

**KONČAR GROUP MANAGING BOARD BUSINESS REPORT
FOR JANUARY – SEPTEMBER, 2017**

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 30/09/2017 amounts to HRK 463.3 million representing a decrease by HRK 88.1 million compared to 31/12/2016.

The majority of the decrease refers to lapsed good performance warranties of the Company Končar – Inženjering za energetiku i transport d.d. (Končar – Power Plant and Electric Traction Engineering Inc.) in the amount of HRK 26.9 million, warranties of the Company Končar – Generatori i motori d.d. (Končar – Generators and Motors Inc.) in the amount 50.3 million and the decrease of the loan of companies Končar-Mjerni transformatori d.d. (Končar – Instrument Transformers Inc.) and Končar - Obnovljivi izvori d.o.o. (Končar – Renewable Sources Ltd.) in the amount of HRK 9.4 million.

Out of the total guarantees and joint warranties the amount of HRK 339.6 million refers to good performance guarantees.

The Končar Group business activities are divided into following 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.

During this report period, activities regarding merging of three companies from the Generation, Transmission and Distribution of Electrical Power and Transport Business Area have been initialled. All three Companies (Končar – Električni aparati srednjeg napona / Medium voltage Apparatus; Končar – Električni visokonaponski aparati / High Voltage Switchgear and Končar – Sklopna postrojenja / Switchgear) operate in

the field of middle and medium voltage and from the marketing point of view they are oriented towards common markets of distribution and transmission of electric energy.

Merger main objectives are increasing of synergic effects, better research, development and sales coordination, usage of the "excellence" approach where the excellence of one company is being transferred to other Companies, outsourcing of mechanical components, lower staff costs, lower indirect costs using less resources compared to resources used by those Companies nowadays and sales of not used property. All three Companies are 100 % owned by the Group Mother Company (Končar – Elektroindustrija d.d. / Electrical Industry Inc.).

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
Miki Huljić	A Member of the Managing Board in Charge of Finances
Marina Kralj Miliša	A Member of the Managing Board in Charge of Legal, Common and Personnel Affairs
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 the 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 Statues 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, 2017

Končar Group Companies generated consolidated incomes from sales of products and services in the amount of HRK 1,925.2 million for the time period from January to September, 2017 that are at the same level of the achievements during the same time period of 2016.

Three 2017 quarters are marked with an increase of incomes from sales of products and services comparing them to the same time period of 2016. Export sales are higher by the amount of HRK 136.7 million or 13.9 %. On the domestic market, incomes from sales of products and services are lower by HRK 141.4 million or 15.1 % compared to the achievements of the time period from January to September, 2016.

Operating incomes were generated in the amount of HRK 2,045.7 million and they are 1.5 % higher than the achievement of the time period from January to September of 2016. The share of incomes from sales of products and services in the operating incomes amounts to 94.1 %.

Operating expenses were achieved in the amount of HRK 1,999.5 million and they are higher by 2.9 % than the achievement for the same time period of 2016.

The difference between operating incomes and operating expenses gives the profit of operating activities in the amount of HRK 45.7 million.

The share in the profit of the associated entrepreneurs amounts to HRK 42.2 million that is lower by HRK 0.6 million compared to the achievement during the same time period of the previous year.

The difference between financial incomes and expenses is negative and it amounts to HRK 4.1 million.

The profit of operating activities in the amount of HRK 45.7 million, the share in the profit of the associated entrepreneurs in the amount of HRK 42.2 million and the negative difference between financial incomes and expenses in the amount of HRK 4.1 million make the consolidated profit before tax in the amount of HRK 83.8 million. The profit tax advance payment amounts to HRK 14.6 million, while the profit after tax amounts to HRK 69.2 million out of which the amount of HRK 14.4 million belongs to the non-controlling interest (the minority interest) and the amount of HRK 54.8 million to the Group Mother Company shareholders.

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 18.2 million out of which HRK 18.1 million belongs to the Mother Company shareholders.

Within the structure of incomes from sales of products and services in the domestic market, the income from sales of products and services to companies belonging to HEP - the Croatian Power Authority (HEP – Generation, HEP – Distribution System Operator, HOPS – Croatian Transmission System Operator) was generated in the amount of HRK 292.5 million (36.7 % out of the total achieved income from sales of products and services in the domestic market). Compared to the previous year, the sales of products and services to HEP – the Croatian Power Authority was higher by 27 %.

Out of more significant buyers in the Croatian market, the income was achieved from sales of products and services to Končar – Power Transformers in the amount of HRK 64 million (8 % of the total incomes in the domestic market) and to Zagreb Holding – ZET Zagreb Electric Tram in the amount of HRK 46.2 million or 5.8 % of the total achieved incomes in the domestic market.

Incomes from sales of products and services that were exported were generated in the amount of HRK 1,128.2 million that were higher by 13.8 % than 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 58.6 %. The most important export of goods and services was achieved in the market of Sweden in the amount of HRK 160.7 million or 14.2 % of the total export (Končar – Distributive and Special Transformers and Končar – Generators and Motors). The export to the market of Germany was performed in the amount of HRK 138.3 million or 12.3 % of the total export (Končar – Distributive and Special Transformers and Končar – Metal Structures). Goods and services in the amount of HRK 77.8 million were exported to Finland and in the amount of 58.4 million to Kenya (the initiation of the project of refurbishment of Kamburu HPP generators). Out of the rest of countries where goods and services were exported in more significant amounts were Bosnia and Herzegovina (HRK 53.9 million), Austria (HRK 50 million), Netherlands (HRK 34.8 million) and Slovenia (HRK 34.7 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 Kenya (increase of HRK 57.5 million), Germany (increase of HRK 42 million) and Finland (increase of HRK 37.1 million).

During the time period January – September, 2017, the Končar Group Companies contracted new projects in the amount of HRK 1,631 million. Out of the total contracted new projects HRK 709.4 million (43 % of the total of contracted new projects) referred to the domestic market and HRK 921.6 million (57 % of the total of contracted new projects) referred to exporting contracts.

The majority of projects (17 %) contracted during the time period January to September, 2017, for the export market referred to the market of Sweden in the amount of HRK 157.8 million (the majority refers to the contracts of the Company Končar – Distributive and Special Transformers). New projects in the amount of HRK 117.8 million were contracted for the market of Germany, HRK 54.1 million for the market of Austria and HRK 47.5 million for the market of Norway.

On the basis of the dynamics of the delivery, the amount of HRK 1,074.3 million of new projects will be performed in 2017, while contracted projects to be performed during 2018 and following years amount to HRK 556.7 million.

The status of the contracted projects as of 30th September, 2017, amounted to HRK 3,005.3.

The import in the amount of HRK 420.4 million was performed during the time period from January to September, 2017. The import of raw materials and materials amounted to HRK 403.4 million, while investment acquisitions amounted to HRK 17 million. During the same time period of this year, incomes from sales of products and services in export were achieved in the amount of HRK 1,128.2 million. The export import coverage coefficient amounted to 2.7.

The status of the total consolidated assets and asset sources as of 30th September, 2017 amounted to HRK 3,647.2 million representing a decrease by HRK 152.1 million or 4 % compared to 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 amounted to HRK 2,455.1 million that was HRK 6.8 million more compared to the level on 31st December, 2016 and they made 67.3 % of the total sources. Long term reserves amounted to HRK 201.7 million and made 5.5 % of the total sources. Long term and current liabilities amounted to HRK 841.3 million making them lower by HRK 58.6 million than the situation at the end of 2016 and they made 23.1 % of total sources. Within the current liabilities, payables to suppliers amounted to HRK 325.1 million and they made 8.9 % of the total sources. Total loans (long term and current) amounted to HRK 189 million and they were higher by HRK 5 million compared to the situation as of 31st December, 2016 and they made 5.2 % of the total sources.

Long term asset sources (capital, long term reserves and long term liabilities) were higher by HRK 746.9 million than the long-term assets and the average level of stocks indicating a good term structure of the asset source. Current assets were 3.1 times higher than the current liabilities indicating a good liquidity of the system. The consolidated balance sheet structure showed a good adjustment between assets and investments as well as a good financial stability of the Končar Group.

Signed in the name of the Managing Board:

Končar – Electrical Industry Inc.
Managing Board President

30th October, 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 – September, 2017.

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 September, 2017

- Note:

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

Contact persons:

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Appendix 1

Reporting period:

1.1.2017

to

30.9.2017

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.hrInternet address: www.koncar.hrCode and name of comune/to **133** **ZAGREB**Code and county name **21** **GRAD ZAGREB**Number of employees **46**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 30.9.2017

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	1.236.838.695	1.227.543.598
I. INTANGIBLE ASSETS (004 do 009)	003	1.292.436	1.441.796
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	1.292.436	1.441.796
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	381.548.030	352.322.727
1. Land	011	74.194.519	74.194.519
2. Buildings	012	113.188.330	109.190.551
3. Plant and equipment	013	10.958.253	11.103.092
4. Tools, working inventory and transportation assets	014	740.128	2.982.189
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	133.965	1.804.874
7. Tangible assets in progress	017	19.889.354	20.685.112
8. Other tangible assets	018		
9. Investment in real-estate	019	162.443.480	132.362.391
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	843.740.132	864.025.804
1. Share in related parties	021	841.894.843	862.180.515
2. Loans to related parties	022	0	0
3. Participating interests (shares)	023		
4. Loans to companies with participating interest	024		
5. Investments in securities	025	1.257.289	1.257.289
6. Loans, deposits, etc.	026	588.000	588.000
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	10.258.098	9.753.271
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031	6.857.575	6.388.858
3. Other receivables	032	3.400.523	3.364.414
V. DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	420.238.226	397.367.353
I. INVENTORIES (036 do 042)	035	63.127	128.816
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	63.127	128.816
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	98.724.703	33.585.421
1. Receivables from related parties	044	74.252.427	13.803.221
2. Receivables from end-customers	045	526.378	1.418.493
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	43.563	53.980
5. Receivables from government and other institutions	048	2.153.163	234.894
6. Other receivables	049	21.749.172	18.074.833
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	232.660.655	343.927.021
1. Share in related parties	051		
2. Loans to related parties	052	38.775.456	41.075.456
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	193.885.199	302.851.565
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	88.789.740	19.726.095
D) PREPAYMENTS AND ACCRUED INCOME	059	527.052	1.110.761
E) TOTAL ASSETS (001+002+034+059)	060	1.657.603.973	1.626.021.713
F) OFF BALANCE SHEET ITEMS	061	615.069.422	528.030.418

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.606.377.739	1.608.622.000
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	325.746.118	359.719.093
1. Legal reserves	066	38.147.673	41.386.077
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	69.914.416	100.648.987
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	64.768.071	33.039.357
1. Net profit for the period	076	64.768.071	33.039.357
2. Net loss for the period	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	36.003.573	3.624.953
1. Provisions for pensions, severance pay and similar liabilities	080	4.203.573	3.624.953
2. Provisions for tax liabilities	081		
3. Other provisions	082	31.800.000	0
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	15.222.661	13.201.217
1. Liabilities to related parties	094	7.650.263	9.345.196
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	952.149	1.024.934
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	2.593.185	611.526
9. Taxes, contributions and similar liabilities	102	3.452.774	1.311.830
10. Liabilities arising from share in the result	103	414.380	480.428
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	159.911	427.303
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	0	573.543
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.657.603.973	1.626.021.713
G) OFF BALANCE SHEET ITEMS	108	615.069.422	528.030.418
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 1.1.2017 to 30.9.2017

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	40.738.249	13.684.789	70.399.658	13.030.150
1. Rendering of services	112	39.849.827	13.228.093	37.639.972	12.730.689
2. Other operating income	113	888.422	456.697	32.759.686	299.461
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	55.488.732	18.424.900	84.983.533	14.835.654
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	20.499.767	6.389.750	18.734.625	5.274.460
a) Costs of raw materials	117	4.594.022	1.183.157	3.879.202	1.051.405
b) Cost of goods sold	118				
c) Other material expenses	119	15.905.745	5.206.594	14.855.423	4.223.055
3. Employee benefits expenses (121 do 123)	120	16.370.856	4.270.706	14.773.604	3.523.142
a) Net salaries	121	7.926.297	2.102.183	7.509.665	1.856.421
b) Tax and contributions from salary expenses	122	6.049.258	1.540.069	5.103.038	1.149.170
c) Contributions on salary	123	2.395.301	628.454	2.160.902	517.550
4. Depreciation and amortisation	124	6.077.969	2.016.609	5.794.944	1.979.201
5. Other expenses	125	12.489.964	5.747.199	14.261.263	3.782.668
6. Write down of assets (127+128)	126				
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128				
7. Provisions	129				
8. Other operating costs	130	50.176	637	31.419.098	276.183
III. FINANCIAL INCOME (132 do 136)	131	61.602.699	2.416.281	54.856.427	3.693.974
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	54.814.640	406.688	48.649.330	457.947
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	5.765.032	2.009.593	6.207.097	3.236.027
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	0		
IV. FINANCIAL EXPENSES (138 do 141)	137	6.978.776	1.364.856	7.233.195	67.320
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	6.822.543	1.364.856	7.233.195	67.320
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141	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	102.340.948	16.101.070	125.256.085	16.724.124
X. TOTAL EXPENSES (114+137+143+145)	147	62.467.509	19.789.756	92.216.728	14.902.974
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	39.873.440	-3.688.686	33.039.357	1.821.150
1. Profit before taxes (146-147)	149	39.873.440		33.039.357	1.821.150
2. Loss before taxes (147-146)	150		3.688.686		
XII. TAXATION	151				
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	39.873.440	-3.688.686	33.039.357	1.821.150
1. Profit for the period (149-151)	153	39.873.440		33.039.357	1.821.150
2. Loss for the period (151-148)	154		3.688.686		
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	39.873.440	-3.688.686	33.039.357	1.821.150
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	39.873.440	-3.688.686	33.039.357	1.821.150
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 1.1.2017 to 30.9.2017

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	53.466.229	42.543.896
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	3.184.723	1.913.197
5. Other cash receipts	005	22.328.691	6.876.017
I. Total increase in cash flow from operating activities (001 to 005)	006	78.979.643	51.333.110
1. Cash paid to suppliers	007	46.151.977	37.982.233
2. Cash paid to employees	008	20.081.790	19.321.736
3. Cash outflows for insurance for damages compensation	009		
4. Interest paid	010	4.652	503.406
5. Tax paid	011	3.184.723	3.879.251
6. Other cash outflows	012	6.731.598	7.673.683
II. Total decrease in cash flow from operating activities (007 to 012)	013	76.154.740	69.360.309
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	2.824.903	
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	015		18.027.199
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	016	1.378.799	1.907.152
2. Cash inflows from sale of equity and debt financial instruments	017	6.710.723	2.626.418
3. Interest receipts	018		
4. Dividend receipts	019	98.265.978	112.827.248
5. Other cash inflows from investing activities	020		
III. Total cash inflows from investing activities(016 to 020)	021	106.355.500	117.360.818
1. Cash outflows for purchase of long - term tangible and intangible assets	022	32.598.765	5.557.247
2. Cash outflows for purchase of equity and debt financial instruments	023	3.156.068	20.285.672
3. Other cash outflows from investing activities	024		
IV. Total cash outflows from investing activities (022 to 024)	025	35.754.833	25.842.919
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	70.600.667	91.517.899
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	111.220.761	72.068.596
V. Total cash inflows from financing activities (028 to 030)	031	111.220.761	72.068.596
1. Cash outflows for repayment of loans and bonds	032		
2. Dividends paid	033	30.806.277	30.803.582
3. Cash outflows for finance lease	034		
4. Cash outflows for purchase of own stocks	035		
5. Other cash outflows from financing activities	036	91.929.073	183.819.359
VI. Total cash outflows from financing activities (032 to 036)	037	122.735.350	214.622.941
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038		
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	039	11.514.589	142.554.345
Total increases of cash flows (014 – 015 + 026 – 027 + 038 – 039)	040	61.910.981	
Total decreases of cash flows (015 – 014 + 027 – 026 + 039 – 038)	041		69.063.645
Cash and cash equivalents at the beginning of period	042	8.431.842	88.789.740
Decrease in cash and cash equivalents	043	61.910.981	
Increase in cash and cash equivalents	044		69.063.645
Cash and cash equivalents at the end of period	045	70.342.823	19.726.095

STATEMENT OF CHANGES IN EQUITY

period **1.1.2017** to **30.9.2017**

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	325.746.118	359.719.093
4. Retained earnings or loss carried forward	004	6.248.041	6.248.041
5. Net profit or loss for the period	005	64.768.071	33.039.357
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	1.606.377.739	1.608.622.000
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		