

**KONČAR GROUP MANAGING BOARD BUSINESS REPORT
JANUARY – DECEMBER, 2013 (Non-audited Financial Statements)**

The KONČAR Group consists of KONČAR – ELEKTROINDUSTRIJA d.d. (KONČAR – ELECTRICAL INDUSTRY Inc.) as a Mother Company and 20 Daughter Companies in which the Mother Company has the prevailing interest (more than 50 % of votes at the Annual / Extraordinary General Meeting). Privileged shares are registered in a part of companies in addition to ordinary shares. Besides, the Mother Company has a minority managing interest (49% votes at the Annual / Extraordinary General Meeting) in one company (the Associated Company).

Companies belonging to the Group are legally independent companies supervised and strategically directed by the Mother Company through company supervisory boards in accordance with the Law on Trading Companies, Statutes of KONČAR - ELEKTROINDUSTRIJA d.d. (KONČAR – ELECTRICAL INDUSTRY Inc.) and Statutes of Group Companies. The Mother Company also manages a part of assets that are not invested into companies, but they offer a direct or indirect financial support to the marketing and sales of products and equipment of associated companies as a credit and warranty potential.

The potential liability of Končar - Elektroindustrija d.d. (KONČAR – ELECTRICAL INDUSTRY Inc.) for the total issued warranties as of 31/12/2013 amount to HRK 545.5 million representing a decrease by HRK 80.2 million compared to 31/12/2012, out of which HRK 335.3 million belongs to good performance guarantees.

The Končar Group business activities are divided into business areas:

- Generation, transmission and distribution of Electrical Power and Transport: designing and construction of plants for generation, transmission and distribution of electric energy and belonging equipment, thyristor locomotives, Electric Multiple Units, tramcars and side-line electric traction equipment;
- Industry: electric motor drives, middle voltage and low voltage electric equipment and catering equipment;
- Trade: electrical household appliances, serial products and low voltage electrical apparatuses;
- Special 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.

On 19th December, 2013 a Supervisory Board Meeting of the Company Končar – Elektroindustrija d.d. (Končar – Electrical Industry Inc.) was held and reappointed the current Management Board for another term of office. In accordance with the Statues of the Company foreseeing five to seven members of the Managing Board of the Company Končar – Elektroindustrija (Končar – Electrical Industry Inc.), Tomi Dužević is appointed to be a Managing Board Member in addition to the current Board Members.

Company Končar – Elektroindustrija d.d. (Končar – Electrical Industry Inc.) is managed by the Managing Board comprising the following members:

| | |
|---------------------|-----------------------------------------------------------------------------------------------------------------|
| Darinko Bago | The President of the Managing Board |
| Tomi Dužević | A Member of the Managing Board in Charge of Export Markets |
| 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 Power, Industry and Trade |
| Miroslav Poljak | A Member of the Managing Board in Charge of Generation of Electric Power, Corporate Development and ICT |

Supervisory Board

Pursuant provision of the Trading Company Act, the Statutes of KONČAR – ELECTRICAL INDUSTRY Inc. the Annual (Extraordinary) General Meeting makes decision on nomination and recalling of the Supervisory Board. The Supervisory Board is responsible for appointment and recall of Managing Board Members and supervision over management of business activities of the Company. Any more significant transactions and business decisions (the level of transactions is defined by the Statues of the Company) requires the Supervisory Board consent.

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 |

Končar Group Business Results for January – December, 2013 (Non-Audited Financial Statement)

Končar Group Companies generated consolidated incomes from sales of products and services in the amount of HRK 2,513 million for the time period from January to December, 2013 and they are higher by 2.9% compared to the achievements during the same time period in 2012.

On the domestic market the income from sales was generated in the amount of HRK 1,251.2 million, making it by 2 % higher in the comparison with the same time period of the previous year. The incomes from sales of products and services that were exported amount to HRK 1,226.1 million and they are at the level of 2012 achievements. The correction of incomes by deferred incomes is positive and amounts to HRK 35.7 million.

The operating incomes were generated in the amount of HRK 2,733.5 million, the amount that is at the level of the generated business incomes from January to December, 2012. Within the business incomes, incomes from sales of products and services amount to HRK 2,513 million or 91.9 % of the total business incomes. Incomes from cancelling of reserves amount to HRK 168.1 million. Other operating incomes were generated in the amount of HRK 52.4 million.

Operating revenues were generated in the amount of HRK 2,620.6 million and they are 1.1% lower than 2012 achievement. Within the business revenues, material expenses were generated in the amount of HRK 1,663.7 million making them by 3 % lower compared to the achievement during the time period January – December, 2012. The majority part of material expenses refer to the costs of used raw materials and consumable materials in the amount of HRK 1,267.8 and that are by 5.4 % compared to the achievement of the same time period in 2012.

The total personnel costs were generated in the amount of HRK 563.7 million.

The difference between the operating incomes and the operating revenues gives the profit of operating activities in the amount of HRK 112.9 million making it higher by 20.2 % compared to the achievement for the time period January – December, 2012.

A share in profits belonging to associated entrepreneurs amounts to HRK 47.6 million and it is lower by HRK 32.2 million compared to the time period January – December, 2012.

The positive difference between financial incomes and financial revenues amounts to HRK 17.2 million.

In 2013 the total incomes were generated in the amount of HRK 2,848.8 million making them lower by 1.6 % compared to the generated during the same time period in 2012. The total revenues for the same period were generated in the amount of HRK 2,671.1 million.

The profits from the operating activities in the amount of HRK 112.9 million, the share in the profit of the associated entrepreneurs in the amount of HRK 47.6 million and the positive difference between the operating incomes and operating revenues in the amount of HRK 17.2 make the consolidated profit before tax in the amount of HRK 177.7 million. The profit tax advance payment amounts to HRK 15.6 million, while the profit after tax amounts to HRK 162.1 million distributed to the non-controlling interest (the minority interest) in the amount of HRK 28.6 million and to the Group Mother Company shareholders HRK 133.5 million.

Out of 21 Končar Group Companies, 15 Companies generated a positive financial result, while six companies expressed a loss in the total amount of HRK 51.5 million.

Within 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 550.9 million or 43 % out of the total generated amount on the domestic market.

To trading companies the Group delivered products in the amount of HRK 191.5 million (15 % out of the total generated amount on the domestic market), to companies belonging to industry and shipbuilding sector the Group delivered products and services in the amount of HRK 198.9 million or 15 % out of the total amount generated in Croatia, to INA, THT, Plinacro HRK 89.7 million, to Croatian Railways (HŽ) HRK 96.5 million to Zagreb Electric Tram (ZET) HRK 71.7 million and the rest amount of HRK 87.7 million refer to State and Local Government, buyers from the civil engineering field and non-distributed buyers.

During the time period from January to December, 2013 in the foreign market the Group generated incomes from sales of products and services in the amount of HRK 1,226 million. The most important exported goods and services went to Germany in the amount of HRK 128.1 million), Bosnia and Herzegovina in the amount of HRK 108.5 million, Sweden in the amount of HRK 89.8 million, the Check Republic in the amount of HRK 80.7 million), Austria in the amount of HRK 66.6 million and Slovenia in the amount of HRK 42.8 million.

During the time period from January to December, 2013, the Group imported goods in the amount of HRK 613.7 million. Raw materials and materials were imported in the amount of HRK 592.2 million, while the investment purchases from abroad amounted to HRK 21.5 million. The generated incomes from sales of goods and services in export during the same time period of the last year amounted to HRK 1,226 million. The export import coverage coefficient is 2.

During the time period January to December, 2013, Končar Group Companies contracted new projects in the amount of HRK 2,677.2 million that is HRK 241.7 million or 9.9 % higher than the contracted new projects during the same time period of 2013. Out of the total contracted new projects HRK 43 % is contracted for the domestic market and 57 % for the foreign market. The contracted new projects in the amount of HRK 1,265.6 million will be performed in 2014, while the contracted project to be performed during following years amount to HRK 1,411.5 million.

At the end of December, 2013, the contracted project status (receivables due) amounted to HRK 2,370 million that was by 7 % higher than the contracted project status at the beginning of 2013.

The level of the total consolidated assets as of 31st December, 2013 amounted to HRK 3,467 million.

Within the structure of asset sources, the registered capital, reserves, retained profits, profits of the current year and not controlling interest amounted to HRK 2,175.9 million that was HRK 108 million more compared to the level on 31st December, 2012 and they made 62.8 % of the total sources.

Long term asset sources (capital, long term reservations and long term liabilities) were higher by HRK 557 million compared to the long term assets and the average level of stocks pointing at a good term structure of asset sources. Current assets were 3.3 times higher than the current liabilities pointing at good liquidity of the system. The consolidated balance sheet structure showed a good financial stability of the Končar Group.

Signed in the name of the Managing Board:

Končar – Electrical Industry Inc.
Managing Board President

Darinko Bago

14th February, 2014

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

This Statement of the Končar – Electrical Industry Inc., Zagreb, Managing Board is given regarding compilation and publishing of the Končar Group Consolidated Financial Reports for the time period January – December 2013.

The attached financial reports (financial reports for Končar – Electrical Industry Inc. and consolidated financial reports) reveal quarter and cumulative non-audited data resulting in a possibility of discrepancies from the final Annual Report.

Financial Reports have been made in accordance of the International Standard for Financial Reporting applied in the European Union.

Pursuant our best knowledge, Financial Reports show a complete and true presentation of the balance sheet, profit and loss account, cash flow and the capital change report of the Končar Group.

Signed in the name of the Managing Board:

Končar – Electrical Industry Inc.
President of the Managing Board

Darinko Bago

14th February, 2014

- Note:

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

Contract persons:

Ervin Filipčić, Managing Board Office Head, ervin.filipcic@koncar.hr

Branka Velkovski, accounting expert, branka.velkovski@koncar.hr

Vesna Ilić, Accounting Department Head, vesna.ilic@koncar.hr

Appendix 1

Reporting period:

01.01.2013.

to

31.12.2013.

Quarterly financial report of entrepreneur TFI-POD

Registration number (MB) 03282635

Identification number of subject
(MBS) 080040936Personal 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

Internet address: www.koncar.hr

Code and name of comune/tol 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

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 31.12.2013.

| 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 | 1.079.639.263 | 1.130.865.598 |
| I. INTANGIBLE ASSETS (004 do 009) | 003 | 0 | 250.000 |
| 1. Expenditure for development | 004 | | 250.000 |
| 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 | | |
| II. PROPERTY, PLANT AND EQUIPMENT (011 do 019) | 010 | 345.712.486 | 349.872.420 |
| 1. Land | 011 | 76.201.035 | 75.869.196 |
| 2. Buildings | 012 | 128.856.608 | 129.727.022 |
| 3. Plant and equipment | 013 | 24.476.093 | 20.945.104 |
| 4. Tools, working inventory and transportation assets | 014 | 2.616.150 | 2.484.904 |
| 5. Biological assets | 015 | | |
| 6. Advances for purchase of tangible assets | 016 | 13.387.643 | 20.657.025 |
| 7. Tangible assets in progress | 017 | 446.616 | 460.828 |
| 8. Other tangible assets | 018 | 63.376 | 63.376 |
| 9. Investment in real-estate | 019 | 99.664.965 | 99.664.965 |
| III. NON-CURRENT FINANCIAL ASSETS (021 do 028) | 020 | 710.371.905 | 762.145.555 |
| 1. Share in related parties | 021 | 706.450.920 | 759.040.061 |
| 2. Loans to related parties | 022 | | |
| 3. Participating interests (shares) | 023 | | |
| 4. Loans to companies with participating interest | 024 | | |
| 5. Investments in securities | 025 | 3.920.985 | 3.105.494 |
| 6. Loans, deposits, etc. | 026 | | |
| 7. Other non-current financial assets | 027 | | |
| 8. Equity-accounted investments | 028 | | |
| IV. RECEIVABLES (030 do 032) | 029 | 23.554.872 | 18.597.623 |
| 1. Receivables from related parties | 030 | | |
| 2. Receivables arising from sales on credit | 031 | 18.257.005 | 15.351.663 |
| 3. Other receivables | 032 | 5.297.867 | 3.245.960 |
| V. DEFERRED TAX ASSET | 033 | | |
| C) CURRENT ASSETS (035+043+050+058) | 034 | 448.202.734 | 417.954.136 |
| I. INVENTORIES (036 do 042) | 035 | 794.388 | 33.435 |
| 1. Raw materials and supplies | 036 | | |
| 2. Production in progress | 037 | | |
| 3. Finished products | 038 | | |
| 4. Merchandise | 039 | | |
| 5. Advances for inventories | 040 | 794.388 | 33.435 |
| 6. Long term assets held for sale | 041 | | |
| 7. Biological assets | 042 | | |
| II. RECEIVABLES (044 do 049) | 043 | 38.932.281 | 88.386.567 |
| 1. Receivables from related parties | 044 | 17.992.512 | 63.354.921 |
| 2. Receivables from end-customers | 045 | 612.509 | 1.206.459 |
| 3. Receivables from participating parties | 046 | | |
| 4. Receivables from employees and members of the company | 047 | 43.176 | 47.627 |
| 5. Receivables from government and other institutions | 048 | | 3.393.937 |
| 6. Other receivables | 049 | 20.284.084 | 20.383.623 |
| III. CURRENT FINANCIAL ASSETS (051 do 057) | 050 | 209.553.828 | 214.321.972 |
| 1. Share in related parties | 051 | | |
| 2. Loans to related parties | 052 | 83.018.262 | 56.604.644 |
| 3. Participating interests (shares) | 053 | | |
| 4. Loans to companies with participating interest | 054 | | |
| 5. Investments in securities | 055 | | |
| 6. Loans, deposits, etc. | 056 | | |
| 7. Other financial assets | 057 | 126.535.566 | 157.717.328 |
| IV. CASH AND CASH EQUIVALENTS | 058 | 198.922.237 | 115.212.162 |
| D) PREPAYMENTS AND ACCRUED INCOME | 059 | 1.157.065 | 1.171.652 |
| E) TOTAL ASSETS (001+002+034+059) | 060 | 1.528.999.062 | 1.549.991.386 |
| F) OFF BALANCE SHEET ITEMS | 061 | 745.924.395 | 718.995.128 |

| | | | |
|-------------------------------------------------------------------------------|------------|---------------|---------------|
| EQUITY AND LIABILITIES | | | |
| A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078) | 062 | 1.376.809.504 | 1.482.812.078 |
| 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 | 197.000.749 | 273.420.895 |
| 1. Legal reserves | 066 | 17.997.220 | 23.454.999 |
| 2. Reserve for own shares | 067 | 265.600 | 3.237.716 |
| 3. Treasury shares and shares (deductible items) | 068 | 265.600 | 3.237.716 |
| 4. Statutory reserves | 069 | 102.458.881 | 138.879.053 |
| 5. Other reserves | 070 | 76.544.648 | 111.086.843 |
| IV. REVALUATION RESERVES | 071 | | |
| V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074) | 072 | 41.085.994 | 37.997.206 |
| 1. Retained earnings | 073 | 41.085.994 | 37.997.206 |
| 2. Loss carried forward | 074 | | |
| VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077) | 075 | 109.155.582 | 141.826.798 |
| 1. Net profit for the period | 076 | 109.155.582 | 141.826.798 |
| 2. Net loss for the period | 077 | | |
| VII. MINORITY INTEREST | 078 | | |
| B) PROVISIONS (080 do 082) | 079 | 137.873.197 | 57.068.690 |
| 1. Provisions for pensions, severance pay and similar liabilities | 080 | 1.187.395 | 1.723.731 |
| 2. Provisions for tax liabilities | 081 | | |
| 3. Other provisions | 082 | 136.685.802 | 55.344.959 |
| C) NON-CURRENT LIABILITIES (084 do 092) | 083 | 0 | 0 |
| 1. Liabilities to related parties | 084 | | |
| 2. Liabilities for loans, deposits, etc. | 085 | | |
| 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 | 14.316.361 | 10.107.625 |
| 1. Liabilities to related parties | 094 | 2.088.311 | 3.391.942 |
| 2. Liabilities for loans, deposits, etc. | 095 | 170.000 | |
| 3. Liabilities to banks and other financial institutions | 096 | | |
| 4. Liabilities for advances | 097 | | |
| 5. Trade payables | 098 | 1.579.536 | 2.195.066 |
| 6. Commitments on securities | 099 | | |
| 7. Liabilities to companies with participating interest | 100 | | |
| 8. Liabilities to employees | 101 | 2.062.985 | 3.479.688 |
| 9. Taxes, contributions and similar liabilities | 102 | 8.188.912 | 765.640 |
| 10. Liabilities arising from share in the result | 103 | 97.692 | 271.568 |
| 11. Liabilities arising from non-current assets held for sale | 104 | | |
| 12. Other current liabilities | 105 | 128.925 | 3.721 |
| E) ACCRUED EXPENSES AND DEFERRED INCOME | 106 | | 2.993 |
| F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106) | 107 | 1.528.999.062 | 1.549.991.386 |
| G) OFF BALANCE SHEET ITEMS | 108 | 745.924.395 | 718.995.128 |
| 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 01.01.2013. to 31.12.2013.

Company: Končar -Electrical Industry Inc.

| Position | AOP | Previous period | | Current period | |
|---------------------------------------------------------------------------------------------------------|------------|-----------------|-------------|----------------|-------------|
| | | Cummulative | Quarter | Cummulative | Quarter |
| 1 | 2 | 3 | 4 | 5 | 6 |
| I. OPERATING INCOME (112 do 113) | 111 | 117.929.410 | 53.446.954 | 138.811.094 | 14.042.096 |
| 1. Rendering of services | 112 | 53.744.840 | 13.632.808 | 52.783.759 | 13.074.374 |
| 2. Other operating income | 113 | 64.184.570 | 39.814.146 | 86.027.335 | 967.722 |
| II. OPERATING COSTS (115+116+120+124+125+126+129+130) | 114 | 74.981.709 | 26.583.601 | 85.438.513 | -2.504.739 |
| 1. Change in inventories of work in progress | 115 | | | | |
| 2. Material expenses (117 do 119) | 116 | 25.410.703 | 7.969.559 | 26.763.441 | 7.294.544 |
| a) Costs of raw materials | 117 | 5.372.829 | 1.806.504 | 5.900.332 | 1.585.865 |
| b) Cost of goods sold | 118 | | | | |
| c) Other material expenses | 119 | 20.037.874 | 6.163.055 | 20.863.109 | 5.708.679 |
| 3. Employee benefits expenses (121 do 123) | 120 | 20.666.044 | 7.817.216 | 21.259.025 | 7.331.868 |
| a) Net salaries | 121 | 9.834.285 | 3.619.733 | 10.086.243 | 3.415.987 |
| b) Tax and contributions from salary expenses | 122 | 8.522.189 | 3.669.487 | 8.843.390 | 3.361.204 |
| c) Contributions on salary | 123 | 2.309.570 | 527.996 | 2.329.392 | 554.677 |
| 4. Depreciation and amortisation | 124 | 10.331.247 | 2.613.999 | 10.841.703 | 2.685.849 |
| 5. Other expenses | 125 | 16.282.211 | 6.061.677 | 23.866.144 | 5.654.149 |
| 6. Write down of assets (127+128) | 126 | 0 | | 2.097.311 | 2.097.311 |
| a) non-current assets (except financial assets) | 127 | | | | |
| b) current assets (except financial assets) | 128 | | | 2.097.311 | 2.097.311 |
| 7. Provisions | 129 | 241.079 | 241.079 | 536.336 | -27.574.091 |
| 8. Other operating costs | 130 | 2.050.425 | 1.880.071 | 74.553 | 5.631 |
| III. FINANCIAL INCOME (132 do 136) | 131 | 133.728.169 | 99.140.439 | 103.003.734 | 53.430.086 |
| 1. Interest, foreign exchange differences, dividends and similar income from related parties | 132 | 27.451.205 | 873.925 | 40.633.092 | 987.546 |
| 2. Interest, foreign exchange differences, dividends and similar income from third parties | 133 | 18.053.591 | 10.043.141 | 17.286.944 | 7.358.842 |
| 3. Income from investments in associates and joint ventures | 134 | 71.786.659 | 71.786.659 | 45.083.698 | 45.083.698 |
| 4. Unrealised gains (income) from financial assets | 135 | 16.436.714 | 16.436.714 | | |
| 5. Other financial income | 136 | | | | |
| IV. FINANCIAL EXPENSES (138 do 141) | 137 | 62.432.486 | 58.985.336 | 14.549.517 | 10.149.786 |
| 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 | 3.740.857 | 293.707 | 4.894.435 | 494.704 |
| 3. Unrealised losses (expenses) from financial assets | 140 | 58.691.629 | 58.691.629 | 9.655.082 | 9.655.082 |
| 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 | 251.657.579 | 152.587.393 | 241.814.828 | 67.472.182 |
| X. TOTAL EXPENSES (114+137+143+145) | 147 | 137.414.195 | 85.568.937 | 99.989.030 | 7.645.047 |
| XI. PROFIT OR LOSS BEFORE TAXES (146-147) | 148 | 114.243.384 | 67.018.456 | 141.826.798 | 59.827.135 |
| 1. Profit before taxes (146-147) | 149 | 114.243.384 | 67.018.456 | 141.826.798 | 59.827.135 |
| 2. Loss before taxes (147-146) | 150 | 0 | 0 | 0 | 0 |
| XII. TAXATION | 151 | 5.087.802 | 5.087.802 | | -2.119.917 |
| XIII. PROFIT OR LOSS FOR THE PERIOD (148-151) | 152 | 109.155.582 | 61.930.654 | 141.826.798 | 61.947.052 |
| 1. Profit for the period (149-151) | 153 | 109.155.582 | 61.930.654 | 141.826.798 | 61.947.052 |
| 2. Loss for the period (151-148) | 154 | 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 | 109.155.582 | 61.930.654 | 141.826.798 | 61.947.052 |
| II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165) | 158 | 58.642 | 100.385 | -15.767 | -146.839 |
| 1. Exchange differences from international settlement | 159 | 58.642 | 100.385 | -15.767 | -146.839 |
| 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 | 58.642 | 100.385 | -15.767 | -146.839 |
| V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167) | 168 | 109.214.224 | 62.031.039 | 141.811.031 | 61.800.213 |
| 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 01.01.2013. to 31.12.2013.

| 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 | 76.386.399 | 62.710.346 |
| 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 | 12.432.002 | 13.488.857 |
| I. Total increase in cash flow from operating activities (001 to 005) | 006 | 88.818.401 | 76.199.203 |
| 1. Cash paid to suppliers | 007 | 45.267.611 | 48.193.958 |
| 2. Cash paid to employees | 008 | 21.024.046 | 22.053.221 |
| 3. Cash outflows for insurance for damages compensation | 009 | | |
| 4. Interest paid | 010 | 2.672 | 1.854 |
| 5. Tax paid | 011 | 5.377.528 | 15.733.952 |
| 6. Other cash outflows | 012 | 10.187.919 | 11.643.433 |
| II. Total decrease in cash flow from operating activities (007 to 012) | 013 | 81.859.776 | 97.626.418 |
| A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES | 014 | 6.958.625 | 0 |
| A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES | 015 | 0 | 21.427.215 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| 1. Cash flow from sale of long - term tangible and intangible assets | 016 | 2.113.109 | 7.909.045 |
| 2. Cash inflows from sale of equity and debt financial instruments | 017 | 1.804.126 | 1.541.159 |
| 3. Interest receipts | 018 | 19.328.494 | 15.023.621 |
| 4. Dividend receipts | 019 | 95.447.103 | 21.596.130 |
| 5. Other cash inflows from investing activities | 020 | | |
| III. Total cash inflows from investing activities (016 to 020) | 021 | 118.692.832 | 46.069.955 |
| 1. Cash outflows for purchase of long - term tangible and intangible assets | 022 | 31.881.508 | 16.274.137 |
| 2. Cash outflows for purchase of equity and debt financial instruments | 023 | 11.417.400 | 46.299.990 |
| 3. Other cash outflows from investing activities | 024 | | |
| IV. Total cash outflows from investing activities (022 to 024) | 025 | 43.298.908 | 62.574.127 |
| B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES | 026 | 75.393.924 | 0 |
| B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES | 027 | 0 | 16.504.172 |
| 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 | 67.422.852 | 47.523.995 |
| 3. Other cash inflows from financing activities | 030 | 162.478.816 | 234.954.353 |
| V. Total cash inflows from financing activities (028 to 030) | 031 | 229.901.668 | 282.478.348 |
| 1. Cash outflows for repayment of loans and bonds | 032 | 340.000 | 170.000 |
| 2. Dividends paid | 033 | 30.766.728 | 30.784.505 |
| 3. Cash outflows for finance lease | 034 | | |
| 4. Cash outflows for purchase of own stocks | 035 | 3.418.557 | 11.648.805 |
| 5. Other cash outflows from financing activities | 036 | 121.345.667 | 285.653.726 |
| VI. Total cash outflows from financing activities (032 to 036) | 037 | 155.870.952 | 328.257.036 |
| C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES | 038 | 74.030.716 | 0 |
| C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES | 039 | 0 | 45.778.688 |
| Total increases of cash flows (014 – 015 + 026 – 027 + 038 – 039) | 040 | 156.383.265 | 0 |
| Total decreases of cash flows (015 – 014 + 027 – 026 + 039 – 038) | 041 | 0 | 83.710.075 |
| Cash and cash equivalents at the beginning of period | 042 | 42.538.972 | 198.922.237 |
| Decrease in cash and cash equivalents | 043 | 156.383.265 | |
| Increase in cash and cash equivalents | 044 | | 83.710.075 |
| Cash and cash equivalents at the end of period | 045 | 198.922.237 | 115.212.162 |

STATEMENT OF CHANGES IN EQUITY

period 01.01.2013. to 31.12.2013.

| 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 | 273.420.895 |
| 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 | 141.826.798 |
| 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 | 1.376.809.504 | 1.482.812.078 |
| 11. Foreign exchange differences from foreign investments | | 011 | 58.642 | -15.767 |
| 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 | 106.018.341 |
| 17.Total increase or decrease of equity (AOP 011 to 016) | | 017 | 79.442.482 | 106.002.574 |
| | | | | |
| 17 a. Attributable to majority owners | | 018 | | |
| 17 b. Attributable to minority interest | | 019 | | |