

Appendix 1

Reporting period:

01.01.2014.

to

31.03.2014.

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.hrInternet address: www.koncar.hr

Code and name of comune/to | 133 | ZAGREB |

Code and county name | 21 | GRAD ZAGREB |

Number of employees | 53 |

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 31.03.2014.

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	1.137.376.544	1.168.066.145
I. INTANGIBLE ASSETS (004 do 009)	003	250.000	257.436
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005		
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	250.000	257.436
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	349.872.420	353.241.505
1. Land	011	75.233.935	84.156.263
2. Buildings	012	122.657.828	138.722.449
3. Plant and equipment	013	20.877.208	20.079.996
4. Tools, working inventory and transportation assets	014	2.484.904	2.264.727
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	20.657.025	25.000
7. Tangible assets in progress	017	524.204	555.754
8. Other tangible assets	018	63.376	63.376
9. Investment in real-estate	019	107.373.940	107.373.940
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	762.145.117	789.638.435
1. Share in related parties	021	759.040.062	785.233.380
2. Loans to related parties	022		1.300.000
3. Participating interests (shares)	023		
4. Loans to companies with participating interest	024		
5. Investments in securities	025	3.105.055	3.105.055
6. Loans, deposits, etc.	026		
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	25.109.007	24.928.769
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031	9.756.566	9.568.090
3. Other receivables	032	15.352.441	15.360.679
V. DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	411.443.191	404.287.349
I. INVENTORIES (036 do 042)	035	33.435	359.714
1. Raw materials and supplies	036		
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039		
5. Advances for inventories	040	33.435	359.714
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	81.875.622	68.009.318
1. Receivables from related parties	044	63.354.921	47.625.506
2. Receivables from end-customers	045	553.984	756.318
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	47.627	857.334
5. Receivables from government and other institutions	048		
6. Other receivables	049	17.919.090	18.770.160
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	214.321.972	268.218.609
1. Share in related parties	051		
2. Loans to related parties	052	56.604.644	23.150.000
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	157.717.328	245.068.609
IV. CASH AND CASH EQUIVALENTS	058	115.212.162	67.699.708
D) PREPAYMENTS AND ACCRUED INCOME	059	1.171.651	2.467.367
E) TOTAL ASSETS (001+002+034+059)	060	1.549.991.386	1.574.820.861
F) OFF BALANCE SHEET ITEMS	061	638.831.274	638.511.806

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.482.812.078	1.506.898.504
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	273.420.895	273.479.214
1. Legal reserves	066	23.454.999	23.454.999
2. Reserve for own shares	067	3.237.716	1.338.982
3. Treasury shares and shares (deductible items)	068	3.237.716	1.338.982
4. Statutory reserves	069	138.879.053	138.879.053
5. Other reserves	070	111.086.843	111.145.162
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	37.997.206	181.722.738
1. Retained earnings	073	37.997.206	181.722.738
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	141.826.798	22.129.373
1. Net profit for the period	076	141.826.798	22.129.373
2. Net loss for the period	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	57.068.690	57.068.690
1. Provisions for pensions, severance pay and similar liabilities	080	1.723.731	1.723.731
2. Provisions for tax liabilities	081		
3. Other provisions	082	55.344.959	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	10.110.618	10.853.667
1. Liabilities to related parties	094	3.391.942	2.548.729
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096		
4. Liabilities for advances	097		
5. Trade payables	098	2.195.066	1.158.320
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	1.742.003	2.714.204
9. Taxes, contributions and similar liabilities	102	2.503.327	4.047.198
10. Liabilities arising from share in the result	103	271.568	257.988
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	6.712	127.228
E) ACCRUED EXPENSES AND DEFERRED INCOME	106		
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.549.991.386	1.574.820.861
G) OFF BALANCE SHEET ITEMS	108	638.831.274	638.511.806
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 01.01.2014. to 31.03.2014.

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	13.469.066	13.469.066	13.333.934	13.333.934
1. Rendering of services	112	13.252.868	13.252.868	13.133.165	13.133.165
2. Other operating income	113	216.198	216.198	200.769	200.769
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	18.421.884	18.421.884	20.531.823	20.531.823
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	6.134.328	6.134.328	6.053.197	6.053.197
a) Costs of raw materials	117	1.996.363	1.996.363	1.816.856	1.816.856
b) Cost of goods sold	118				
c) Other material expenses	119	4.137.965	4.137.965	4.236.341	4.236.341
3. Employee benefits expenses (121 do 123)	120	5.387.259	5.387.259	5.996.062	5.996.062
a) Net salaries	121	2.548.008	2.548.008	2.891.020	2.891.020
b) Tax and contributions from salary expenses	122	2.128.470	2.128.470	2.309.997	2.309.997
c) Contributions on salary	123	710.781	710.781	795.045	795.045
4. Depreciation and amortisation	124	2.734.504	2.734.504	2.884.787	2.884.787
5. Other expenses	125	4.165.433	4.165.433	5.597.777	5.597.777
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				
8. Other operating costs	130	360	360		
III. FINANCIAL INCOME (132 do 136)	131	39.531.089	39.531.089	29.639.754	29.639.754
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	37.827.053	37.827.053	28.281.066	28.281.066
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	1.704.036	1.704.036	1.358.688	1.358.688
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136				
IV. FINANCIAL EXPENSES (138 do 141)	137	407.218	407.218	312.491	312.491
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	407.218	407.218	312.491	312.491
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141				
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+144)	146	53.000.155	53.000.155	42.973.688	42.973.688
X. TOTAL EXPENSES (114+137+143+145)	147	18.829.102	18.829.102	20.844.314	20.844.314
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	34.171.053	34.171.053	22.129.374	22.129.374
1. Profit before taxes (146-147)	149	34.171.053	34.171.053	22.129.374	22.129.374
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	34.171.053	34.171.053	22.129.374	22.129.374
1. Profit for the period (149-151)	153	34.171.053	34.171.053	22.129.374	22.129.374
2. Loss for the period (151-148)	154	0	0	0	0
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	34.171.053	34.171.053	22.129.374	22.129.374
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	-12.620	-12.620	58.319	58.319
1. Exchange differences from international settlement	159	-12.620	-12.620	58.319	58.319
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	-12.620	-12.620	58.319	58.319
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	34.158.433	34.158.433	22.187.693	22.187.693
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 01.01.2014. to 31.03.2014.

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	14.415.839	13.688.422
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	1.989.025	2.651.878
I. Total increase in cash flow from operating activities (001 to 005)	006	16.404.864	16.340.300
1. Cash paid to suppliers	007	13.342.499	15.196.983
2. Cash paid to employees	008	5.433.588	3.790.228
3. Cash outflows for insurance for damages compensation	009		
4. Interest paid	010	1.847	1.389
5. Tax paid	011	1.451.312	2.519.491
6. Other cash outflows	012	1.696.382	2.102.994
II. Total decrease in cash flow from operating activities (007 to 012)	013	21.925.628	23.611.085
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	015	5.520.764	7.270.785
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	016	567.802	504.141
2. Cash inflows from sale of equity and debt financial instruments	017	1.470	7.062
3. Interest receipts	018	1.622.483	1.507.103
4. Dividend receipts	019		45.083.698
5. Other cash inflows from investing activities	020		
III. Total cash inflows from investing activities(016 to 020)	021	2.191.755	47.102.004
1. Cash outflows for purchase of long - term tangible and intangible assets	022	429.223	6.513.766
2. Cash outflows for purchase of equity and debt financial instruments	023	100.170	26.135.000
3. Other cash outflows from investing activities	024		
IV. Total cash outflows from investing activities (022 to 024)	025	529.393	32.648.766
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	1.662.362	14.453.238
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	027	0	
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash receipts from issuance of equity and debt financial instruments	028		
2. Cash inflows from loans, debentures, credits and other borrowings	029		
3. Other cash inflows from financing activities	030	24.563.300	49.845.175
V. Total cash inflows from financing activities (028 to 030)	031	24.563.300	49.845.175
1. Cash outflows for repayment of loans and bonds	032		
2. Dividends paid	033	7.582	13.579
3. Cash outflows for finance lease	034		
4. Cash outflows for purchase of own stocks	035		
5. Other cash outflows from financing activities	036	129.749.095	104.526.503
VI. Total cash outflows from financing activities (032 to 036)	037	129.756.677	104.540.082
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	039	105.193.377	54.694.907
Total increases of cash flows (014 – 015 + 026 – 027 + 038 – 039)	040	0	0
Total decreases of cash flows (015 – 014 + 027 – 026 + 039 – 038)	041	109.051.779	47.512.454
Cash and cash equivalents at the beginning of period	042	198.922.237	115.212.162
Decrease in cash and cash equivalents	043		
Increase in cash and cash equivalents	044	109.051.779	47.512.454
Cash and cash equivalents at the end of period	045	89.870.458	67.699.708

STATEMENT OF CHANGES IN EQUITY

period **01.01.2014.** to **31.03.2014.**

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	273.420.895	273.479.214
4. Retained earnings or loss carried forward	004	37.997.206	181.722.737
5. Net profit or loss for the period	005	141.826.798	22.129.374
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	1.482.812.078	1.506.898.504
11. Foreign exchange differences from foreign investments	011	-15.767	58.319
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	106.018.341	24.028.107
17. Total increase or decrease of equity (AOP 011 to 016)	017	106.002.574	24.086.426
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		