

**KONČAR GROUP MANAGING BOARD BUSINESS REPORT
FOR JANUARY – SEPTEMBER, 2014**

The KONČAR Group consists of KONČAR – ELEKTROINDUSTRIJA d.d. (KONČAR – ELECTRICAL INDUSTRY Inc.) as the Mother Company and 18 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 30/09/2014 amount to HRK 989.5 million representing an increase by HRK 444 million compared to 31/12/2013. The increase refers generally to the joint warranties bound to bank guarantees for projects recently contracted by Končar – Električna vozila (Končar – Electrical Vehicles) for delivery of trains to HŽ – Croatian Railways - Passenger Transport. Out of the total guarantees and joint warranties the amount of HRK 685.9 million refers 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;
- Trade: manufacture of 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.

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 Statutes of the Company) requires the Supervisory Board consent.

The Supervisory Board has 8* 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
Ivan Rujnić	Member
Petar Vlaić	Member

*Note:

Tomislav Radoš resigned from the membership of the Supervisory Board in July, 2014, since he took over a new office. On the basis of a proposal of the Commission of the Republic of Croatia in charge of management of strategic trading companies, the Government of the Republic of Croatia made a decision and proposed to the AGM/EGM of the Company Končar – Electrical Industry Inc. to recall Kristina Čelić, a current Supervisory Board member from her duty and to elect Nikola Plavec and Petar Mišura for new Supervisory Board Members in September. Preparations for convening of an Extraordinary General Meeting are in due course. The Extraordinary General Meeting Agenda foresees an agenda item, i.e. recall and election of Supervisory Board members.

Končar Group Business Results for January to September, 2014

Končar Group Companies generated consolidated incomes from sales of products and services in the amount of HRK 1,786.7 million for the time period from January to September, 2014 and they are higher by 1.6 % compared to the achievements during the same time period of the previous year.

On the domestic market the income from sales of products and services was generated in the amount of HRK 841.6 million, making it 1.5 % lower in the comparison with the same time period of the previous year (47 % of the total generation of the income from sales of products and services). Incomes from sales of products and services that were exported amounted to HRK 945.1 million and they were 4.5 % higher than the achievement of the same time period of the previous year. (Incomes from sales of products and services abroad make 53 % of the total income generated from sales of products and services).

Other operating incomes were achieved in the amount of HRK 122.7 million and they are lower by HRK 39.3 million in the comparison with the achievement during the time period January – September 2013. Other operating incomes comprise incomes from cancellation of reserves in the amount of HRK 68.8 million (51.3 million less than the same period of the previous year). Other operating incomes (collection of written off receivables, collected penalties and collected damages from insurance companies, incomes of previous years and similar) were achieved in several companies in the amount of HRK 53.8 million and they are HRK 11.9 million higher than the same achievement for the first three quarters of the previous year.

Operating incomes were generated in the amount of HRK 1,909.4 million, the amount that is lower by 0.6 % than the achieved from January to September, 2013. Within business incomes, incomes from sales of products and services amount to 93.5 % of the total business incomes.

Operating revenues were generated in the amount of HRK 1,846.2 million and they are 0.6 % higher than the achievement of the time period January – September, 2013.

Within the operating incomes (corrected by the change in stocks), material expenses participated in the amount of 64.8 % making an increase of 4.2 % compared to the same time period of the previous year. The most significant increase of material expenses refers to companies Končar – Electrical Vehicles (trains) and Končar – Switchgear (a contract for the UAE).

Costs of sold goods amount to HRK 127.9 million and they are higher by HRK 57.8 million compared to the same time period of the previous year (the majority of the increase refers to costs of sold goods in Company Končar – Household Appliances).

The share of personnel costs in operating incomes (corrected by the change in stocks) amounts to 18.2 % and they are lower by 0.2 % compared to the same time period of the previous year.

The difference between operating incomes and operating revenues gives the profit of operating activities in the amount of HRK 63.2 million making it lower by HRK 23.2 million compared to the achievement for the time period January – September, 2013.

A share in profits belonging to associated entrepreneurs amounts to HRK 33.4 million and it is higher by 3.6 % or by HRK 1.1 million compared to the same time period of the previous year.

The difference between financial incomes and financial revenues is negative and it amounts to HRK 1.7 million.

In the time period January – September 2014, the total incomes were generated in the amount of HRK 1,972.2 million making them lower by 1.1 % compared to the generated during the same time period in 2013. The total revenues for the same period were generated in the amount of HRK 1,877.3 million and they were higher by 0.2 % comparing them with the time period from January to September, 2013.

Profits from operating activities in the amount of HRK 63.2 million, the share in the profit of the associated entrepreneurs in the amount of HRK 33.4 million and the negative difference between financial incomes and revenues in the amount of HRK 1.7 million make the consolidated profit before tax in the amount of HRK 94.9 million. The profit tax advance payment amounts to HRK 13.1 million, while the profit after tax amounts to HRK 81.8 million distributed to the non-controlling interest (the minority interest) in the amount of HRK 19.7 million and to the Group Mother Company shareholders HRK 62.1 million.

Out of 19 Končar Group Companies, 16 Companies generated a positive financial result, while three companies expressed a loss in the total amount of HRK 10.5 million.

On the basis of made estimations it is expected that the Končar Group is going to achieve incomes somewhat higher than the achievement of the last year.

Within the structure of incomes from sales of products and services in the domestic market, incomes from sales of products and services to the Croatian Power Authority (HEP) amount to HRK 316.9 million or HRK 34.3 million or 9.8 % lower than the achievement of the time period January – September, 2013. Incomes from sales of products and services to the Croatian Power Authority (HEP) make 37.7 % of the total achieved incomes from sales of products and services in the domestic market during the time period from January to September of 2014.

The Group delivered products in the amount of HRK 162.9 million to trading companies, the Group delivered products and services in the amount of HRK 112.1 million to companies belonging to industry and shipbuilding sector, HRK 61.9 million to State and Local Government, HRK 43.2 million to Zagreb Electric Trams (ZET), HRK 33.5 million to the Croatian Railways (HŽ), HRK 25.8 million to INA (Croatian Oil Industry), THT (Croatian Telecomm), Plinacro (Croatian Gas Company) and the rest amount of HRK 43.1

million refer to companies from the civil engineering field, HAC (Croatian Motorways) and HC (Croatian Roads) and non-distributed buyers. The correction for deferred incomes in the domestic market is positive and it amounts to HRK 42.2 million.

During the time period from January to September, 2014 in the foreign market the Group generated incomes from sales of products and services in the amount of HRK 945.2 million or 4.5 % higher than the achievement of the same time period of the previous year. The export share in the total incomes of sales of products and services amounts to 53 %. The most important exported goods and services went to Bosnia and Herzegovina in the amount of HRK 69.5 million, Sweden in the amount of HRK 58.6 million, Germany in the amount of HRK 57.2 million, the Check Republic in the HRK 48.4 million, Austria in the amount of HRK 42.2 million and to the Netherlands in the amount of HRK 41.8 million.

Compared to the previous year, a significant increase of incomes from sales of goods and services in export was generated by the export into Italy to which the export was increased by the amount of HRK 29 million compared to the same time period of 2013 and it referred in the first line to the export of the Company Distributive and Special Transformers in the amount of HRK 27 million. Compared to the previous year, the export was significantly increased in the markets of Belgium (the export was higher by HRK 27 million compared to the previous year) and Albania (the export was higher by HRK 22 million). The increase of the export to Albania resulted from the export of the Company Končar – Power Plant and Electric Traction Engineering.

During the time period January – September, 2014, Končar Group Companies contracted new projects in the amount of HRK 3,344.9 million. Out of the total contracted new projects HRK 1,631.3 million refer to the Contract for Delivery of Trains made by and between Končar – Electrical Vehicles and HŽ – Croatian Railways – Passenger Transport

Contracted new projects in the amount of HRK 1,131.3 million will be performed in 2014, while contracted projects to be performed during 2015 and following years amount to HRK 2,213.5 million.

At the end of September, 2014, the contracted project status (receivables due) amounted to HRK 3,851.6 million that was 68 % higher than the contracted project status at the beginning of the year.

The level of the total consolidated assets and asset sources as of 30th September, 2014 amounted to HRK 3,801.6 million making an increase by HRK 334.5 million or 9.6 % compared to 31st December, 2013.

Within the structure of asset sources, the registered capital, reserves, retained profits, profits of the current year and not controlling interest capital amounted to HRK 2,213.8 million that was HRK 38.3 million more compared to the level on 31st December, 2013 and they made 58.2 % of the total sources. Long term reserves amounted to HRK 287.6 million and they were lower by HRK 52.3 million compared to the situation as of 31st December, 2013 and they made 7.6 % of the total sources. Non-current liabilities and current liabilities amounted to HRK 1,173.9 million making them higher by HRK 350.9 compared to the position at the end of 2013 and made 31 % of the total sources.

Within the frames of current liabilities, accounts payable amounted to HRK 408 million (HRK 100.2 million more compared to the position as of the end of 2013) and they made 10.7 % of the total sources. The advance payment liabilities amounted to HRK 397.7 million and they were higher by HRK 255.8 million compared to the situation as of at the end of the previous year. The majority of the increase refers to the received advances of Company Končar – Electrical Vehicles in the amount of HRK 242.2 million for the advanced payment on the basis of the Contract for the Delivery of Trains to the Croatian Railways (HŽ) for Passenger Transport.

The total loans (both, long term and current) amounted to HRK 300.8 million and they were higher by HRK 0.3 million compared to the total loans as of 31st December, 2013 and they made 7.9 % of the total sources.

Long term asset sources (capital, long term reserves and long term liabilities) were higher by HRK 408.2 million from the long term assets and the average level of stocks pointing at a good term structure of asset sources. Current assets were 2.3 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

31th October, 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 – September, 2014.

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

Pursuant our best knowledge, Consolidated 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

31st October, 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

Marina Markušić, accounting expert, branka.velkovski@koncar.hr

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

Appendix 1

Reporting period:

01.01.2014.

to

30.09.2014.

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 | 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.hrSurname 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 30.09.2014.

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	1.188.461.001
I. INTANGIBLE ASSETS (004 do 009)	003	250.000	632.436
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	632.436
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	349.872.420	352.893.857
1. Land	011	75.233.935	84.156.263
2. Buildings	012	122.657.828	137.880.078
3. Plant and equipment	013	20.877.208	18.712.939
4. Tools, working inventory and transportation assets	014	2.484.904	2.044.046
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	20.657.025	974.288
7. Tangible assets in progress	017	524.204	1.688.927
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	810.429.789
1. Share in related parties	021	759.040.062	807.657.297
2. Loans to related parties	022		
3. Participating interests (shares)	023		
4. Loans to companies with participating interest	024		
5. Investments in securities	025	3.105.055	1.472.492
6. Loans, deposits, etc.	026		1.300.000
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	25.109.007	24.504.919
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031	9.756.566	9.176.460
3. Other receivables	032	15.352.441	15.328.459
V. DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	411.443.191	333.585.632
I. INVENTORIES (036 do 042)	035	33.435	306.769
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	306.769
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	81.875.622	41.364.370
1. Receivables from related parties	044	63.354.921	12.303.697
2. Receivables from end-customers	045	553.984	1.049.623
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	47.627	82.070
5. Receivables from government and other institutions	048		
6. Other receivables	049	17.919.090	27.928.980
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	214.321.972	269.272.924
1. Share in related parties	051		
2. Loans to related parties	052	56.604.644	3.000.000
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056		875.000
7. Other financial assets	057	157.717.328	265.397.924
IV. CASH AND CASH EQUIVALENTS	058	115.212.162	22.641.569
D) PREPAYMENTS AND ACCRUED INCOME	059	1.171.651	8.695.824
E) TOTAL ASSETS (001+002+034+059)	060	1.549.991.386	1.530.742.457
F) OFF BALANCE SHEET ITEMS	061	638.831.274	587.081.783

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.482.812.078	1.488.349.188
I. SUBSCRIBED SHARE CAPITAL	063	1.028.847.600	1.208.895.930
II. CAPITAL RESERVES	064	719.579	719.579
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	273.420.895	235.298.059
1. Legal reserves	066	23.454.999	30.546.339
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	163.414.511
5. Other reserves	070	111.086.843	41.337.209
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	37.997.206	9.052.844
1. Retained earnings	073	37.997.206	9.052.844
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	141.826.798	34.382.776
1. Net profit for the period	076	141.826.798	34.382.776
2. Net loss for the period	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	57.068.690	35.991.226
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	34.267.495
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	6.402.043
1. Liabilities to related parties	094	3.391.942	3.145.200
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	1.105.338
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	1.742.003	652.272
9. Taxes, contributions and similar liabilities	102	2.503.327	1.067.292
10. Liabilities arising from share in the result	103	271.568	244.744
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	6.712	187.197
E) ACCRUED EXPENSES AND DEFERRED INCOME	106		
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.549.991.386	1.530.742.457
G) OFF BALANCE SHEET ITEMS	108	638.831.274	587.081.783
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 30.09.2014.

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	124.768.998	97.848.750	74.638.546	37.329.845
1. Rendering of services	112	39.709.385	13.371.138	39.976.012	13.658.271
2. Other operating income	113	85.059.613	84.477.612	34.662.534	23.671.574
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	87.943.252	45.260.747	91.643.429	40.996.241
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	19.468.897	7.407.347	18.133.901	6.444.026
a) Costs of raw materials	117	4.314.467	1.071.298	4.121.581	1.121.181
b) Cost of goods sold	118				
c) Other material expenses	119	15.154.430	6.336.049	14.012.320	5.322.845
3. Employee benefits expenses (121 do 123)	120	13.927.157	3.667.298	16.253.445	4.188.213
a) Net salaries	121	6.670.256	1.773.082	7.664.677	1.983.263
b) Tax and contributions from salary expenses	122	5.482.186	1.412.425	6.404.871	1.590.298
c) Contributions on salary	123	1.774.715	481.791	2.183.897	614.652
4. Depreciation and amortisation	124	8.155.854	2.711.242	8.769.069	2.938.895
5. Other expenses	125	18.211.995	3.347.360	14.618.637	
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	68.922	17.073	33.868.377	27.425.107
III. FINANCIAL INCOME (132 do 136)	131	49.573.648	7.539.128	55.737.178	3.777.972
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	39.645.546	1.079.346	49.953.232	51.309
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	9.928.102	6.459.782	5.783.946	3.726.663
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	4.399.731	204.264	4.349.519	547.619
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	4.399.731	204.264	4.349.519	547.619
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	174.342.646	105.387.878	130.375.724	41.107.817
X. TOTAL EXPENSES (114+137+143+145)	147	92.342.983	45.465.011	95.992.948	41.543.860
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	81.999.663	59.922.867	34.382.776	-436.043
1. Profit before taxes (146-147)	149	81.999.663	59.922.867	34.382.776	-436.043
2. Loss before taxes (147-146)	150	0	0		
XII. TAXATION	151	2.119.917	1.271.950		
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	79.879.746	58.650.917	34.382.776	-436.043
1. Profit for the period (149-151)	153	79.879.746	58.650.917	34.382.776	-436.043
2. Loss for the period (151-148)	154	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	79.879.746	58.650.917	34.382.776	-436.043
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	131.072	374.701	98.696	106.631
1. Exchange differences from international settlement	159	131.072	374.701	98.696	106.631
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-valuation 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	131.072	374.701	98.696	106.631
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	80.010.818	59.025.618	34.481.472	329.412
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 30.09.2014.

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	46.352.091	54.888.376
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	11.560.514	20.300.484
I. Total increase in cash flow from operating activities (001 to 005)	006	57.912.605	75.188.860
1. Cash paid to suppliers	007	35.220.524	40.250.837
2. Cash paid to employees	008	17.774.615	18.637.500
3. Cash outflows for insurance for damages compensation	009		
4. Interest paid	010	1.854	1.519
5. Tax paid	011	12.726.362	9.235.727
6. Other cash outflows	012	9.400.517	56.839.652
II. Total decrease in cash flow from operating activities (007 to 012)	013	75.123.872	124.965.235
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	015	17.211.267	49.776.375
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	016	7.464.560	1.859.596
2. Cash inflows from sale of equity and debt financial instruments	017	1.530.259	3.366.155
3. Interest receipts	018	7.747.091	2.946.509
4. Dividend receipts	019	21.551.442	72.752.923
5. Other cash inflows from investing activities	020		
III. Total cash inflows from investing activities(016 to 020)	021	38.293.352	80.925.183
1. Cash outflows for purchase of long - term tangible and intangible assets	022	15.855.687	9.162.816
2. Cash outflows for purchase of equity and debt financial instruments	023	38.958.740	26.933.000
3. Other cash outflows from investing activities	024		
IV. Total cash outflows from investing activities (022 to 024)	025	54.814.427	36.095.816
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	0	44.829.367
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	027	16.521.075	
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	39.057.513	56.824.004
3. Other cash inflows from financing activities	030	75.304.692	36.236.492
V. Total cash inflows from financing activities (028 to 030)	031	114.362.205	93.060.496
1. Cash outflows for repayment of loans and bonds	032	170.000	
2. Dividends paid	033	30.879.064	
3. Cash outflows for finance lease	034		
4. Cash outflows for purchase of own stocks	035	11.648.805	
5. Other cash outflows from financing activities	036	159.299.554	149.814.161
VI. Total cash outflows from financing activities (032 to 036)	037	201.997.423	149.814.161
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	039	87.635.218	56.753.665
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	121.367.560	61.700.673
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	121.367.560	92.570.594
Cash and cash equivalents at the end of period	045	77.554.677	22.641.568

STATEMENT OF CHANGES IN EQUITY

period **01.01.2014.** to **30.09.2014.**

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	1.028.847.600	1.208.895.930
2. Capital reserves	002	719.579	719.579
3. Reserves from profit	003	273.420.894	235.298.058
4. Retained earnings or loss carried forward	004	37.997.206	9.052.844
5. Net profit or loss for the period	005	141.826.798	34.382.776
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	1.482.812.077	1.488.349.187
11. Foreign exchange differences from foreign investments	011	-15.767	98.696
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	5.438.414
17. Total increase or decrease of equity (AOP 011 to 016)	017	106.002.574	5.537.110
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		