

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

Zagreb Stock Exchange
Ivana Lučića 20a
Hr -10000 Zagreb

Zagreb, 27th May, 2013

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 27th May, 2013 with the presence of shareholder representatives holding 1.997.922 of the share capital making 77,71 per cent of the total share capital of the Company. Since 77,71 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.

General Annual Meeting Decisions:

The Managing and the Supervisory Boards commonly propose to the Annual General Meeting to pass the decisions expressed under items 5, 6 and 7, while the Supervisory Board proposes passing of the decisions expressed under item 8.

The Annual General Meeting does not pass the decisions expressed under Item 2, 3, and 4, but it takes the notice of them.

Ad.2.

The AGM takes the notice of the Managing Board 2012 Annual Report on the position of the Company and the dependent Companies.

Ad.3.

The AGM takes the notice of the information on 2012 KONČAR – ELECTRICAL INDUSTRY Inc. Financial Reports and 2012 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 2012 the Company generated the following amounts expressed in thousands of Croatian kunas (HRK):

- Total revenues	– in the amount of:	251,657
- Total expenditures	- in the amount of:	137,414
- Profit before taxation	- in the amount of:	114,243
- Income tax	- in the amount of:	5,088
- Net profits	- in the amount of:	109,155
- Total assets of the Company:		1,528,999
- Capital, reserves and unallocated profits:		1,376,810

In 2012 the Končar Group generated the following amounts expressed in thousands of Croatian kunas (HRK):

- Total consolidated revenues	– in the amount of:	2.895.319
- Total consolidated expenditures	- in the amount:	2.695.300
- Profit before taxation	- in the amount of:	200.019
- Income tax	- in the amount of:	21.667
- Profits after taxation	- in the amount of:	178.352
- Total assets:		3.531.248
- Capital, reserves and unallocated profits:		1.833.333

Ad.4.

The AGM takes the notice of the Supervisory Board Report on supervision of management of business operations of the Company in 2012.

Ad. 5.

Decision on allocation of 2012 profits:

1. Available/remaining profits generated in the business year of 2012 in the amount of HRK 30,857,460.00 are allocated for payment of dividends in the amount of 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 2012 Financial Reports on 2nd April, 2013.

The net profits generated in 2012 in the amount of HRK 109,155,582.24 are allocated to:

Končar - Elektroindustrija d.d., Fallerovo šetalište 22, 10000 Zagreb, Hrvatska, www.koncar.hr

- Legal reserves (5 %)	- in the amount of	5,457,779.11 HRK
- Statutory reserves	- in the amount of	36,420,171.56 HRK
<u>- Other reserves</u>	<u>- in the amount of</u>	<u>36,420,171.56 HRK</u>
Total		78,298,122.24 HRK
Remaining available profits		30,857,460.00 HRK

The Managing and Supervisory Boards have proposed to KONČAR – ELECTRICAL INDUSTRY Inc. Annual General Meeting to:

- distribute remaining available profits generated in the business year of 2012 in the amount of HRK 30,857,460.00 to shareholders as dividends. The stated amount represents a dividend per share in the amount of HRK 12.00. (the total number of shares is 2,572,119 decreased by 664 pieces of the company own shares equals to 2,571,455 shares: HRK 30,857,460.00 : 2,571,455 shares = HRK 12.00 per share)

Ad.6.

a)

The Company Managing Board members are relieved of duty to manage business operations of the Company in 2012.

b)

The Company Supervisory Board members are relieved of duty to supervise managing of business operations of the Company in 2012.

Ad.7.

The Company Supervisory Board members shall receive one-off remuneration for the achieved 2012 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.

Ad.8.

Companies Grant Thornton d.o.o. from Zagreb, Koranska 16 and Reconsult d.o.o. from Zagreb, Trg hrvatskih velikana 4/1 are commonly appointed auditors for KONČAR – ELECTRICAL INDUSTRY Inc. Financial Reports and the KONČAR Group Consolidated Financial Reports for the year of 2013.

Managing Board of

Končar – Electrical Industry Inc.