

**KONČAR GROUP MANAGING BOARD BUSINESS REPORT
JANUARY – DECEMBER, 2016**

The KONČAR Group consists of KONČAR – ELEKTROINDUSTRIJA d.d. (KONČAR – ELECTRICAL INDUSTRY Inc.) as a 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 and strategically directed and supported by the Mother Company through company supervisory boards and company 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 31/12/2016 amount to HRK 551.4 million representing an decrease by HRK 147,6 million compared to 31/12/2015.

Out of total guarantees and joint and severe warranties, the amount of HRK 413.7 million refers to 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, electrical 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.

Changes in Ownership Structure

The Centre for Restructuring and Sales published an Invitation for Showing an Interest and Submission of Binding Offers for acquisition of 526.926 Shares of Končar – Electrical Industry Inc. owned by the Republic of Croatia and the Croatian Pension Fund in May, 2016. Stated shares made 20.49 % of the share capital of the Company.

After the sales of stated shares, the ownership structure of the Company significantly changed. The ownership share of Addiko bank d.d. (former Hypo Alpe Adra Bank) /PBZ CO Obligatory Pension Fund – B category increased from 9.95 to 16.37 %, the ownership share of Societe Generale - Splitska Banka d.d./AZ Obligatory Pension Fund – B category increased from 6.84 to 14.50 %, the ownership share of Societe Generale - Splitska Banka d.d./Erste plavi Obligatory Pension Fund – B category increased from 7.86 to

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

13.97 %. Valmar riviera d.d. left the ten biggest shareholder group, while Addiko bank d.d./ Raiffeisen Obligatory Pension Fund F category (1,88%) and Zagrebačka banka d.d./AZ Profit Voluntary Pension Fund (1,12%) entered it. The ownership share of the State Office for Management of the Stated Property / the Republic of Croatia decreased from 4.58 to 2.33 %.

The Company ownership structure as of 31/12/2016 was as follows:

Owner of the account	Number of shares	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	377.429	14,67
Societe Generale - Splitska banka d.d./ Erste Plavi Obligatory Pension Fund	359.239	13,97
CERP/ The Republic of Croatia	112.970	4,39
Floričić Kristijan	50.714	1,97
ADDIKO d.d./ Raiffeisen - Obligatory Pension Fund /AZ Profit Voluntary Pension Fund	48.166	1,87
PBZ d.d. / Safe custody account	28.928	1,12
Zec Branislav	28.494	1,11
Other shareholders	22.993	0,89
Končar d.d. / treasury shares/	391.882	15,24
	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 and Rules of Procedure of the Supervisory Board, 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
Miki Huljić	A Member of the Managing Board in Charge of the Končar Group Integration and Optimisation
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

Note: The Supervisory Board made a decision on 7th February, 2017 that Jozo Miloloža, a Member of the Managing Board in Charge of Finances ceased to be a Member of the Managing Board due to the expiry of his term of office.

The Supervisory Board made a decision determining that the Managing Board Member, Miki Huljić, was a Member of the Managing Board in Charge of Finances and that he would simultaneously perform activities bound to the compilation of the Business Operation Analysis with the aim to increase the synergy effects in the Končar Group by the termination of the Contract made with the Boston Consulting Group.

Supervisory Board

Pursuant provisions 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 Daughter 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 – December, 2016 /unaudited/

The Končar Group Companies generated operating incomes in the amount of HRK 2.999,7 million for the time period from January to December, 2016 and they are lower by 6.2 % than planned and by 5.7 % compared to the achievements in 2015. The share of the income from sales of products and services in operating incomes amounts to HRK 2,853.1 million or 95.1 % of the total operating incomes. Incomes from sales of products and services are lower by 6.4 % compared to the achievements during the same time period of 2015. The planned incomes for the delivery of trains to the Croatian Railways (HŽ) Passenger Transport miss in the incomes from sales.

Operating expenses were generated in the amount of HRK 2,872.5 million and they are 6 % lower than the achievement of the same time period of 2015. Applying appropriate activities and measures, operating expenses were achieved correspondingly to the level of the achieved operating incomes.

The difference between the operating incomes and the operating revenues gives the profit of operating activities in the amount of HRK 127.3 million. Compared to 2015, the profit of operating activities is higher by 1.3 % and it is at the level of the 2016 Plan.

The profits from the operating activities in the amount of HRK 127.3 million, the share in the profit of the associated entrepreneurs in the amount of HRK 64.9 million and the positive difference between the financial incomes and financial expenses in the amount of HRK 1.4 million make the consolidated profit before tax in the amount of HRK 193.6 million. The profit tax amounts to HRK 19.9 million, while the profit after tax amounts to HRK 173.7 million distributed to the non-controlling interest (the minority interest) in the amount of HRK 30.8 million. The profit allocated to the Group Mother Company shareholders amounts to HRK 142.9 million and it is higher by 12 % than profits generated in 2015 and it is higher by 7 % from the 2016 Business Plan

The achieved 2016 EBIT amounts to HRK 203 million and it is higher by HRK 21.2 million than in 2015. EBITDA is achieved in the amount of HRK 296.8 million and it is higher by HRK 25.4 million than the 2015 achievement. The Group return on capital amounts to 7.1 % (it was 6.5 % in 2015) and the return on sales amounts to 6.1 % (it was 5 % in 2015).

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 10 million out of which HRK 9.9 million belong to Mother Company Shareholders.

On the domestic market the incomes from sales of goods and services were generated in the amount of HRK 1,445,5 million making it by 27 % lower than the achievement for the time period from January to December, 2015. The incomes from sales of products and services that were exported are generated in the amount of HRK 1,407.6 million making it by 7.7 % higher in the comparison with the achievement of the same time period of the previous year. The share of the export amounts to 49.3 % of the total incomes from sales of goods and services.

Countries in which the majority of the incomes from sales of products and services are generated are Sweden, Germany, Slovenia, Bosnia and Herzegovina, Italy, Austria and Finland.

Comparing it to the same time period of the previous year, a more significant increase of incomes from sales products and services abroad is achieved in the markets of Sweden (HRK 88.1 million more), Slovenia (HRK 88.8 million more), Bosnia and Herzegovina (HRK 22.2 million more), Austria (HRK 21,8 million more) and Zambia (HRK 21,3 million more).

For the time period from January to December of 2016, the import of the value of HRK 726.7 million was made. The import of raw materials and materials amounts to HRK 703.3 million, while the investment purchases amount to HRK 23.4 million. During the same time period of 2016, incomes from sales of products and services have been generated in the amount of HRK 1,407.6 million. The import export coverage coefficient amounts to 1.94.

During the time period January to December, 2016, the Končar Group Companies contracted new projects in the amount of HRK 2,685.6 million. Out of the total contracted new projects, the amount of HRK 1,203.3 million refers to contracts in the domestic market (44.8 % of the total contracted projects), and the amount of HRK 1,482.3 million (55.2 % of the total contacted projects) refers to exporting contracts.

Out of projects contracted on the domestic market during the time period from January to December 2016, the majority refers to the companies within the Croatian Power Authority, i.e. HEP Group (HEP - Generation, HEP – Distribution System Operator, i.e. HOPS) in the amount of HRK 458 million or 38.1 % of the total amount of the newly contracted projects in the domestic market. Regarding other domestic market buyers, more important contracts were concluded with the Zagreb Holding (ZET – Zagreb Town Tramcar) in the amount of HRK 61 million and Brodamerkur in the amount of HRK 58 million.

The majority of the contracted projects in the foreign market during the time period from January to December 2016 refers to the market of Sweden in the amount of HRK 175.1 million (12.5 %) (contracts made by companies Končar – Distributive and Special Transformers in the amount of HRK 120.8 million and Končar – Generators and Motors in the amount of HRK 49.3 million). For the market of Germany, the new projects were contracted in the amount of HRK 162.7 million (Končar – Metal Structures HRK 63.7 million, Končar – Distributive and Special Transformers HRK 60 million, Končar – Small Electrical Machines HRK 29,2 million). In the market of Bosnia and Herzegovina new projects in the amount of HRK 128.7 million were contracted (the majority refers to the contract for Vranduk HPP made by companies Končar – Generators and Motors, Končar – Power Plant and Electric Traction Engineering and Končar - Distributive and Special Transformers), El Salvador HRK 98.6 million (contract for El Chaparral HPP made by Power Plant and Electric Traction Engineering and Končar – Generators and Motors).

In the market of Finland, newly contracted jobs for the time period from January to December of 2016 amounted to HRK 90.8 million (the majority referring to Končar – Distributive and Special Transformers and Končar – Generators and Motors). Regarding other countries, significant contracts were made for the market of Italy (HRK 58.1 million), Austria (HRK 53.9 million) and Albania (HRK 50.4 million).

According to the performance time schedule, new projects contracted in 2016 in the amount of HRK 1,327.1 million would be performed in 2017, and project in the amount of HRK 1,358.6 million would be performed during following years.

On 31st December, 2016, the contracted project status (receivables due) amounted to HKR 3,292 million that was by 5 % lower than the contracted project status at the beginning of the year. The status of due receivables in the domestic market was lower by 13 % and in the export market was 5 % higher than at the beginning of 2016.

The level of the total consolidated assets and asset sources as of 31st December, 2016 amounted to HRK 3,794.9 million representing an increase of HRK 144.4 million or 4 % compared to the level as of 31st December, 2015.

Within the structure of asset sources, the registered capital, reserves, retained profits, profits of the current year and not controlling interest capital amounts to HRK 2,446.1 million that was HRK 124.6 million more compared to the level on 31st December, 2015 and they make 64.5 % of the total sources.

Long term asset sources (capital, long term reservations and long term liabilities) are higher by HRK 872.8 million compared to the long term assets and the average level of stocks. Current assets are 2.9 times higher than the current liabilities. The consolidated balance sheet structure shows equivalence of asset sources and investments.

Signed in the name of the Managing Board:

Končar – Electrical Industry Inc.
Managing Board President

Darinko Bago

14th February, 2017

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 – December 2016.

The attached financial reports (financial reports for Končar – Electrical Industry Inc. and consolidated financial reports) reveal quarter and cumulative non-audited data resulting in a possibility of discrepancies from the final Annual Report.

Financial Reports have been made in accordance of the International Standard for Financial Reporting applied in the European Union.

Pursuant our best knowledge, 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

14th February, 2017

- 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, marina.markusic@koncar.hr

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

Appendix 1

Reporting period:

1.1.2016

to

31.12.2016

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/to **133** **ZAGREB**Code and county name **21** **GRAD ZAGREB** Number of employees **48**

(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** Fascimile: **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 31.12.2016

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	1.233.449.878	1.257.660.267
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	381.548.030
1. Land	011	74.194.519	74.194.519
2. Buildings	012	111.282.179	113.188.330
3. Plant and equipment	013	11.706.078	10.958.253
4. Tools, working inventory and transportation assets	014	853.972	740.128
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	0	133.965
7. Tangible assets in progress	017	9.061.945	19.889.354
8. Other tangible assets	018		
9. Investment in real-estate	019	143.071.230	162.443.480
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	867.103.813	865.314.837
1. Share in related parties	021	798.122.322	775.671.835
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	1.257.289
6. Loans, deposits, etc.	026	0	588.000
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	15.168.707	9.504.965
1. Receivables from related parties	030	0	
2. Receivables arising from sales on credit	031	7.684.576	6.104.442
3. Other receivables	032	7.484.131	3.400.523
V. DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	384.944.925	400.162.770
I. INVENTORIES (036 do 042)	035	140.110	63.127
1. Raw materials and supplies	036	0	0
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039		
5. Advances for inventories	040	140.110	63.127
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	105.030.032	98.724.703
1. Receivables from related parties	044	63.903.714	74.252.427
2. Receivables from end-customers	045	1.099.928	526.378
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	47.811	43.563
5. Receivables from government and other institutions	048	7.357.346	2.153.163
6. Other receivables	049	32.621.233	21.749.172
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	271.342.941	155.377.166
1. Share in related parties	051		
2. Loans to related parties	052	30.075.456	18.700.000
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	136.677.166
7. Other financial assets	057	0	
IV. CASH AND CASH EQUIVALENTS	058	8.431.842	145.997.773
D) PREPAYMENTS AND ACCRUED INCOME	059	7.972.320	527.052
E) TOTAL ASSETS (001+002+034+059)	060	1.626.367.123	1.658.350.089
F) OFF BALANCE SHEET ITEMS	061	752.770.701	615.069.422

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.572.404.764	1.607.123.855
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	65.514.187
1. Net profit for the period	076	62.434.471	65.514.187
2. Net loss for the period	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	34.941.981	36.003.573
1. Provisions for pensions, severance pay and similar liabilities	080	2.841.981	4.203.573
2. Provisions for tax liabilities	081		
3. Other provisions	082	32.100.000	31.800.000
C) NON-CURRENT LIABILITIES (084 do 092)	083		
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	15.222.661
1. Liabilities to related parties	094	12.356.500	7.650.263
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	952.149
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	2.265.039	2.593.185
9. Taxes, contributions and similar liabilities	102	2.908.698	3.452.774
10. Liabilities arising from share in the result	103	429.642	414.380
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	156.883	159.911
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	0	0
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.626.367.123	1.658.350.089
G) OFF BALANCE SHEET ITEMS	108	752.770.701	615.069.422
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 31.12.2016

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	62.234.863	16.114.315	54.107.683	13.369.434
1. Rendering of services	112	55.526.067	13.661.604	53.027.597	13.177.771
2. Other operating income	113	6.708.796	2.452.712	1.080.086	191.663
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	78.533.294	23.991.160	82.075.234	26.586.501
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	26.358.580	7.557.057	27.541.098	7.041.331
a) Costs of raw materials	117	6.310.421	1.857.614	6.282.202	1.688.180
b) Cost of goods sold	118				
c) Other material expenses	119	20.048.159	5.699.443	21.258.895	5.353.150
3. Employee benefits expenses (121 do 123)	120	24.073.937	7.882.797	25.018.220	8.647.363
a) Net salaries	121	11.482.227	3.690.003	11.941.890	4.015.594
b) Tax and contributions from salary expenses	122	9.151.231	3.029.076	9.401.372	3.352.114
c) Contributions on salary	123	3.440.480	1.163.718	3.674.957	1.279.656
4. Depreciation and amortisation	124	8.980.945	2.002.107	7.978.763	1.900.794
5. Other expenses	125	17.170.708	4.634.345	19.288.148	6.778.184
6. Write down of assets (127+128)	126	1.076.383	1.076.383	761.401	761.401
a) non-current assets (except financial assets)	127			761.401	761.401
b) current assets (except financial assets)	128	1.076.383	1.076.383		
7. Provisions	129	832.742	832.742	1.418.591	1.418.591
8. Other operating costs	130	39.998	5.728	89.013	38.837
III. FINANCIAL INCOME (132 do 136)	131	131.036.782	53.750.766	130.672.170	69.069.471
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	65.340.933	404.278	55.290.621	475.981
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	15.916.780	3.567.420	8.684.465	2.919.434
3. Income from investments in associates and joint ventures	134	48.458.448	48.458.448	65.277.916	65.277.916
4. Unrealised gains (income) from financial assets	135	1.320.621	1.320.621	396.141	396.141
5. Other financial income	136			1.023.027	0
IV. FINANCIAL EXPENSES (138 do 141)	137	52.303.880	45.809.525	37.190.433	30.211.656
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	7.781.717	1.287.362	7.315.199	492.656
3. Unrealised losses (expenses) from financial assets	140	44.065.332	44.065.332	29.719.000	29.719.000
4. Other financial expenses	141	456.831	456.831	156.233	0
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	193.271.645	69.865.081	184.779.853	82.438.905
X. TOTAL EXPENSES (114+137+143+145)	147	130.837.174	69.800.685	119.265.666	56.798.158
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	62.434.471	64.396	65.514.187	25.640.747
1. Profit before taxes (146-147)	149	62.434.471	64.396	65.514.187	25.640.747
2. Loss before taxes (147-146)	150				
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	62.434.471	64.396	65.514.187	25.640.747
1. Profit for the period (149-151)	153	62.434.471	64.396	65.514.187	25.640.747
2. Loss for the period (151-148)	154				
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	62.434.471	64.396	65.514.187	25.640.747
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				
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	62.434.471	64.396	65.514.187	25.640.747
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 31.12.2016

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	66.333.442	73.692.771
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	6.681.194	4.187.862
5. Other cash receipts	005	7.763.256	22.362.647
I. Total increase in cash flow from operating activities (001 to 005)	006	88.670.752	105.804.680
1. Cash paid to suppliers	007	50.196.354	64.369.860
2. Cash paid to employees	008	24.588.743	24.323.251
3. Cash outflows for insurance for damages compensation	009		
4. Interest paid	010	809	4.685
5. Tax paid	011	10.996.271	4.187.862
6. Other cash outflows	012	8.894.663	8.718.784
II. Total decrease in cash flow from operating activities (007 to 012)	013	94.676.840	101.604.442
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014		4.200.238
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	015	6.006.088	
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	016	11.758.202	1.852.063
2. Cash inflows from sale of equity and debt financial instruments	017	4.695.685	6.710.723
3. Interest receipts	018	7.892.860	5.561.400
4. Dividend receipts	019	99.082.339	98.266.124
5. Other cash inflows from investing activities	020		
III. Total cash inflows from investing activities(016 to 020)	021	115.536.226	106.828.910
1. Cash outflows for purchase of long - term tangible and intangible assets	022	3.845.022	33.145.891
2. Cash outflows for purchase of equity and debt financial instruments	023	97.449.315	3.156.068
3. Other cash outflows from investing activities	024		
IV. Total cash outflows from investing activities (022 to 024)	025	101.294.337	36.301.959
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	14.241.889	70.526.951
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	027		
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	295.681.628	322.581.830
V. Total cash inflows from financing activities (028 to 030)	031	295.681.628	322.581.830
1. Cash outflows for repayment of loans and bonds	032		
2. Dividends paid	033	30.735.901	30.810.357
3. Cash outflows for finance lease	034		
4. Cash outflows for purchase of own stocks	035		
5. Other cash outflows from financing activities	036	269.961.876	228.932.731
VI. Total cash outflows from financing activities (032 to 036)	037	300.697.777	259.743.088
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038		62.838.742
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	039	5.016.149	
Total increases of cash flows (014 – 015 + 026 – 027 + 038 – 039)	040	3.219.652	137.565.931
Total decreases of cash flows (015 – 014 + 027 – 026 + 039 – 038)	041		
Cash and cash equivalents at the beginning of period	042	5.212.190	8.431.842
Decrease in cash and cash equivalents	043	3.219.652	137.565.931
Increase in cash and cash equivalents	044		
Cash and cash equivalents at the end of period	045	8.431.842	145.997.773

STATEMENT OF CHANGES IN EQUITY

period **1.1.2016** to **31.12.2016**

	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	294.106.743	325.746.118
4. Retained earnings or loss carried forward		004	6.248.041	6.248.041
5. Net profit or loss for the period		005	62.434.471	65.514.187
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	1.572.404.764	1.607.123.855
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		