

CROATIAN FINANCIAL SERVICES
SUPERVISORY AGENCY
24B, Miramarska Street
Hr-10000 Zagreb

Zagreb Stock Exchange
Ivana Lučića 20a
Hr -10000 Zagreb

Zagreb, 22nd May, 2014

Končar – Electrical Industry Inc. Annual General Meeting was held

The Annual General Meeting of the Company KONČAR – ELECTRICAL INDUSTRY Inc. was held in the Company headquarters on 22nd May, 2014 with the presence of shareholder representatives holding 1,811,660 shares making 70.49 per cent of the total share capital of the Company. Since 70.49 per cent of the total share capital of the Company was present, conditions for the operation of the Annual General Meeting were fulfilled and all reached decisions were valid.

Nenad Filipović, the president of the Company Supervisory Board, who was also the Chairman of the AGM pursuant the Statutes of the Company, chaired the Annual General Meeting. In addition to shareholder representatives, the President of the Managing Board, Darinko Bago, and the members of the Managing Board and the Supervisory Board of the Company were also present at the AGM.

When the AGM voted for all the decisions from the Agenda, Nenad Filipović, the Chairman of the AGM, concluded the Meeting.

Reached decisions are listed below.

Managing Board of
Končar – Electrical Industry Inc.

Končar – Electrical Industry Inc.
Zagreb, Fallerovo šetalište Street No 22

Ad.2.

Pursuant Article 275 on the Trading Company Act and Article 36 of the Statutes of Končar – Electrical Industry Inc.

the AGM took the notice of the Managing Board 2013 Annual Report on the position of the Company and the dependent Companies

on 22nd May, 2014

In Zagreb, on 22nd May, 2014

AGM Chairman

Nenad Filipović

Končar – Electrical Industry Inc.
Zagreb, Fallerovo šetalište Street No 22

Ad.3.

The AGM takes the notice of the information on 2013 KONČAR – ELECTRICAL INDUSTRY Inc. Financial Reports and 2013 KONČAR GROUP Consolidated Financial Reports as determined by the Managing and the Supervisory Boards including Auditor Reports on the performed audit of financial reports.

In 2013 the Company generated the following amounts expressed in thousands of Croatian kunas (HRK):

- Total revenues	– in the amount of:	241,815
- Total expenditures	- in the amount of:	99,988
- Profit before taxation	- in the amount of:	141,827
- Income tax	- in the amount of:	0
- Net profits	- in the amount of:	141,827
- Total assets of the Company:		1,549,991
- Capital, reserves and unallocated profits:		1,482,812

In 2013 the Končar Group generated the following amounts expressed in thousands of Croatian kunas (HRK):

- Total consolidated revenues	– in the amount of:	2.850.979
- Total consolidated expenditures	- in the amount:	2.671.636
- Profit before taxation	- in the amount of:	179.343
- Income tax	- in the amount of:	15.647
- Profits after taxation	- in the amount of:	163.696
- Total assets:		3.647.130
- Capital, reserves and unallocated profits:		2.175.508

In Zagreb, on 22nd May, 2014

AGM Chairman

Nenad Filipović

Končar – Electrical Industry Inc.
Zagreb, Fallerovo šetalište Street No 22

Ad.4.

Pursuant Article 275 on the Trading Company Act and Article 36 of the Statutes of Končar – Electrical Industry Inc. the AGM

took the notice of the Supervisory Board Report on supervision of management of business operations of the Company in 2013.

on 22nd May, 2014.

In Zagreb, on 22nd May, 2014

AGM Chairman

Nenad Filipović

Končar – Electrical Industry Inc.
Zagreb, Fallerovo šetalište Street No 22

Ad.5.

Pursuant Article 220 of the Trading Company Act (Official Gazette of the Republic of Croatia No 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13) and provisions of Article 22, Article 23, Para 2 and Article 24 of the Statutes of Končar – Electrical Industry Inc. the AGM of Končar – Electrical Industry Inc. reached the following

DECISION ON PAYMENT OF DIVIDENDS

On 22nd May, 2014

1. A dividend in the amount of HRK 30,811,428.00 will be paid to shareholders from the retained profits generated in previous business years amounting to HRK 12.00 per share;
2. Dividends shall be paid to every shareholder that is registered in the Depository of the Central Clearing Depository Association (SKDD) as a holder of rights arising from the share on the date that falls 15 (fifteen) days after holding of the AGM. That is the date of acquisition of the right to payment of dividends.
3. The payment of any dividend shall be executed not later than 15 (fifteen) days from the date of acquisition of the claim to pay the dividend.

Explanation:

KONČAR – ELECTRICAL INDUSTRY Inc. Managing and Supervisory Boards determined the Company 2013 Financial Reports on 7th April, 2014.

The net profits of the Company KONČAR – ELECTRICAL INDUSTRY Inc. generated in the business year of 2013 amount to HRK 141,826,798.02. The profits in the amount of HRK 141,826,798.02 are allocated to:

- Legal reserves (5 %)	- in the amount of	7,091,339.90 HRK
- Statutory reserves	- in the amount of	24,535,458.12 HRK
- Increase of the share capital /reinvested profits	- in the amount of	110,200,000.00 HRK

Total 141,826,798.02 HRK

The Managing and Supervisory Boards propose to KONČAR – ELECTRICAL INDUSTRY Inc. Annual General Meeting to pay the dividend from the retained profits generated during previous years to the Company shareholders.

AGM Chairman

Nenad Filipović

Končar – Electrical Industry Inc.
Zagreb, Fallerovo šetalište Street No 22

Ad.6.a

Pursuant Article 276 on the Trading Company Act and Article 36 of the Statutes of Končar – Electrical Industry Inc., the AGM reached the following

DECISION
On 22nd May, 2014

The Company Managing Board members are relieved of duty to manage business operations of the Company in 2013.

In Zagreb, on 22nd May, 2014

AGM Chairman

Nenad Filipović

Končar – Electrical Industry Inc.
Zagreb, Fallerovo šetalište Street No 22

Ad.6.b

Pursuant Article 276 on the Trading Company Act and Article 31 of the Statutes of Končar – Electrical Industry Inc., the AGM reached the following

DECISION
On 22nd May, 2014

The Company Supervisory Board members are relieved of duty to supervise managing of business operations of the Company in 2013.

In Zagreb, on 22nd May, 2014

AGM Chairman

Nenad Filipović

Končar – Electrical Industry Inc.
Zagreb, Fallerovo šetalište Street No 22

Ad.7

Pursuant Article 269 on the Trading Company Act and Article 36 of the Statutes of Končar – Electrical Industry Inc., the AGM reached the following

DECISION
On 22nd May, 2014

The Company Supervisory Board members shall receive one-off remuneration for the achieved 2013 business result in the amount of 1/10 of the amount of remuneration of each Company Managing Board member, while the Supervisory Board Chairman and Deputy Chairman shall receive one-off remuneration in the amount of 1/10 of the remuneration of the Managing Board Chairman. The paid amounts shall be net amounts and the Company shall pay associated taxes, local taxes and contributions.

In Zagreb, on 22nd May, 2014

AGM Chairman

Nenad Filipović

Končar – Electrical Industry Inc.
Zagreb, Fallerovo šetalište Street No 22

Ad.8

Pursuant Article 275 on the Trading Company Act and Article 36 of the Statutes of Končar – Electrical Industry Inc., the AGM reached the following

DECISION
On 22nd May, 2014

Companies PricewaterhouseCoopers Ltd. from Zagreb, Kneza Ljudevita Posavskog Street No 31/VI and Reconsult Ltd. from Zagreb, Hrvatskih Velikana Square No 4/1 are commonly appointed auditors for KONČAR – ELECTRICAL INDUSTRY Inc. Financial Reports and the KONČAR Group Consolidated Financial Reports for the year of 2014.

In Zagreb, on 22nd May, 2014

AGM Chairman

Nenad Filipović

Končar – Electrical Industry Inc.
Zagreb, Fallerovo šetalište Street No 22

Ad.9

Pursuant Article 220 on the Trading Company Act bound to Article 6, Para 1, Item 6 and Para 5 to 7 of the Income Tax Act and Article 36 of the Statutes of Končar – Electrical Industry Inc., the AGM reached the following

**DECISION
ON THE INCREASE OF THE SHARE CAPITAL
On 22nd May, 2014**

Article 1

The share capital of the Company amounts to HRK 1,028,847,600.00 and it is divided into 2,572,119 registered ordinary shares each one having the nominal value of HRK 400.00 and the identification KOEI-R-A.

The share capital is paid completely.

Article 2

The share capital of the Company is increased from the profits generated in the year of 2013 (the reinvested profits) in the amount of HRK 110,200,000.00 that is added to the share capital of the Company in accordance with the Trading Company Act, Art 220, Para 4, Item 3 and Art 328. The stated increase of the share capital is based on 2013 audited Annual Financial Reports. The share capital is increased by the amount of HRK 69,848,330.00 from other reserves created during previous years. The total amount of the increase of the share capital amounts to HRK 180,048,330.00.

The share capital is increased from the amount of HRK 1,028,847,600.00 by the amount of HRK 180,048,330.00 to the amount of HRK 1,208,895,930.00.

The increase of the share capital will be performed through the increase of the share nominal value by HRK 70.00 per share, i.e. from HRK 400.00 to HRK 470.00 per share.

Article 3

The Share Register kept and maintained by the Central Clearing Depository Association (SKDD) shall be informed on the stated change.

Article 4

After the stated increase of the share capital, the Company share capital amounts to HRK 1,208,895,930.00 and it is divided into 2,572,119 registered ordinary shares each one having the nominal value of HRK 470.00 and identification KOEI-R-A.

Article 5

The AGM authorised the Managing Board of the Company to perform all legal activities to implement the stated increase of the share capital from the company assets.

Article 6

The AGM charges the Managing Board of the Company to perform all necessary legal activities and to submit the application to the Commercial Court of Zagreb to register this Decision in to the Court Register.

The AGM charges the Managing Board of the Company to assure performance of the increase of the share capital in the Non-Materialised Security Register kept and maintained by the Central Clearing Depository Association (SKDD).

In Zagreb, on 22nd May, 2014

AGM Chairman

Nenad Filipović

Končar – Electrical Industry Inc.
Zagreb, Fallerovo šetalište Street No 22

Ad.10

Pursuant Articles 36 and 61 of the Statutes of Končar – Electrical Industry Inc., Zagreb, Fallerovo šetalište Street No 22, and pursuant the provision of Article 301 of the Trading Company Act, the AGM reached the following

DECISION ON AMENDMENTS OF THE STATUTES
On 22nd May, 2014

Article 1

The Article 15, Para 1 and Para 2 are amended and now they read as follows:
“The Share Capital of the Company amounts to HRK 1,208,895,930.00 (in words: one billion two hundred and eight million eight hundred ninety-five thousand nine hundred thirty Croatian kunas).

The Share Capital is divided into 2.572.119 (in words: two million five hundred seventy-two thousand one hundred nineteen) registered ordinary shares identified as KOEI-R-A, each one having the nominal value of HRK 470.00 (in words: four hundred seventy Croatian kunas)”.

Article 2

The Article 40, the third line, is amended and it now reads as follows:
“- entering into contracts with Managing Board Members and Managing Board Member Deputies that determine mutual rights and obligations, as well as salaries of Managing Board Members and Managing Board Member Deputies on the basis of a proposal given by the Managing Board President”.

Article 3

A new Paragraph 3 is added to Article 44 that reads as follows:
“Managing Board Members can have deputies nominated and relieved of duty by the Supervisory Board. The Supervisory Board reaches the decision on the number of Managing Board Member Deputies and on the duration of their terms of office”.

Article 4

In Article 48, Para 1 words “and the Managing Board Member Deputy” are added after the words “Managing Board Member”.

In Article 48, Para 2 words “and the Managing Board Member Deputy” are added after the words “Managing Board Member”.

Article 5

All the other Articles of the Statues remain unchanged.

Article 6

Amendments of the Statues come into force on the date of their registration into the Court Register of the Commercial Court of Zagreb.

Article 7

The Managing Board of the Company is in charge to apply for registration of the amendments to the Commercial Court of Zagreb.

In Zagreb, on 22nd May, 2014

AGM Chairman

Nenad Filipović