

**KONČAR GROUP MANAGING BOARD BUSINESS REPORT
FOR JANUARY – SEPTEMBER, 2016**

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 general / extraordinary annual 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 30/09/2016 amounts to HRK 580.7 million representing a decrease by HRK 118.3 million compared to 31/12/2015.

The decrease refers to payment and good performance warranties of the Company Končar – Električna vozila d.d. (Končar – Electrical Vehicles Inc.) in the amount of HRK 165.4 million and a decrease of warranties for loans of associated companies in the amount of HRK 28.1 million together with an increase of good performance guarantees of the Company Končar – Power Plant and Electric Traction Engineering Inc. in the amount 68.8 million and other companies in the amount of HRK 6.4 million.

Out of the total guarantees and joint warranties the amount of HRK 425.6 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 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.

Ownership Structure changes

The Restructuring and Sales Centre published an Invitation for Showing Interest for acquisition of 526.926 stocks of Končar - Elektroindustrija d.d. (Končar – Electrical Industry Inc.) owned by the Republic of Croatia and the Croatian Retirement Fund in May, 2016. Stated stocks made 20.49 % of the Company share capital. After announced sales of stocks the ownership structure of the Company significantly changed. The ownership share of Addiko bank d.d. (former Hypo Alpe Adria Bank) / PBZ CO OMF – of B category increased from 9.95 to 16.37 %, the ownership share of Societe Generale - Splitska Banka d.d. / AZ OMF - of B

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category increased from 6.84 to 14.50 %, the ownership share of Societe Generale - Splitska Banka d.d. / Erste plavi OMF - of B category increased from 7.86 to 13.97 %. Valmar riviera d.d. left the group of ten biggest shareholders while Addiko bank d.d. / Raiffeisen OMF – of B category (1.88 %) and Zagrebačka banka d.d. / AZ Profit Voluntary Pension Fund (1.12 %) entered it. The share of the Government Office for State Property Government / the Republic of Croatia decreased from 4.58 to 2.33 %.

The Company ownership structure as of 30/09/2016 is as follows:

Account owner	Number of stocks	Ownership share (%)
HPB d.d. (Kapitalni fond d.d.)	724.515	28,17
ADDIKO Bank d.d./ PBZ Croatia Osiguranje – Obligatory Pension Fund	420.928	16,37
Societe Generale - Splitska banka d.d./ AZ Obligatory Pension Fund	374.816	14,57
Societe Generale - Splitska banka d.d./ Erste Plavi Obligatory Pension Fund	359.239	13,97
The Government Office for State Property Government / Republic of Croatia	60.000	2,33
CERP/ Republic of Croatia	57.982	2,25
Floričić Kristijan	50.714	1,97
ADDIKO d.d./ Raiffeisen - Obligatory Pension Fund	48.291	1,88
PBZ d.d. / Safe Custody Account	30.406	1,18
Zagrebačka banka d.d./ AZ Profit Voluntary Pension Fund	28.928	1,12
Other shareholders	410.439	15,96
Končar d.d. /treasure stocks/	5.861	0,23
TOTAL	2.572.119	100,00

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

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

Miki Huljić	A Member of the Managing Board in Charge of integration and optimisation of the Končar Group
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 Finance
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 and 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 Rules of Procedure and Statutes of associated companies) requires the Supervisory Board consent.

Petar Vlaić	Supervisory Board President
Josip Lasić	Supervisory Board Deputy President
Nikola Anić	Member
Jasminka Belačić	Member
Vicko Ferić	Member
Branko Lampl	Member
Joško Miliša	Member
Vladimir Plečko	Member

Končar Group Business Results for January to September, 2016

Končar Group Companies generated operating incomes in the amount of HRK 2,014.4 million for the time period from January to September, 2016. Within operating incomes, incomes from sales of products and services amount to HRK 1,929.9 million or 95.8 % of the total business incomes. Incomes from sales of products and services are lower by 13.1 % compared to the achievements during the same time period of 2015. Planned incomes for the delivery of trains to the Croatian Railways Passenger Transport are missing from incomes from sales.

Operating expenses were generated in the amount of HRK 1,943.7 million and they are 12.1 % lower than the achievement of the same time period in 2015. Operating expenses were achieved in accordance with the level of achieved operating incomes applying corresponding activities and measures.

The difference between operating incomes and operating expenses gives the profit of operating activities in the amount of HRK 70.7 million.

The profit of operating activities in the amount of HRK 70.7 million, the share in the profit of the associated entrepreneurs in the amount of HRK 42.7 million and the negative difference between financial incomes and expenses in the amount of HRK 6.2 million make the consolidated profit before tax in the amount of HRK 107.2 million. The profit tax advance payment amounts to HRK 19.5 million, while the profit after tax

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amounts to HRK 87.7 million distributed to the non-controlling interest (the minority interest) in the amount of HRK 18.6 million and to the Group Mother Company shareholders HRK 69.1 million.

Out of 18 Končar Group Companies, 15 Companies generated a positive financial result, while three companies expressed a loss in the total amount of HRK 8.8 million out of which HRK 8.7 million belongs to the Mother Company shareholders.

On the domestic market the income from sales of products and services was generated in the amount of HRK 938.4 million, making it 23.5 % lower in the comparison with the same time period January- September, 2015. Incomes from sales of products and services that were exported were generated in the amount of HRK 991.5 million and they were at the level of the achievement of the same time period of the previous year. The share of the export in the total incomes from sales of products and services amounted to 51.4 %.

The most important export of goods and services was achieved in the markets of the European Union Member States in the amount of HRK 608 million or 61.3 % of the total export. HRK 117 million of 11.8 % of the total export went to Asian countries. Goods and services in the amount of HRK 75.5 million of 7.6 % of the total export went to neighbouring countries (Bosnia and Herzegovina, Macedonia, Montenegro, Albania). The Končar Group Companies exported goods and serviced to 86 countries worldwide.

The most important export was achieved in Sweden in the amount of HRK 150 million or 15.1 % of the total achieved export, in Germany in the amount of HRK 96.3 million, Slovenia in the HRK 63.3 million, Italy in the amount of HRK 53.7 million, Finland HRK 40.7 million and the United Arab Emirates HRK 40.1 million.

Compared to the same time period of the previous year, a significant increase of incomes from sales of goods and services in export was generated in the markets of Sweden (increase of HRK 61.7), Slovenia (increase of HRK 49.3 million), Zambia (increase of HRK 17.1 million) and Iceland (increase of HRK 13 million).

The export was realised in the amount of HRK 563.8 million for the time period January to September, 2016. The import of raw materials and materials amounted to HRK 547.9 million, while investment acquisitions amounted to HRK 15.9 million. During the same time period of his year, incomes from sales of products and services in export were achieved in the amount of HRK 991.5 million. The export import coverage coefficient amounted to 1.76.

During the time period January – September, 2016, the Končar Group Companies contracted new projects in the amount of HRK 2,156.2 million. Out of the total contracted new projects HRK 986.7 million (45.8 % of the total of contracted new projects) referred to the domestic market and HRK 1,169.5 million (55.2 % of the total of contracted new projects) referred to exporting contracts.

Out of new projects contracted during the time period January to September, 2016, for the domestic market, the majority referred to companies within the HEP Group – Croatian Power Authority (HEP – Generation, HEP – Distribution System Operator, HOPS – Croatian Transmission System Operator) in the amount of HRK 389.2 million of 39.4 % of the total newly contracted project in the domestic market. Out of other buyers in the domestic market more significant contracts were concluded with Zagreb Town Holding (Zagreb City Tram) in the amount of HRK 61 million, Brodomerkur in the amount of HRK 52.9 million, Croatian Water Management in the amount of HRK 25.9 million and Pevec in the amount of HRK 22.6 million.

The majority of projects (12.5 %) contracted during the time period January to September, 2016, for the export market referred to the market of Sweden in the amount of HRK 146.2 million (contracts of the

Company Končar – Distributive and Special Transformers and Končar – Generators and Motors). New projects in the amount of HRK 137.4 million were contracted for the market of Germany (Končar – Metal Structures HRK 55.1 million, Končar – Distributive and Special Transformers HRK 52.9 million, Končar – Small Electrical Machines HRK 23.8 million), El Salvador HRK 97.7 million (the contract for El Chaparral HPP of the Company Končar – Power Plant and Electric Traction Engineering and Končar – Generators and Motors). New projects in the market of Bosnia and Herzegovina were contracted in the amount of HRK 94.7 million (Končar – Generators and Motors, Končar – Power Plant and Electric Traction Engineering and Končar - Distributive and Special Transformers), new projects in the market of Finland contracted during the time period January to September, 2016 amounted to HRK 60.4 million (the majority of them refer to Končar – Distributive and Special Transformers and Končar – Generators and Motors). Out of other countries, the most significant projects were contracted for the market of Italy (HRK 49.8 million), the Netherlands (HRK 37.7 million), Kenya (HRK 31.6 million) and the Check Republic (HRK 25.9 million). On the basis of the dynamics of the delivery, the amount of HRK 1,079 million will be performed in 2016, while contracted projects to be performed during 2017 and following years amount to HRK 1,077.2 million.

The status of the contracted projects (receivables due) at the end of September, 2016, amounted to HRK 3,685.5 million that was 7 % higher than the contracted project status at the beginning of the year.

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 2,359 million that was HRK 37.5 million more compared to the level on 31st December, 2015 and they made 64.1 % of the total sources.

Long term asset sources (capital, long term reserves and long term liabilities) were higher by HRK 686.7 million from the long-term assets and the average level of stocks. Current assets were 2.9 times higher than the current liabilities. The consolidated balance sheet structure showed a good adjustment between assets and investments.

Signed in the name of the Managing Board:

Končar – Electrical Industry Inc.
Managing Board President

Darinko Bago

28th October, 2016

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, 2016.

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

28th October, 2016

- 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:

1.1.2016

to

30.9.2016

Quarterly financial report of entrepreneur TFI-PODRegistration 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.hr**Internet address: **www.koncar.hr**Code and name of comune/town **133** **ZAGREB**Code and county name **21** **GRAD ZAGREB**Number of employees **49**

(at quarter end)

Consolidated statement **NO**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**Facsimile: **01 3667 177**E-mail address: **vesna.ilic@koncar.hr**Surname 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 30.9.2016

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	1.233.449.881	1.288.751.970
I. INTANGIBLE ASSETS (004 do 009)	003	1.007.436	1.292.436
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	1.007.436	1.292.436
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	350.169.923	378.635.413
1. Land	011	74.194.519	74.194.519
2. Buildings	012	111.282.179	110.662.408
3. Plant and equipment	013	11.706.078	11.372.645
4. Tools, working inventory and transportation assets	014	853.972	896.255
5. Biological assets	015		
6. Advances for purchase of tangible assets	016		
7. Tangible assets in progress	017	9.061.945	21.144.972
8. Other tangible assets	018		
9. Investment in real-estate	019	143.071.230	160.364.614
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	867.103.815	895.225.697
1. Share in related parties	021	798.122.323	804.992.749
2. Loans to related parties	022		20.075.456
3. Participating interests (shares)	023	67.722.257	67.722.257
4. Loans to companies with participating interest	024		
5. Investments in securities	025	1.259.235	1.259.235
6. Loans, deposits, etc.	026		1.176.000
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	15.168.707	13.598.424
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031	7.684.576	7.118.141
3. Other receivables	032	7.484.131	6.480.283
V. DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	384.944.922	335.155.476
I. INVENTORIES (036 do 042)	035	140.110	293.585
1. Raw materials and supplies	036		
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039		
5. Advances for inventories	040	140.110	293.585
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	105.030.029	36.204.209
1. Receivables from related parties	044	63.903.712	12.329.654
2. Receivables from end-customers	045	1.099.930	2.458.938
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	47.811	78.682
5. Receivables from government and other institutions	048	7.357.346	3.151.812
6. Other receivables	049	32.621.230	18.185.123
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	271.342.941	228.314.859
1. Share in related parties	051		
2. Loans to related parties	052	30.075.456	17.200.000
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	241.267.485	211.114.859
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	8.431.842	70.342.823
D) PREPAYMENTS AND ACCRUED INCOME	059	7.972.320	1.198.597
E) TOTAL ASSETS (001+002+034+059)	060	1.626.367.123	1.625.106.043
F) OFF BALANCE SHEET ITEMS	061	752.770.701	643.751.945

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.572.404.764	1.581.483.108
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	294.106.743	325.746.118
1. Legal reserves	066	35.025.950	38.147.673
2. Reserve for own shares	067	4.143.784	4.143.784
3. Treasury shares and shares (deductible items)	068	4.143.784	4.143.784
4. Statutory reserves	069	217.684.029	217.684.029
5. Other reserves	070	41.396.764	69.914.416
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	6.248.041	6.248.041
1. Retained earnings	073	6.248.041	6.248.041
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	62.434.471	39.873.440
1. Net profit for the period	076	62.434.471	39.873.440
2. Net loss for the period	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	34.941.981	34.641.981
1. Provisions for pensions, severance pay and similar liabilities	080	2.841.981	2.841.981
2. Provisions for tax liabilities	081		
3. Other provisions	082	32.100.000	31.800.000
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	19.020.378	8.980.954
1. Liabilities to related parties	094	12.356.500	5.941.572
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	903.616	605.441
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	2.265.039	647.210
9. Taxes, contributions and similar liabilities	102	2.908.698	1.253.800
10. Liabilities arising from share in the result	103	429.642	418.460
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	156.883	114.471
E) ACCRUED EXPENSES AND DEFERRED INCOME	106		
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.626.367.123	1.625.106.043
G) OFF BALANCE SHEET ITEMS	108	752.770.701	643.751.945
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 1.1.2016 to 30.9.2016

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	46.120.548	17.722.698	40.738.249	13.684.789
1. Rendering of services	112	41.864.464	14.017.875	39.849.827	13.228.093
2. Other operating income	113	4.256.084	3.704.823	888.422	456.696
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	54.542.134	15.787.722	55.488.732	18.424.900
1. Change in Inventories of work in progress	115				
2. Material expenses (117 do 119)	116	18.801.523	6.056.638	20.499.767	6.389.751
a) Costs of raw materials	117	4.452.807	1.217.930	4.594.022	1.183.157
b) Cost of goods sold	118				
c) Other material expenses	119	14.348.716	4.838.708	15.905.745	5.206.594
3. Employee benefits expenses (121 do 123)	120	16.191.141	4.075.024	16.370.856	4.270.706
a) Net salaries	121	7.792.224	2.015.522	7.926.297	2.102.183
b) Tax and contributions from salary expenses	122	6.122.155	1.461.695	6.049.258	1.540.069
c) Contributions on salary	123	2.276.762	597.807	2.395.301	628.454
4. Depreciation and amortisation	124	6.978.838	2.066.658	6.077.969	2.016.609
5. Other expenses	125	12.536.362	3.589.402	12.489.964	5.747.197
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	34.270		50.176	637
III. FINANCIAL INCOME (132 do 136)	131	77.286.016	5.775.908	61.602.699	2.416.281
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	64.936.656	347.749	54.814.640	406.687
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	12.349.360	5.428.159	5.765.032	2.009.594
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136			1.023.027	
IV. FINANCIAL EXPENSES (138 do 141)	137	6.494.355	1.832.141	6.978.776	1.364.855
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	6.494.355	1.832.141	6.822.543	1.364.855
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141			156.233	
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	123.406.564	23.498.606	102.340.948	16.101.070
X. TOTAL EXPENSES (114+137+143+145)	147	61.036.489	17.619.863	62.467.508	19.789.755
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	62.370.075	5.878.743	39.873.440	-3.688.685
1. Profit before taxes (146-147)	149	62.370.075	5.878.743	39.873.440	0
2. Loss before taxes (147-146)	150	0	0	0	3.688.685
XII. TAXATION	151				
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	62.370.075	5.878.743	39.873.440	-3.688.685
1. Profit for the period (149-151)	153	62.370.075	5.878.743	39.873.440	0
2. Loss for the period (151-148)	154	0	0	0	3.688.685
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	62.370.075	5.878.743	39.873.440	-3.688.685
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	0	0	0	0
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	62.370.075	5.878.743	39.873.440	-3.688.685
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 1.1.2016 to 30.9.2016

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	47.898.311	53.466.229
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	5.212.921	3.184.723
5. Other cash receipts	005	10.618.571	19.424.732
I. Total increase in cash flow from operating activities (001 to 005)	006	63.729.803	76.075.684
1. Cash paid to suppliers	007	38.065.572	46.151.977
2. Cash paid to employees	008	20.334.084	20.081.790
3. Cash outflows for insurance for damages compensation	009		
4. Interest paid	010	234	4.652
5. Tax paid	011	9.527.997	3.184.723
6. Other cash outflows	012	6.994.773	6.731.598
II. Total decrease in cash flow from operating activities (007 to 012)	013	74.922.660	76.154.740
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	015	11.192.857	79.056
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	016	11.346.349	1.378.799
2. Cash inflows from sale of equity and debt financial instruments	017	4.692.126	6.710.723
3. Interest receipts	018	4.407.784	2.903.959
4. Dividend receipts	019	99.082.339	98.265.978
5. Other cash inflows from investing activities	020		
III. Total cash inflows from investing activities(016 to 020)	021	119.528.598	109.259.459
1. Cash outflows for purchase of long - term tangible and intangible assets	022	2.771.353	32.598.765
2. Cash outflows for purchase of equity and debt financial instruments	023	77.669.489	3.156.068
3. Other cash outflows from investing activities	024		
IV. Total cash outflows from investing activities (022 to 024)	025	80.440.842	35.754.833
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	39.087.756	73.504.626
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	027	0	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	145.761.649	111.220.761
V. Total cash inflows from financing activities (028 to 030)	031	145.761.649	111.220.761
1. Cash outflows for repayment of loans and bonds	032		
2. Dividends paid	033	30.805.010	30.806.277
3. Cash outflows for finance lease	034		
4. Cash outflows for purchase of own stocks	035		
5. Other cash outflows from financing activities	036	96.923.159	91.929.073
VI. Total cash outflows from financing activities (032 to 036)	037	127.728.169	122.735.350
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038		0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	039	0	11.514.589
Total increases of cash flows (014 – 015 + 026 – 027 + 038 – 039)	040	27.894.899	61.910.981
Total decreases of cash flows (015 – 014 + 027 – 026 + 039 – 038)	041	0	0
Cash and cash equivalents at the beginning of period	042	5.212.190	8.431.842
Decrease in cash and cash equivalents	043	41.520.595	61.910.981
Increase in cash and cash equivalents	044		
Cash and cash equivalents at the end of period	045	46.732.785	70.342.823

STATEMENT OF CHANGES IN EQUITY

period **1.1.2016** to **30.9.2016**

	Position	AOP	Previous year	Current year
	1	2	3	4
1. Subscribed share capital			1.208.895.930	1.208.895.930
2. Capital reserves			719.579	719.579
3. Reserves from profit			294.106.743	325.746.118
4. Retained earnings or loss carried forward			6.248.041	6.248.041
5. Net profit or loss for the period			62.434.471	39.873.440
6. Revaluation of tangible assets				
7. Revaluation of intangible assets				
8. Revaluation of available for sale assets				
9. Other revaluation				
10. Total equity and reserves (AOP 001 to 009)			1.572.404.764	1.581.483.108
11. Foreign exchange differences from foreign investments				
12. Current and deferred taxes				
13. Cash flow hedge				
14. Change of accounting policies				
15. Correction of significant mistakes of prior period				
16. Other changes			28.786.573	9.078.344
17. Total increase or decrease of equity (AOP 011 to 016)			28.786.573	9.078.344
17 a. Attributable to majority owners		018		
17 b. Attributable to minority interest		019		