity and debt financial instruments	023		38.958.740
3. Other cash outflows from investing activities	024		
<b>IV. Total cash outflows from investing activities (022 to 024)</b>	<b>025</b>	18.175.063	54.814.427
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>026</b>	17.258.615	0
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>027</b>	0	16.521.075
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Cash receipts from issuance of equity and debt financial instruments	028		
2. Cash inflows from loans, debentures, credits and other borrowings	029	24.398.580	39.057.513
3. Other cash inflows from financing activities	030	51.473.029	75.304.692
<b>V. Total cash inflows from financing activities (028 to 030)</b>	<b>031</b>	75.871.609	114.362.205
1. Cash outflows for repayment of loans and bonds	032	170.000	170.000
2. Dividends paid	033	30.765.324	30.879.064
3. Cash outflows for finance lease	034		
4. Cash outflows for purchase of own stocks	035	416.521	11.648.805
5. Other cash outflows from financing activities	036	47.067.051	159.299.554
<b>VI. Total cash outflows from financing activities (032 to 036)</b>	<b>037</b>	78.418.896	201.997.423
<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>	2.547.287	87.635.218
<b>Total increases of cash flows (014 – 015 + 026 – 027 + 038 – 039)</b>	<b>040</b>	12.365.978	0
<b>Total decreases of cash flows (015 – 014 + 027 – 026 + 039 – 038)</b>	<b>041</b>	0	121.367.560
<b>Cash and cash equivalents at the beginning of period</b>	<b>042</b>	42.538.972	198.922.237
<b>Decrease in cash and cash equivalents</b>	<b>043</b>	12.365.978	
<b>Increase in cash and cash equivalents</b>	<b>044</b>		121.367.560
<b>Cash and cash equivalents at the end of period</b>	<b>045</b>	54.904.950	77.554.677



**STATEMENT OF CHANGES IN EQUITY**  
period 01.01.2013. to 30.09.2013.

	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	197.000.749	273.396.225
4. Retained earnings or loss carried forward		004	41.085.994	37.997.206
5. Net profit or loss for the period		005	109.155.582	79.879.746
6. Revaluation of tangible assets		006		
7. Revaluation of intangible assets		007		
8. Revaluation of available for sale assets		008		
9. Other revaluation		009		
<b>10. Total equity and reserves (AOP 001 to 009)</b>		<b>010</b>	1.376.809.504	1.420.840.356
11. Foreign exchange differences from foreign investments		011	58.642	131.072
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	79.383.840	43.899.780
<b>17. Total increase or decrease of equity (AOP 011 to 016)</b>		<b>017</b>	79.442.482	44.030.852
17 a. Attributable to majority owners		018		
17 b. Attributable to minority interest		019		