

JANUARY – MARCH 2013 MANAGING BOARD REPORT

The KONČAR Group consists of KONČAR – ELECTRICAL INDUSTRY Inc. as the Mother Company and 20 dependent companies in which the Mother Company has a prevailing influence (more than 50 % of votes at the Annual General Meeting). In addition to ordinary shares, preferred shares are also registered for a part of companies. Besides, the Mother Company has a minority managing influence (49 % of votes at the Annual General Meeting) in a company (the associated company).

Within the frames of the Group, Companies are independent from the legal point of view, while the Mother Company supervises and directs them strategically through company supervisory boards in accordance with the Company Law and the Statutes of KONČAR – ELECTRICAL INDUSTRY Inc. and Statutes of each individual Company. The Mother Company manages a part of the assets not invested into Group Companies, but nevertheless engaged directly or indirectly having the function of a financial support to sales of products and equipment of connected companies as the credit, guarantee or warranty potential.

The potential liability of Končar – Electrical Industry Inc. visible in the total issued warranties on 31st March, 2013 amounted to HRK 630.9 million representing an increase compared to 31st December, 2012 in the amount of HRK 5.2 million. The amount of HRK 399.9 million represents good performance guarantees.

The Company has formed noncurrent reservations in the amount of HRK 80.5 million for the potential guaranty and warranty liability.

The Končar Group business activities are divided into following business areas:

- Energy and transport: designing and construction of plants for generation, transmission and distribution of the electric power together with the belonging equipment, thyristor locomotives, electrical multiple units, tramcars and line-side electrical equipment;
- Industry: electric motor plants, middle and low voltage electrical equipment and catering equipment;
- Trade: electrical household appliances, serial products and low voltage electrical apparatus;
- Special activities: research and development of products and infrastructural services

Managing Board

The Supervisory Board appoints and recalls the president and members of the Managing Board. The term of office of the president and members of the Managing Board is 5 years. After expiry of the term of office, they can be reappointed. Pursuant the Company Law and the Statutes of the Company, the Managing Board manages the Company at its own responsibility and it is obliged and authorised to perform all the activities and to reach all the decisions it considers necessary for a successful managing of the Company. The Supervisory Board consent is required for certain decisions prescribed by the Statutes.

The following Managing Board manages the Company Končar – Electrical Industry Inc.:

Darinko Bago	Managing Board President
Marina Kralj Miliša	Managing Board Member in charge of general, legal and personnel affairs
Jozo Miloloža	Managing Board Member in charge of finances
Davor Mladina	Managing Board Member in charge of transmission and distribution of electric power, industry and trade
Miroslav Poljak	Managing Board Member in charge of generation of electric power, corporative development and ICT

Supervisory Board

Pursuant provisions of the Company Law and the Statutes of KONČAR – Electrical Industry Inc., the Annual General Meeting reaches the decisions on appointment and recall of the Supervisory Board. The Supervisory Board is responsible for appointment and recall of Management Board members and for the supervision of

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

management of the Company. The Supervisory Board consent is required for more significant transactions and business decisions (the amount of the transaction is defined in the Supervisory Board Rules of Procedure and Statutes of dependant companies).

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

January – March 2013 Končar Group Business Report

During the 1st quarter of 2013, the Končar Group Companies generated the total consolidated incomes in the amount of HRK 583.7 million making them higher by 3.5 % than the achievement of the same time period of the previous year. The total expenditures for the same time period were made in the amount of HRK 556.4 million. The Group consolidated profits before tax were generated in the amount of HRK 27.3 million. The profit tax advance was calculated in the amount of HRK 4.3 million and the profits after tax amount to HRK 23 million. Out of the stated amount HRK 7.7 million belong to the non-controlling interest (minority interest), while HRK 15.3 million belong to the Group Mother Company shareholders.

Operating incomes were achieved in the amount of HRK 561.9 million, out of which amount HRK 543.4 million or 96.7 % of the total operating incomes belongs to the sales of products and services, HRK 8 million belongs to the provisions credited to income statements and HRK 10.5 million to other operating incomes.

Operating expenses were corrected by the increase of the value of finished and unfinished good inventories in the amount of HRK 39.2 million and they amount to HRK 549 million. Within the frames of operating expenses, material costs were realised in the amount of HRK 392.1 million making them lower by 4.9 % compared to the achievement of the time period January – March, 2012. The majority part of the material costs belongs to the costs for raw materials and consumables that amount to HRK 315.1 million and they are lower by 8.7 % compared to the same time period of the previous year. Personnel costs were achieved in the amount of HRK 137.4 million, depreciation and non-current assets value adjustment amount to HRK 19.1 million, current assets value adjustment amount to HRK 0.8 million, cost and risk reserves amount to HRK 2.5 million and other operating expenses were achieved in the amount of HRK 36.3 million.

The difference between the operating incomes and the operating expenses makes the profit from the operating activities in the amount of HRK 12.9 million.

The share in the profit of the associated entrepreneur amounts to HRK 13.6 million and it is lower by HRK 5.2 million compared to the achievement for the time period January – March, 2012.

The financial incomes were achieved in the amount of HRK 8.2 million and financial expenses in the amount of HRK 7.4 million. The positive difference between financial incomes and expenses amounts to HRK 0.8 million.

The operating profit in the amount of HRK 12.9 million, the share in profits of the associated entrepreneur in the amount of HRK 13.6 million and the positive difference between the financial incomes and expenditures in the amount of HRK 0.8 million make the consolidated profit before tax in the amount of HRK 27.3 million.

Out of 21 Končar Group Companies, 17 companies achieved positive business results, while four companies expressed a loss in the total amount of HRK 10.3 million.

The consolidated sales of goods and services were achieved in the amount of HRK 543.4 million and they are higher by 4.9 % than the achieved in the same time period during the year of 2012. On the domestic market the sales of products and services were generated in the amount of HRK 275 million that is higher by

3.6 % than the achieved during the first quarter of 2012. The generated income of sales of products and services in export was HRK 287.8 million or 14.7 % higher than the achievement of January – March, 2012. The correction of incomes for the deferred incomes is negative and it amounts to HRK 19.4 million.

The structure of sales of products and services on the domestic market shows that sales of products and services to the Croatian Power Authority (HEP) amount to HRK 108 million or 39.2 per cent of the total sales of products and services on the domestic market. Products in the amount of HRK 51.6 million were delivered to trading companies, in the amount of HRK 39.3 million or 14.3 per cent of the total sales of products in Croatia were delivered to companies belonging to the area of industry and ship building, in the amount of HRK 32 million were delivered to INA (Croatian Oil company), THT and Plinacro, HRK 17.4 million to ZET (Zagreb Electric Tram), HRK 15.1 million to HŽ (Croatian Railways) and the rest amount of HRK 11.6 million belong to the State and Local Administration, buyers from the area of civil engineering and not allocated buyers.

On the foreign market the income from sales of products and services for the time period January – March, 2013 amounted to HRK 287.8 million and they were higher by 14.7 % compared to the achievement of the same time period of the previous year. The most important export was made to Bosnia and Herzegovina in the amount of HRK 30.7 million, Germany in the amount of HRK 24.3 million, Turkey in the amount of HRK 17.7 million, Sweden in the amount of HRK 16 million, Finland in the amount of HRK 15.5 million and Austria in the amount of 15.4 million.

During the time period January – March, 2013, the exports in the amount of HRK 164.4 million were generated. Raw materials and consumables were imported in the amount of HRK 161.8 million and the investment purchases amounted to HRK 2.6 million. For the same time period of this year, the incomes from sales of products and services in export amounted to HRK 287.8 million. The export import coverage coefficient is 1.75.

During the first quarter of 2013 the Končar Group Companies contracted new projects in the amount of HRK 648.4 million making it higher by HRK 134.6 million or by 26 % compared to the value of the projects contracted during the same time period of the previous year. Out of the total contracted projects 51 % was contracted for the domestic market and 49 % for the foreign market. HRK 566.3 million of contracted projects will be performed in 2013 and HRK 82.1 million of contracted projects will be performed in 2014 and following years.

At the end of March, 2013, the status of contracted projects (open liabilities) amounted to HRK 2,310.7 million making it higher by 4.8 % than the contracted projects at the beginning of the year.

The total consolidated assets of the Končar Group as of 31st March, 2013 amount to HRK 3,532.5 million showing an increase compared to 31st December, 2012 by HRK 1.2 million. Within the asset resource structure, registered capital, reserves, retained profits, profits of the current year and non-controlling interest amount to HRK 2,092.3 million or by HRK 24.3 million higher compared to the status on 31st December, 2012 and they make 59.2 % of the total resources.

Non-current asset resources (capital, non-current reserves and non-current liabilities) are higher by HRK 480.4 million than the non-current assets and the average status of the inventories showing a good term structure of asset resources. Current assets are 3.2 times higher than the current liabilities showing a good liquidity of the system. The consolidated balance sheet structure shows good financial stability of the Končar Group.

Signed in the name of the Managing Board:

Končar – Electrical Industry Inc.
Managing Board President

Darinko Bago

30th April, 2013

**STATEMENT OF PERSONS IN CHARGE OF
KONČAR CONSOLIDATED FINANCIAL REPORT COMPILATION**

This Statement of the Managing Board of Končar – Electrical Industry Inc., Zagreb is made regarding compilation and publication of consolidated financial reports of the Končar Group for the time period January – March, 2013.

Financial reports are made in accordance with the Croatian Accounting Law in force on the date of publishing of those financial reports and in accordance of International Financial Reporting standards.

Pursuant our best knowledge, these Consolidated Financial Reports give a whole and true reflection of the Balance Sheet, Profit and Loss Account, Cash Flow and Capital Change Report of the Končar Group.

Signed in the name of the Managing Board:

Končar – Electrical Industry Inc.
Managing Board President

Darinko Bago

30th April, 2013

- Note:

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

Contact persons:

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

Appendix 1

Reporting period:

1.1.2013

to

31.3.2013

Quarterly financial report of entrepreneur TFI-PODRegistration number (MB) **03282635**Identification number of subject (MBS) **080040936**Personal identification number (OIB) **45050126417**Issueer 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.hrCode and name of comune/town **133** **ZAGREB**Code and county name **21** **GRAD ZAGREB**Number of employees **3.844**

(at quarter end)

Consolidated statement **YES**NKD/NWC code: **2711**

Subsidiaries subject to consolidation (according to IFRS)

in appendix

Registration number:

Končar - Energetika i usluge d.o.o	Zagreb	1343068
Končar - Institut za elektrotehniku d.d.	Zagreb	3645363
Končar - Elektronika i informatika d.d.	Zagreb	3282899
Končar - Mali električni strojevi d.d.	Zagreb	3282678
Končar - Generatori i motori d.d.	Zagreb	1356216
Končar - Obnovljivi izvori d.o.o.	Zagreb	2435071
Končar - Mjerni transformatori d.d.	Zagreb	3654656
Končar - Distributivni i specijalni transform. d.d.	Zagreb	3654664
Končar - Električni aparati srednjeg napona d.d.	Zagreb	3641287
Končar - Električna vozila d.d.	Zagreb	3282660
Končar - Sklopna postrojenja d.d.	Sesvetski Kraljevec	3641279
Končar - Kućanski aparati d.o.o.	Zagreb	1403222
Končar - Električni visokonaponski aparati d.d.	Zagreb	3641252
Končar - Niskonaponske sklopke i prekidači d.o.o.	Zagreb	3228398
Končar - Ugoditeljska oprema d.d.	Zagreb	3788717
Končar - Alati d.d.	Zagreb	3672468
Končar - Montažni inženjering d.d.	Zagreb	3654362
Končar - Inženjering za energetiku i transport d.d.	Zagreb	3654354
Končar - Metalne konstrukcije d.d.	Zagreb	1114328
Kones AG	Zurich, Switzerland	

Book keeping service:

Contact person: **BRANKA VELKOVSKI**

(fill in only surname and name of contact person)

Phone number: **01 3667175**Fascimile: **01 3655377**E-mail address: branka.velkovski@koncar.hrSurname and name: **DARINKO BAGO**

(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 31.3.2013.

Company: Končar - Electrical Industry Inc.			
Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001	0	0
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	1.478.441.134	1.490.245.532
I. INTANGIBLE ASSETS (004 do 009)	003	33.926.181	35.856.277
1. Expenditure for development	004	7.640.875	7.626.643
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	5.041.108	5.365.879
3. Goodwill	006	7.500.898	7.568.758
4. Advances for purchase of intangible assets	007	477.797	0
5. Intangible assets in progress	008	12.878.487	14.929.194
6. Other intangible assets	009	387.016	365.803
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	1.157.484.397	1.153.616.696
1. Land	011	158.130.608	158.394.188
2. Buildings	012	351.183.758	397.964.314
3. Plant and equipment	013	221.163.585	244.656.383
4. Tools, working inventory and transportation assets	014	74.386.781	82.826.162
5. Biological assets	015	0	0
6. Advances for purchase of tangible assets	016	7.570.446	6.940.688
7. Tangible assets in progress	017	251.691.275	168.415.267
8. Other tangible assets	018	690.173	2.496.156
9. Investment in real-estate	019	92.667.771	91.923.538
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	260.282.408	273.724.899
1. Share in related parties	021	293.704	290.067
2. Loans to related parties	022	0	0
3. Participating interests (shares)	023	811.316	811.316
4. Loans to companies with participating interest	024	0	0
5. Investments in securities	025	4.201.213	3.965.852
6. Loans, deposits, etc.	026	1.421.275	992.500
7. Other non-current financial assets	027	0	534.654
8. Equity-accounted investments	028	253.554.900	267.130.510
IV. RECEIVABLES (030 do 032)	029	26.748.148	27.047.660
1. Receivables from related parties	030	0	0
2. Receivables arising from sales on credit	031	17.673.567	17.537.264
3. Other receivables	032	9.074.581	9.510.396
V. DEFERRED TAX ASSET	033	0	0
C) CURRENT ASSETS (035+043+050+058)	034	2.046.990.313	2.029.306.327
I. INVENTORIES (036 do 042)	035	490.649.906	576.568.918
1. Raw materials and supplies	036	263.182.329	260.004.659
2. Production in progress	037	119.290.512	180.302.737
3. Finished products	038	74.443.322	71.840.197
4. Merchandise	039	11.124.204	10.615.090
5. Advances for inventories	040	8.395.612	39.592.308
6. Long term assets held for sale	041	14.213.927	14.213.927
7. Biological assets	042	0	0
II. RECEIVABLES (044 do 049)	043	948.121.448	730.652.844
1. Receivables from related parties	044	14.454.628	16.095.482
2. Receivables from end-customers	045	822.939.856	635.155.608
3. Receivables from participating parties	046	0	0
4. Receivables from employees and members of the company	047	1.161.560	971.425
5. Receivables from government and other institutions	048	31.671.151	30.014.153
6. Other receivables	049	77.894.253	48.416.176
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	196.551.197	339.156.003
1. Share in related parties	051	0	0
2. Loans to related parties	052	0	0
3. Participating interests (shares)	053	0	0
4. Loans to companies with participating interest	054	0	0
5. Investments in securities	055	0	0
6. Loans, deposits, etc.	056	196.551.197	338.984.029
7. Other financial assets	057	0	171.974
IV. CASH AND CASH EQUIVALENTS	058	411.667.762	382.928.562
D) PREPAYMENTS AND ACCRUED INCOME	059	5.828.902	12.942.060
E) TOTAL ASSETS (001+002+034+059)	060	3.531.260.349	3.532.493.919
F) OFF BALANCE SHEET ITEMS	061	2.330.786.248	2.700.170.000

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	2.067.942.691	2.092.291.119
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	304.225.167	382.256.756
1. Legal reserves	066	22.449.226	27.906.730
2. Reserve for own shares	067	265.600	27.000
3. Treasury shares and shares (deductible items)	068	265.600	27.000
4. Statutory reserves	069	185.426.451	221.846.623
5. Other reserves	070	96.349.490	132.503.403
IV. REVALUATION RESERVES	071		0
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	349.004.034	423.493.041
1. Retained earnings	073	349.004.034	423.493.041
2. Loss carried forward	074	0	0
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	150.536.186	15.316.092
1. Net profit for the period	076	150.536.186	15.316.092
2. Net loss for the period	077	0	0
VII. MINORITY INTEREST	078	234.610.125	241.658.051
B) PROVISIONS (080 do 082)	079	417.453.051	414.660.144
1. Provisions for pensions, severance pay and similar liabilities	080	24.519.744	13.833.429
2. Provisions for tax liabilities	081	0	0
3. Other provisions	082	392.933.307	400.826.715
C) NON-CURRENT LIABILITIES (084 do 092)	083	246.081.105	242.308.864
1. Liabilities to related parties	084	0	0
2. Liabilities for loans, deposits, etc.	085	510.000	510.000
3. Liabilities to banks and other financial institutions	086	245.571.105	241.635.483
4. Liabilities for advances	087	0	0
5. Trade payables	088	0	0
6. Commitments on securities	089	0	0
7. Liabilities to companies with participating interest	090	0	0
8. Other non-current liabilities	091	0	163.381
9. Deferred tax liabilities	092	0	0
D) CURRENT LIABILITIES (094 do 105)	093	708.446.463	634.277.914
1. Liabilities to related parties	094	439.126	0
2. Liabilities for loans, deposits, etc.	095	510.000	6.167.523
3. Liabilities to banks and other financial institutions	096	101.666.247	84.770.951
4. Liabilities for advances	097	131.632.451	134.167.680
5. Trade payables	098	349.504.869	313.862.629
6. Commitments on securities	099	0	581.915
7. Liabilities to companies with participating interest	100	0	0
8. Liabilities to employees	101	31.245.182	32.995.741
9. Taxes, contributions and similar liabilities	102	55.406.556	46.425.043
10. Liabilities arising from share in the result	103	226.041	396.959
11. Liabilities arising from non-current assets held for sale	104	0	0
12. Other current liabilities	105	37.815.991	14.909.473
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	91.337.039	148.955.878
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	3.531.260.349	3.532.493.919
G) OFF BALANCE SHEET ITEMS	108	2.330.786.248	2.700.170.000
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109	1.833.332.566	1.850.633.068
2. Attributable to minority interest	110	234.610.125	241.658.051

Income statement
period 1.1.2013. to 31.3.2013.

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	534.326.819	534.326.819	561.888.368	561.888.368
1. Rendering of services	112	518.069.214	518.069.214	543.666.980	543.666.980
2. Other operating income	113	16.257.605	16.257.605	18.221.388	18.221.388
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	510.671.267	510.671.267	549.049.318	549.049.318
1. Change in inventories of work in progress	115	-94.223.403	-94.223.403	-39.255.488	-39.255.488
2. Material expenses (117 do 119)	116	412.217.705	412.217.705	392.114.492	392.114.492
a) Costs of raw materials	117	345.230.801	345.230.801	315.081.205	315.081.205
b) Cost of goods sold	118	18.260.303	18.260.303	17.787.754	17.787.754
c) Other material expenses	119	48.726.601	48.726.601	59.245.533	59.245.533
3. Employee benefits expenses (121 do 123)	120	112.402.595	112.402.595	118.623.434	118.623.434
a) Net salaries	121	63.951.162	63.951.162	69.153.301	69.153.301
b) Tax and contributions from salary expenses	122	33.103.351	33.103.351	35.048.592	35.048.592
c) Contributions on salary	123	15.348.082	15.348.082	14.421.541	14.421.541
4. Depreciation and amortisation	124	17.643.908	17.643.908	19.064.416	19.064.416
5. Other expenses	125	44.192.687	44.192.687	50.832.702	50.832.702
6. Write down of assets (127+128)	126	7.570.563	7.570.563	936.509	936.509
a) non-current assets (except financial assets)	127	0	0	0	0
b) current assets (except financial assets)	128	7.570.563	7.570.563	936.509	936.509
7. Provisions	129	8.203.316	8.203.316	2.492.080	2.492.080
8. Other operating costs	130	2.663.896	2.663.896	4.241.173	4.241.173
III. FINANCIAL INCOME (132 do 136)	131	10.786.362	10.786.362	8.237.536	8.237.536
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	473.492	473.492	336.299	336.299
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	9.250.304	9.250.304	7.250.472	7.250.472
3. Income from investments in associates and joint ventures	134	0	0	0	0
4. Unrealised gains (income) from financial assets	135	35.390	35.390	123.946	123.946
5. Other financial income	136	1.027.176	1.027.176	526.819	526.819
IV. FINANCIAL EXPENSES (138 do 141)	137	12.279.237	12.279.237	7.360.872	7.360.872
1. Interest, foreign exchange differences, dividends and similar income from third parties	138	750.942	750.942	323.460	323.460
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	11.528.295	11.528.295	6.913.837	6.913.837
3. Unrealised losses (expenses) from financial assets	140	0	0	0	0
4. Other financial expenses	141	0	0	123.575	123.575
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142	18.770.530	18.770.530	13.575.610	13.575.610
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143	0	0	0	0
VII. EXTRAORDINARY - OTHER INCOME	144	0	0	0	0
VIII. EXTRAORDINARY - OTHER EXPENSES	145	0	0	0	0
IX. TOTAL INCOME (111+131+144)	146	563.883.711	563.883.711	583.701.514	583.701.514
X. TOTAL EXPENSES (114+137+143+145)	147	522.950.504	522.950.504	556.410.190	556.410.190
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	40.933.207	40.933.207	27.291.324	27.291.324
1. Profit before taxes (146-147)	149			27.291.324	27.291.324
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	151	4.636.729	4.636.729	4.311.415	4.311.415
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	36.296.478	36.296.478	22.979.909	22.979.909
1. Profit for the period (149-151)	153	36.296.478	36.296.478	22.979.909	22.979.909
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	29.501.416	29.501.416	15.316.092	15.316.092
2. Attributable to minority interest	156	6.795.062	6.795.062	7.663.817	7.663.817
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	36.296.478	36.296.478	22.979.909	22.979.909
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	56.995	56.995	-11.900	-11.900
1. Exchange differences from international settlement	159	56.995	56.995	-11.900	-11.900
2. Changes in revaluation reserves of long-term tangible and intangible	160	0	0	0	0
3. Profit or loss from re-evaluation of financial assets held for sale	161	0	0	0	0
4. Profit or loss from cash flow hedging	162	0	0	0	0
5. Profit or loss from hedging of foreign investments	163	0	0	0	0
6. Share of other comprehensive income/loss from associated	164	0	0	0	0
7. Actuarial gains/losses from defined benefit plans	165	0	0	0	0
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	0	0	0	0
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)	167	56.995	56.995	-11.900	-11.900
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	36.353.473	36.353.473	22.968.009	22.968.009
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	29.558.411	29.558.411	15.304.192	15.304.192
2. Attributable to minority interest	170	6.795.062	6.795.062	7.663.817	7.663.817

STATEMENT OF CASH FLOWS - Direct method
period 1.1.2013. to 31.3.2013.

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	586.845.727	856.237.934
2. Cash receipts from royalties, fees, commissions, etc.	002	0	0
3. Cash receipts from insurance for damages compensation	003	3.756.254	9.611.996
4. Cash receipts arising from tax refunds	004	43.466.281	28.545.171
5. Other cash receipts	005	14.688.512	13.545.282
I. Total increase in cash flow from operating activities (001 to 005)	006	648.756.774	907.940.383
1. Cash paid to suppliers	007	506.623.870	534.808.008
2. Cash paid to employees	008	134.841.350	136.266.588
3. Cash outflows for insurance for damages compensation	009	2.478.195	2.220.580
4. Interest paid	010	5.124.327	5.077.876
5. Tax paid	011	44.707.662	52.356.728
6. Other cash outflows	012	26.210.762	33.184.840
II. Total decrease in cash flow from operating activities (007 to 012)	013	719.986.166	763.914.620
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	144.025.763
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	015	71.229.392	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	016	473.340	1.179.889
2. Cash inflows from sale of equity and debt financial instruments	017	0	1.470
3. Interest receipts	018	0	0
4. Dividend receipts	019	878.580	378.580
5. Other cash inflows from investing activities	020	0	0
III. Total cash inflows from investing activities(016 to 020)	021	1.351.920	1.559.939
1. Cash outflows for purchase of long - term tangible and intangible assets	022	17.691.703	14.341.402
2. Cash outflows for purchase of equity and debt financial instruments	023	0	100.170
3. Other cash outflows from investing activities	024	0	0
IV. Total cash outflows from investing activities (022 to 024)	025	17.691.703	14.441.572
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	027	16.339.783	12.881.633
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash receipts from issuance of equity and debt financial instruments	028	0	0
2. Cash inflows from loans, debentures, credits and other borrowings	029	47.219.977	6.455.945
3. Other cash inflows from financing activities	030	91.326.515	6.756.059
V. Total cash inflows from financing activities (028 to 030)	031	138.546.492	13.212.004
1. Cash outflows for repayment of loans and bonds	032	23.116.911	21.065.690
2. Dividends paid	033	8.808	7.582
3. Cash outflows for finance lease	034	0	0
4. Cash outflows for purchase of own stocks	035	0	0
5. Other cash outflows from financing activities	036	76.711.155	152.022.062
VI. Total cash outflows from financing activities (032 to 036)	037	99.836.874	173.095.334
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	38.709.618	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	039	0	159.883.330
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	48.859.557	28.739.200
Cash and cash equivalents at the beginning of period	042	319.420.075	411.667.762
Decrease in cash and cash equivalents	043	0	0
Increase in cash and cash equivalents	044	48.859.557	28.739.200
Cash and cash equivalents at the end of period	045	270.560.518	382.928.562

STATEMENT OF CHANGES IN EQUITY

period 1.1.2013 to 31.3.2013

Legal entity: Končar Electrical Industry INC.

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	1.150.319.400	1.149.932.700
2. Capital reserves	002	719.579	719.579
3. Reserves from profit	003	390.596.965	468.406.908
4. Retained earnings or loss carried forward	004	347.955.258	450.252.023
5. Net profit or loss for the period	005	178.351.489	22.979.909
6. Revaluation of tangible assets	006	0	
7. Revaluation of intangible assets	007	0	
8. Revaluation of available for sale assets	008	0	0
9. Other revaluation	009	0	0
10. Total equity and reserves (AOP 001 to 009)	010	2.067.942.691	2.092.291.119
11. Foreign exchange differences from foreign investments	011	71.263	-11.900
12. Current and deferred taxes	012	0	0
13. Cash flow hedge	013	0	0
14. Change of accounting policies	014	0	0
15. Correction of significant mistakes of prior period	015	-67.854	0
16. Other changes	016	130.730.455	24.360.328
17. Total increase or decrease of equity (AOP 011 to 016)	017	130.733.864	24.348.428
17 a. Attributable to majority owners	018	120.600.779	17.300.502
17 b. Attributable to minority interest	019	10.133.085	7.047.926

Notes to the consolidated financial reports

Taxpayer: 03282635 Končar Electrical Industry INC.

1. Distribution of shares

There has been no distribution of shares.

2. Earnings per share

Earnings per share for the period January - March 2013 are HRK 5.95 and are lower than earnings per share during the same period of the previous year by HRK 5.52.

3. Changes in ownership structure

Compared to the previous trimestre, there have been no significant changes in the top ten shareholders.

4. Mergers and acquisitions

There have been no new mergers and acquisitions.

5. Uncertainty (description of cases in which exists the uncertainty of collection of outstanding debts or possible future expenses)

There have been no significant uncertainties in collection or future expenses.

6. Business results

During the period January - March 2013, as opposed to the same period of the previous year, revenues increased by 3.5 per cent, while operational revenues, which make up for 96.3 per cent of the total revenues, increased by 5.2 per cent. Total expenses increased by 6.4 per cent in respect to the same period of last year, while operating expenses with changes in stock, which constitute 98.7 per cent of the total expenses, increased by 7.5 per cent. Financial income and income from investment into affiliated companies decreased by 26.2 per cent compared to the same period of last year. Financial expenses decreased by 40.1 per cent in comparison with the same period of the previous year.

7. Products and services description

Production of electrical equipment for production, transmission and consumption of electrical energy, production of transport equipment and electric household appliances.

8. Operating and other costs

For the period January - March of the year 2013, in comparison with the same period of last year, the share of material expenses in the total revenue increased by 0.3 percentage points, employees expenses by 2.0 percentage points, depreciation and amortisation by 0.4 percentage points and share of other expenses increased by 1.8 percentage point, while the share of expenses of values adjustment decreased by 1.3 percentage point and the costs of provisions decreased by 1.1 percentage point.

9. Profit or loss

Consolidated Group profits after tax decreased by 36.7 per cent compared to the same period of the previous year. The Group's net profit subscribed to the parent capital holders for the period January - March of the year 2013 amounts to HRK 15.32 million, which is a decrease of HRK 14.18 million compared to the same period of the previous year. Of the 21 companies comprising the Končar Group, four companies declared a loss in the amount of HRK 10.33 million, of which HRK 9.50 million is subscribed to the parent capital holders.

10. Solvency

Cash and cash equivalents by the end of the first trimester of 2013, as opposed to the beginning of the year, decreased by HRK 28.74 million. The mentioned decrease is the result of investments in current assets (inventories) and investment in deposits.

11. Other notes

There have been no changes in accounting policies and procedures, and there are no new noteworthy lawsuits.