

KONČAR GROUP MANAGING BOARD BUSINESS REPORT
January – March 2015

The KONČAR Group consists of KONČAR – ELEKTROINDUSTRIJA d.d. (KONČAR – ELECTRICAL INDUSTRY Inc.) as the Mother Company and 17 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, strategically directed and supported by the Mother Company through company supervisory boards and annual general / extraordinary meetings 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 31/03/2015 amount to HRK 1,014.8 million representing a decrease by HRK 6.5 million compared to 31/12/2014, Out of total warranties and joint and severe securities HRK 696.9 million belongs 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 and equipment for generation, transmission and distribution of electric energy, electric locomotives, Electric Multiple Units, tramcars and side-line electric traction equipment;
- Industry: electric motor drives, low voltage electric equipment;
- Trade: 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.

Appendix 1

Reporting period:

01.01.2015.

to

31.03.2015.

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 31.03.2015.

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	1.178.539.935	1.163.822.804
I. INTANGIBLE ASSETS (004 do 009)	003	782.436	782.435
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	782.436	782.435
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008		
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	351.775.461	352.571.907
1. Land	011	74.531.676	74.544.524
2. Buildings	012	116.580.562	117.812.413
3. Plant and equipment	013	18.141.945	17.369.706
4. Tools, working inventory and transportation assets	014	1.761.616	1.500.479
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	474.661	192
7. Tangible assets in progress	017	3.348.650	2.618.222
8. Other tangible assets	018		
9. Investment in real-estate	019	136.936.351	138.726.371
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	806.418.410	791.143.736
1. Share in related parties	021	804.841.180	789.566.506
2. Loans to related parties	022		
3. Participating interests (shares)	023		
4. Loans to companies with participating interest	024		
5. Investments in securities	025	1.577.230	1.577.230
6. Loans, deposits, etc.	026		
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	19.563.628	19.324.726
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031	8.094.029	7.870.721
3. Other receivables	032	11.469.599	11.454.005
V. DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	405.395.720	457.714.119
I. INVENTORIES (036 do 042)	035	171.965	120.727
1. Raw materials and supplies	036		
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039		
5. Advances for inventories	040	171.965	120.727
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	111.483.771	108.219.103
1. Receivables from related parties	044	69.576.420	49.009.344
2. Receivables from end-customers	045	6.146.988	5.211.746
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	51.057	765.926
5. Receivables from government and other institutions	048	10.979.510	13.272.697
6. Other receivables	049	24.729.796	39.959.390
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	288.527.794	213.633.690
1. Share in related parties	051		
2. Loans to related parties	052	6.250.000	6.250.000
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	282.277.794	207.383.690
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	5.212.190	135.740.599
D) PREPAYMENTS AND ACCRUED INCOME	059	8.252.451	9.407.845
E) TOTAL ASSETS (001+002+034+059)	060	1.592.188.106	1.630.944.768
F) OFF BALANCE SHEET ITEMS	061	1.064.696.530	1.057.376.550

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.543.618.192	1.579.704.678
I. SUBSCRIBED SHARE CAPITAL	063	1.208.895.930	1.208.895.930
II. CAPITAL RESERVES	064	719.579	719.579
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	235.357.614	294.106.743
1. Legal reserves	066	30.546.339	35.025.950
2. Reserve for own shares	067	1.338.982	1.338.982
3. Treasury shares and shares (deductible items)	068	1.338.982	1.338.982
4. Statutory reserves	069	163.414.511	217.684.029
5. Other reserves	070	41.396.764	41.396.764
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	9.052.844	39.895.940
1. Retained earnings	073	9.052.844	39.895.940
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	89.592.225	36.086.486
1. Net profit for the period	076	89.592.225	36.086.486
2. Net loss for the period	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	36.276.734	36.276.734
1. Provisions for pensions, severance pay and similar liabilities	080	2.009.239	2.009.239
2. Provisions for tax liabilities	081		
3. Other provisions	082	34.267.495	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	12.293.180	14.963.356
1. Liabilities to related parties	094	3.682.023	4.884.432
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	1.365.439	957.507
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	2.509.863	3.732.655
9. Taxes, contributions and similar liabilities	102	4.219.079	4.936.198
10. Liabilities arising from share in the result	103	322.447	319.657
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	194.329	132.907
E) ACCRUED EXPENSES AND DEFERRED INCOME	106		
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.592.188.106	1.630.944.768
G) OFF BALANCE SHEET ITEMS	108		
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 31.03.2015.

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	13.333.934	13.333.934	13.806.630	13.806.630
1. Rendering of services	112	13.133.165	13.133.165	13.642.646	13.642.646
2. Other operating income	113	200.769	200.769	163.984	163.984
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	20.531.823	20.531.823	20.520.812	20.520.812
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	6.053.197	6.053.197	6.535.191	6.535.191
a) Costs of raw materials	117	1.816.856	1.816.856	2.017.712	2.017.712
b) Cost of goods sold	118				
c) Other material expenses	119	4.236.341	4.236.341	4.517.479	4.517.479
3. Employee benefits expenses (121 do 123)	120	5.996.062	5.996.062	7.318.092	7.318.092
a) Net salaries	121	2.891.020	2.891.020	3.445.857	3.445.857
b) Tax and contributions from salary expenses	122	2.309.997	2.309.997	2.899.563	2.899.563
c) Contributions on salary	123	795.045	795.045	972.672	972.672
4. Depreciation and amortisation	124	2.884.787	2.884.787	2.464.625	2.464.625
5. Other expenses	125	5.597.777	5.597.777	4.194.653	4.194.653
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			8.251	8.251
III. FINANCIAL INCOME (132 do 136)	131	29.639.754	29.639.754	44.532.184	44.532.184
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	28.281.066	28.281.066	39.132.380	39.132.380
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	1.358.688	1.358.688	5.399.804	5.399.804
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	312.492	312.492	1.731.516	1.731.516
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	312.492	312.492	1.731.516	1.731.516
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	42.973.688	42.973.688	58.338.814	58.338.814
X. TOTAL EXPENSES (114+137+143+145)	147	20.844.315	20.844.315	22.252.328	22.252.328
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	22.129.373	22.129.373	36.086.486	36.086.486
1. Profit before taxes (146-147)	149	22.129.373	22.129.373	36.086.486	36.086.486
2. Loss before taxes (147-146)	150	0	0		
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	22.129.373	22.129.373	36.086.486	36.086.486
1. Profit for the period (149-151)	153	22.129.373	22.129.373	36.086.486	36.086.486
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	22.129.373	22.129.373	36.086.486	36.086.486
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158				
1. Exchange differences from international settlement	159				
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	0	0	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	22.129.373	22.129.373	36.086.486	36.086.486
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 01.01.2015. to 31.03.2015.

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	13.688.422	16.139.393
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	4.158.981	3.631.955
I. Total increase in cash flow from operating activities (001 to 005)	006	17.847.403	19.771.348
1. Cash paid to suppliers	007	15.196.983	14.093.435
2. Cash paid to employees	008	3.790.228	4.561.310
3. Cash outflows for insurance for damages compensation	009		
4. Interest paid	010	1.389	64
5. Tax paid	011	2.519.491	4.315.076
6. Other cash outflows	012	2.102.994	1.873.018
II. Total decrease in cash flow from operating activities (007 to 012)	013	23.611.085	24.842.903
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	015	5.763.682	5.071.555
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	016	504.141	416.086
2. Cash inflows from sale of equity and debt financial instruments	017	7.062	981
3. Interest receipts	018		
4. Dividend receipts	019	45.083.698	60.079.592
5. Other cash inflows from investing activities	020		
III. Total cash inflows from investing activities(016 to 020)	021	45.594.901	60.496.659
1. Cash outflows for purchase of long - term tangible and intangible assets	022	6.513.766	1.705.472
2. Cash outflows for purchase of equity and debt financial instruments	023	26.135.000	
3. Other cash outflows from investing activities	024		
IV. Total cash outflows from investing activities (022 to 024)	025	32.648.766	1.705.472
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	12.946.135	58.791.187
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	49.845.175	76.811.567
V. Total cash inflows from financing activities (028 to 030)	031	49.845.175	76.811.567
1. Cash outflows for repayment of loans and bonds	032		
2. Dividends paid	033	13.579	2.790
3. Cash outflows for finance lease	034		
4. Cash outflows for purchase of own stocks	035		
5. Other cash outflows from financing activities	036	104.526.503	
VI. Total cash outflows from financing activities (032 to 036)	037	104.540.082	2.790
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	76.808.777
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	039	54.694.907	0
Total increases of cash flows (014 – 015 + 026 – 027 + 038 – 039)	040	0	130.528.409
Total decreases of cash flows (015 – 014 + 027 – 026 + 039 – 038)	041	47.512.454	0
Cash and cash equivalents at the beginning of period	042	115.212.162	5.212.190
Decrease in cash and cash equivalents	043		130.528.409
Increase in cash and cash equivalents	044	47.512.454	
Cash and cash equivalents at the end of period	045	67.699.708	135.740.599

STATEMENT OF CHANGES IN EQUITY

period **01.01.2015.** to **31.03.2015.**

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	1.208.895.930	1.208.895.930
2. Capital reserves	002	719.579	719.579
3. Reserves from profit	003	235.357.614	294.106.743
4. Retained earnings or loss carried forward	004	9.052.844	39.895.940
5. Net profit or loss for the period	005	89.592.225	36.086.486
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	1.543.618.192	1.579.704.678
11. Foreign exchange differences from foreign investments	011		
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		
17. Total increase or decrease of equity (AOP 011 to 016)	017		
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		

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 Supervisory Board Activity Rule Book and Statutes of independent companies) requires the Supervisory Board consent.

The Supervisory Board has 9 members as follows:

Nenad Filipović	Supervisory Board President
Jasminka Belačić	Supervisory Board Deputy President
Boris Draženović	Member
Vicko Ferić	Member
Dragan Marčinko	Member
Petar Mišura	Member
Nikola Plavec	Member
Ivan Rujnić	Member
Petar Vlaić	Member

Končar Group Business Results for January to March, 2015

Končar Group Companies generated consolidated incomes from sales of products and services in the amount of HRK 666.2 million for the time period from January to March, 2015 and they are higher by 41.3 % compared to the achievements during the same time period in 2014.

On the domestic market the income from sales of products and services was generated in the amount of HRK 296.6 million, making it by 34.4 % higher in the comparison with the time period from January to March, 2014. Incomes from sales of products and services that were exported amounted to HRK 369.6 million and they were higher by 47.4 % that the achievement of the same time period of the previous year.

Operating incomes were generated in the amount of HRK 691.6 million, the amount that is higher by 36 % than the achieved from January to March, 2014. Within business incomes, incomes from sales of products and services amount to 96.3 % of the total business incomes.

Operating expenses were generated in the amount of HRK 666 million and they are higher by 32.5 % higher than the achievement of the time period from January to March, 2014.

The share of material expenses within the business revenues (corrected by the change in stock) amounts to 67.2 % making an increase of 4.1 % compared to the same time period of the previous year. The most significant increase of material expenses refers to companies Končar – Electrical Vehicles (trains), Končar – Power Plant and Electric Traction Engineering and Končar – Distributive and Special Transformers.

The share of personnel costs within the business revenues (corrected by the change in stock) amounts to 18.3 % and they are lower by 5.4 % compared to the same time period of the previous year.

The difference between the operating incomes and the operating expenses gives the profit of operating activities in the amount of HRK 25.6 million making it higher by HRK 18 million compared to the achievement for the time period January – March, 2014.

A share in profits belonging to associated entrepreneurs amounts to HRK 13.8 million and it is higher by 46.6 % or by HRK 4.3 million compared to the same time period of the previous year.

The difference between financial incomes and financial expenses is negative and it amounts to HRK 2 million.

In the time period January – March 2015 the total incomes were generated in the amount of HRK 725.9 million making them higher by 37.8 % compared to the generated during the same time period in 2014. The total expenses for the same period were generated in the amount of HRK 688.5 million and they were higher by 35.2 % compared to the time period from January to March, 2014.

The profits from operating activities in the amount of HRK 25.6 million, the share in the profit of the associated entrepreneurs in the amount of HRK 13.8 million and the negative difference between financial incomes and expenses in the amount of HRK 2 million make the consolidated profit before tax in the amount of HRK 37.4 million. The profit tax advance payment amounts to HRK 5.3 million, while the profit after tax amounts to HRK 32.1 million distributed to the non-controlling interest (the minority interest) in the amount of HRK 7.6 million and to the Group Mother Company shareholders HRK 24.5 million. The profits attributable to the Group Mother Company shareholders are three times higher compared to the profits generated during the first quarter of 2014.

Out of 18 Končar Group Companies, 14 Companies generated a positive financial result, while four companies expressed a loss in the total amount of HRK 7.1 million out of which HRK 5.6 million is attributable to the Mother Company shareholders.

Within the structure of incomes from sales of products and services on the domestic market, incomes from sales of products and services to the Croatian Power Authority (HEP) amount to HRK 104.9 million or HRK 44.9 million or 75 % higher than the achievement of the time period from January to March, 2014. Incomes from sales of products and services to the Croatian Power Authority (HEP) amount to 35.4 % of the total achieved incomes from sales of products and services for the time period from January to March, 2015.

To trading companies the Group delivered products in the amount of HRK 67.7 million, to Croatian Railways (HŽ) HRK 47.1 million and to companies belonging to industry and shipbuilding sector the Group delivered products and services in the amount of HRK 33.4 million, to Zagreb Electric Trams (ZET) HRK 12.2 million, to INA, THT, Plinacro HRK 9.3 million, to State and Local Government HRK 8 million while the rest amount of HRK 3.7 million refers to companies from the civil engineering area, Croatian High Ways (HAC) and Croatian Motor Ways (HC) and to non-distributed buyers. The correction for the deferred incomes on the domestic market is positive and it amounts to HRK 10.3 million.

During the time period from January to March, 2015 in the foreign market the Group generated incomes from sales of products and services in the amount of HRK 369.6 million or 47.4 % more than the same time period of the previous year. The share of the export amounts to 55 % of the total incomes from sales of products and services. The most significant export refers to goods and services exported to the UAE in the amount of HRK 87.7, Iraq in the amount of HRK 37 million, Finland in the amount of HRK 33.5 million, Germany in the amount of HRK 18.7 million, the Netherlands in the amount of HRK 15.9 million and to the Saudi Arabia in the amount of HRK 13.6 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 the UAE where the export was increased by HRK 85.3 million and the majority of it refers to the export of Končar - Distributive and Special Transformers and Končar – Switchgear. Compared to the previous year, a significant increase of the export was generated in the market of Iraq (the export was higher by HRK 37 million in the company Končar – Power Plant and Electric Traction Engineering) and Finland (the increase of HRK 26 million). The increase of the export to Finland is a result of the increased export of the company Končar – Generators and Motors.

During the time period from January to March, 2015, Končar Group Companies contracted new projects in the amount of HRK 539.1 million. Out of the total contracted new projects HRK 339.1 million refer to the newly contracted projects abroad (63 % of the total consolidated contracted projects.).

The contracted new projects in the amount of HRK 450.8 million will be performed in 2015, while the contracted projects to be performed during 2016 and following years amount to HRK 88.3 million.

At the end of March, 2015, the contracted project status (receivables due) amounted to HRK 3,590.6 million that was by 3 % lower than the contracted project status at the beginning of the year.

The level of the total consolidated assets and asset sources as of 31st March, 2015 amounted to HRK 3,903.4 million making a decrease by HRK 15.1 million or 0.4 % compared to 31st March, 2014.

Within the structure of asset sources, the registered capital, reserves, retained profits, profits of the current year and the capital belonging to the not controlling interest amounted to HRK 2,322.6 million that was HRK 37.6 million more compared to the level on 31st December, 2014 and they made 59.5 % of the total sources.

Long term asset sources (capital, long term reservations and long term liabilities) were higher by HRK 660.7 million compared to the long term assets and the average level of stocks pointing at a good term structure of asset sources. Current assets were 2.4 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

30th April, 2015

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 from January to March 2015.

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

30th April, 2015

- Note:

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

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