



KONČAR GROUP MANAGING BOARD BUSINESS REPORT FOR JANUARY – SEPTEMBER, 2018

The KONČAR Group consists of KONČAR – ELEKTROINDUSTRIJA d.d. (KONČAR – ELECTRICAL INDUSTRY Inc.) as the Mother Company and 15 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 30/09/2018 amounts to HRK 329 million representing a decrease by HRK 110.5 million compared to 31/12/2017.

Out of the total guarantees and joint warranties the amount of HRK 214.6 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.

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

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



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, 2018

Končar Group Companies generated consolidated incomes from sales of products and services in the amount of HRK 1,844.6 million for the time period from January to September, 2018 that are lower by 4.2 % compared to the achievements during the same time period of 2017.

Operating incomes were generated in the amount of HRK 1,969.4 million and they are 3.7 % lower than the achievement of the time period from January to September of 2017. The share of incomes from sales of products and services in the operating incomes amounts to 93.6 %.

Operating expenses were achieved in the amount of HRK 1,901.4 million and they are lower by 4.9 % than the achievement for the same time period of 2017.

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



The difference between operating incomes and operating expenses gives the profit of operating activities in the amount of HRK 68.1 million making it higher by HRK 22.4 million or 48.9 % than the achievement for the time period January to September of 2017.

The share in the profit of the associated entrepreneurs amounts to HRK 24.9 million that is lower by HRK 17.3 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 7.1 million.

The profit of operating activities in the amount of HRK 68.1 million, the share in the profit of the associated entrepreneurs in the amount of HRK 24.9 million and the negative difference between financial incomes and expenses in the amount of HRK 7.2 million make the consolidated profit before tax in the amount of HRK 85.8 million. The profit tax advance payment amounts to HRK 14.3 million, while the profit after tax amounts to HRK 71.5 million out of which the amount of HRK 16.3 million belongs to the non-controlling interest (the minority interest) and the amount of HRK 55.2 million to the Group Mother Company shareholders. The profit after tax is higher by 3.4 % compared to the achievement of the 3rd quarter of 2017.

Out of 16 Končar Group Companies, 14 Companies generated a positive financial result, while two companies expressed a loss in the total amount of HRK 4.4 million that belongs to the Mother Company shareholders.

Incomes from sales of products and services generated in the domestic market amount to HRK 751.1 million that were lower by 5.8 % than the achievement during the time period from January to September of 2017.

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 224.9 million (29.9 % out of the total income achieved 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 lower by HRK 72.6 million or 24.4 %.

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 62.5 million (8.3 % of the total incomes in the domestic market) and to Zagreb Holding in the amount of HRK 51.3 million or 6.8 % 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 1,093.5 million that were lower by 3.1 % 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 59.3 %. The most important export of goods and services was achieved in the market of Sweden in the amount of HRK 181 million or 16.6 % of the total export. The export to the market of Germany was performed in the amount of HRK 134.4 million or 12.3 % of the total export. Goods and services in the amount of



HRK 56.8 million were exported to Austria, HRK 52.1 million to Bosnia and Herzegovina and HRK 50.8 million to the Check Republic.

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 20.3 million), the Check Republic (increase of HRK 17.9 million), Norway (increase of HRK 15.5 million) and the United Arab Emirates (increase of HRK 13.5 million).

During the time period January – September, 2017, the Končar Group Companies contracted new projects in the amount of HRK 2,245.6 million. Out of the total contracted new projects HRK 892.1 million (39.7 % of the total of contracted new projects) referred to the domestic market and HRK 1,353.5 million (60.3 % of the total of contracted new projects) referred to exporting contracts. In the comparison to the contracted projects during the same time period of the previous year, more new projects were contracted in the amount of HRK 614.7 million.

Out of the contracted projects for the domestic market during the time period from January to September of 2018, the majority refers to the HEP Group Companies (HEP – Generation, HEP – Distribution System Operator, HOPS – Croatian Transmission System Operator) in the amount of HRK 271 million or 30 % of the totally contracted new projects in the domestic market and Zagreb Holding in the amount of HRK 61.6 million (6.9 %).

During the time period January to September, 2018, the largest part of contracted projects (16.2 %) for the export market referred to the market of Bosnia and Herzegovina in the amount of HRK 220.4 million. New projects in the amount of HRK 179.2 million were contracted for the market of Germany, HRK 140.1 million for the market of Sweden and HRK 127.8 million for the market of Bulgaria.

On the basis of the dynamics of the delivery, the amount of HRK 1,194.3 million of new projects will be performed in 2018, while contracted projects to be performed during 2019 and following years amount to HRK 1,051.3 million.

The status of the contracted projects as of 30th September, 2018, amounted to HRK 3,429.2 million making it 13 % or HRK 401 million higher compared to the status at the beginning of the year. The status of unsettled liabilities in the domestic market is 9 % higher and in the export 18 % higher than at the beginning of the year.

The import in the amount of HRK 487.5 million was performed during the time period from January to September, 2018. The import of raw materials and materials amounted to HRK 474.8 million, while investment acquisitions amounted to HRK 12.7 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 1,093.5 million. The export import coverage coefficient amounted to 2.3.

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 2,489.1 million that was HRK 4.2 million more compared to the level on 31st December, 2017 and they made 68.8 % of the total sources. Long term reserves amounted to HRK 207.9 million and made 5.7 % of the total sources. Long term and current liabilities amounted to HRK 841 million making them lower by HRK 11.6 million than the



situation at the end of 2017 and they made 23.2 % of total sources. Within the current liabilities, payables to suppliers amounted to HRK 326 million and they made 9 % of the total sources. Total loans (long term and current) amounted to HRK 173.7 million and they were lower by HRK 10.9 million compared to the situation as of 31st December, 2017 and they made 4.8 % of the total sources.

Long term asset sources (capital, long term reserves and long term liabilities) were higher by HRK 810.1 million than the long-term assets and the average level of stocks. Current assets were 3 times higher than the current liabilities. 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, 2018



**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, 2018.

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, 2018

- Note:

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

Contact 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



**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 – June, 2018.

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.
Managing Board President

Darinko Bago

27th July, 2018

- **Note:**

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

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

Predsjednik Nadzornog odbora: Petar Vlaić; Uprava: Darinko Bago; predsjednik, Miki Huljić, Marina Kralj Miliša, Davor Mladina, Miroslav Poljak; članovi
Registrirano: Trgovački sud Zagreb, MBS 0800409036, Žiro račun: Zagrebačka banka d.d., poslovni račun broj 2360000-1101376107, MB: 3282635, OIB:
45050126417



KONČAR

Contact 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:

1.1.2018

to

30.9.2018

Quarterly financial report of entrepreneur TFI-POD

Registration number (MB) | 03282635

Identification number of subject (MBS) | 080040936

Personal identification number (OIB) | 45050126417

Issuer company: KONČAR - ELECTRICAL INDUSTRY Inc.

Postal code and place | 10000

ZAGREB

Street and number: FALLEROVO ŠETALIŠTE 22

E-mail address: koncar.finance@koncar.hrInternet address: www.koncar.hr

Code and name of comune/town | 133 | ZAGREB

Code and county name | 21 | GRAD ZAGREB

Number of employees | 3.555

(at quarter end)

Consolidated statement | YES

NKD/NWC code: 2711

Subsidiaries subject to consolidation (according to IFRS)

in appendix

Registration number:

Končar - Energetika i usluge d.o.o.	Zagreb	1343068
Končar - Institut za elektrotehniku d.d.	Zagreb	3645363
Končar - Elektronika i informatika d.d.	Zagreb	3282899
Končar - Mali električni strojevi d.d.	Zagreb	3282678
Končar - Generatori i motori d.d.	Zagreb	1356216
Končar - Obnovljivi izvori d.o.o.	Zagreb	2435071
Končar - Mjerni transformatori d.d.	Zagreb	3654656
Končar - Distributivni i specijalni transform. d.d.	Zagreb	3654664
Končar - Električni aparati srednjeg napona d.d.	Zagreb	3641287
Končar - Električna vozila d.d.	Zagreb	3282660
Končar - Sklopna postrojenja d.d.	Sesvetski Kraljevec	3641279
Končar - Kućanski aparati d.o.o.	Zagreb	1403222
Končar - Električni visokonaponski aparati d.d.	Zagreb	3641252
Končar - Niskonaponske sklopke i prekidači d.o.o.	Zagreb	3228398
Končar - Montažni inženjering d.d.	Zagreb	3654362
Končar - Inženjering za energetiku i transport d.d.	Zagreb	3654354
Končar - Metalne konstrukcije d.d.	Zagreb	1114328
Power Engineering Transformatory Sp. z o.o.	Czerwonaka, Poznan, Poljska	

Book keeping service: |

Contact person: Marina Markušić

(fill in only surname and name of contact person)

Phone number: 01 3667175

Fascimile: 01 3655377

E-mail address: marina.markusic@koncar.hr

Surname and name: DARINKO BAGO

(authorised person for representation)

Disclosure documents:

1. Financial statements (balance sheet, profit and loss account, cash flow statement, statement of changes in shareholders' equity and notes to the financial statements)
2. Report of the Management Board on position of the Company
3. Statement of responsible persons for preparation of financial statements

M.P.

(signed by authorised person for representation)

Balance Sheet
as of 30.9.2018

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	1.436.401.680	1.461.907.635
I. INTANGIBLE ASSETS (004 do 009)	003	48.635.976	50.456.439
1. Expenditure for development	004	26.436.078	22.454.852
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	7.742.495	9.118.703
3. Goodwill	006	7.342.331	7.342.331
4. Advances for purchase of intangible assets	007	0	
5. Intangible assets in progress	008	6.902.929	10.181.300
6. Other intangible assets	009	212.143	1.359.253
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	1.101.401.089	1.099.017.889
1. Land	011	150.227.351	153.347.507
2. Buildings	012	346.741.531	332.477.632
3. Plant and equipment	013	364.677.407	354.596.451
4. Tools, working inventory and transportation assets	014	66.046.769	61.561.853
5. Biological assets	015	0	0
6. Advances for purchase of tangible assets	016	9.531.929	8.845.566
7. Tangible assets in progress	017	25.371.451	48.509.197
8. Other tangible assets	018	1.031.516	1.205.099
9. Investment in real-estate	019	137.773.135	138.474.584
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	275.225.424	301.973.566
1. Share in related parties	021	290.067	309.396
2. Loans to related parties	022	0	0
3. Participating interests (shares)	023	3.527.783	2.795.328
4. Loans to companies with participating interest	024	0	0
5. Investments in securities	025	1.265.593	1.863.307
6. Loans, deposits, etc.	026	7.567.423	9.099.026
7. Other non-current financial assets	027	57.782	678.655
8. Equity-accounted investments	028	262.516.776	287.227.854
IV. RECEIVABLES (030 do 032)	029	10.874.967	10.196.758
1. Receivables from related parties	030	0	0
2. Receivables arising from sales on credit	031	6.573.825	5.932.716
3. Other receivables	032	4.301.142	4.264.042
V. DEFERRED TAX ASSET	033	264.224	262.983
C) CURRENT ASSETS (035+043+050+058)	034	2.264.787.369	2.139.707.585
I. INVENTORIES (036 do 042)	035	461.997.111	552.450.233
1. Raw materials and supplies	036	223.313.705	249.799.792
2. Production in progress	037	149.156.841	207.405.073
3. Finished products	038	56.157.754	45.022.494
4. Merchandise	039	24.910.880	22.669.495
5. Advances for inventories	040	8.457.931	27.553.379
6. Long term assets held for sale	041	0	0
7. Biological assets	042	0	0
II. RECEIVABLES (044 do 049)	043	1.008.993.029	785.870.847
1. Receivables from related parties	044	33.338.230	27.206.520
2. Receivables from end-customers	045	877.855.447	711.766.009
3. Receivables from participating parties	046	0	0
4. Receivables from employees and members of the company	047	1.315.878	2.616.832
5. Receivables from government and other institutions	048	54.887.353	29.765.038
6. Other receivables	049	41.596.121	14.516.448
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	273.100.411	88.281.666
1. Share in related parties	051	0	0
2. Loans to related parties	052	0	0
3. Participating interests (shares)	053	0	0
4. Loans to companies with participating interest	054	0	0
5. Investments in securities	055	0	0
6. Loans, deposits, etc.	056	272.212.320	88.138.811
7. Other financial assets	057	888.091	142.855
IV. CASH AND CASH EQUIVALENTS	058	520.696.818	713.104.839
D) PREPAYMENTS AND ACCRUED INCOME	059	7.842.804	18.599.504
E) TOTAL ASSETS (001+002+034+059)	060	3.709.031.853	3.620.214.724
F) OFF BALANCE SHEET ITEMS	061	1.900.003.310	1.926.176.504

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	2.484.900.105	2.489.122.534
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	623.163.094	683.603.111
1. Legal reserves	066	57.920.857	62.447.462
2. Reserve for own shares	067	4.143.784	10.143.784
3. Treasury shares and shares (deductible items)	068	4.143.784	9.403.554
4. Statutory reserves	069	405.400.310	421.760.810
5. Other reserves	070	159.841.927	198.654.609
IV. REVALUATION RESERVES	071	129.445	49.845
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	337.981.548	319.606.664
1. Retained earnings	073	337.981.548	319.606.664
2. Loss carried forward	074	0	0
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	83.625.614	55.220.671
1. Net profit for the period	076	83.625.614	55.220.671
2. Net loss for the period	077	0	0
VII. MINORITY INTEREST	078	230.384.895	221.026.734
B) PROVISIONS (080 do 082)	079	220.046.463	207.861.759
1. Provisions for pensions, severance pay and similar liabilities	080	48.661.974	47.820.294
2. Provisions for tax liabilities	081	0	0
3. Other provisions	082	171.384.489	160.041.465
C) NON-CURRENT LIABILITIES (084 do 092)	083	128.800.017	127.492.934
1. Liabilities to related parties	084	0	0
2. Liabilities for loans, deposits, etc.	085	0	0
3. Liabilities to banks and other financial institutions	086	120.798.248	119.666.757
4. Liabilities for advances	087	0	0
5. Trade payables	088	0	0
6. Commitments on securities	089	0	0
7. Liabilities to companies with participating interest	090	0	0
8. Other non-current liabilities	091	8.001.769	7.826.177
9. Deferred tax liabilities	092	0	0
D) CURRENT LIABILITIES (094 do 105)	093	740.298.872	713.556.736
1. Liabilities to related parties	094	16.100.685	6.300.722
2. Liabilities for loans, deposits, etc.	095	0	0
3. Liabilities to banks and other financial institutions	096	63.928.234	54.052.784
4. Liabilities for advances	097	177.190.153	216.896.232
5. Trade payables	098	364.550.205	319.679.690
6. Commitments on securities	099	0	0
7. Liabilities to companies with participating interest	100	0	0
8. Liabilities to employees	101	37.509.409	38.189.589
9. Taxes, contributions and similar liabilities	102	56.276.759	27.141.262
10. Liabilities arising from share in the result	103	676.131	759.035
11. Liabilities arising from non-current assets held for sale	104	0	0
12. Other current liabilities	105	24.067.296	50.537.422
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	134.986.396	82.180.761
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	3.709.031.853	3.620.214.724
G) OFF BALANCE SHEET ITEMS	108	1.900.003.310	1.926.176.504
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109	2.254.515.210	2.268.095.800
2. Attributable to minority interest	110	230.384.895	221.026.734

Income statement
period 1.1.2018 to 30.9.2018

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	2.045.192.732	713.019.513	1.969.435.502	677.458.838
1. Rendering of services	112	1.925.200.868	682.515.947	1.844.606.071	640.695.833
2. Other operating income	113	119.991.864	30.503.566	124.829.431	36.763.005
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	1.999.477.078	699.005.427	1.901.358.676	653.527.267
1. Change in inventories of work in progress	115	-4.950.661	26.637.332	-46.760.065	15.922.150
2. Material expenses (117 do 119)	116	1.328.586.417	455.438.667	1.296.190.270	425.727.937
a) Costs of raw materials	117	958.064.925	327.877.799	923.625.289	298.069.663
b) Cost of goods sold	118	134.789.492	47.521.882	144.621.870	50.676.698
c) Other material expenses	119	235.732.000	80.038.986	227.943.111	76.981.576
3. Employee benefits expenses (121 do 123)	120	406.581.995	138.284.696	418.831.283	138.392.867
a) Net salaries	121	238.434.198	80.875.645	244.947.251	81.612.162
b) Tax and contributions from salary expenses	122	112.124.161	37.824.738	116.164.898	36.635.622
c) Contributions on salary	123	56.023.636	19.584.313	57.719.134	20.145.083
4. Depreciation and amortisation	124	70.203.954	23.400.659	68.083.347	23.137.105
5. Other expenses	125	148.736.656	46.063.653	149.056.958	47.605.479
6. Write down of assets (127+128)	126	3.489.411	1.925.267	1.819.936	1.126.473
a) non-current assets (except financial assets)	127	0	0	21.818	-158
b) current assets (except financial assets)	128	3.489.411	1.925.267	1.798.118	1.126.631
7. Provisions	129	12.133.598	5.742.070	8.179.930	-918.274
8. Other operating costs	130	34.695.708	1.513.083	5.957.017	2.533.530
III. FINANCIAL INCOME (132 do 136)	131	36.607.746	14.156.163	26.795.488	8.858.572
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	1.022.638	229.514	1.270.243	-28.514
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	33.466.708	14.049.465	25.158.053	8.846.859
3. Income from investments in associates and joint ventures	134	0	0	0	0
4. Unrealised gains (income) from financial assets	135	0	0	183.872	0
5. Other financial income	136	2.118.400	-122.816	183.320	40.227
IV. FINANCIAL EXPENSES (138 do 141)	137	40.732.323	7.487.392	33.930.432	4.483.859
1. Interest, foreign exchange differences, dividends and similar income from third parties	138	921.578	132.749	1.222.668	-14.140
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	39.805.018	7.352.988	32.650.890	5.237.397
3. Unrealised losses (expenses) from financial assets	140	0	0	0	-752.390
4. Other financial expenses	141	5.727	1.655	56.874	12.992
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142	42.170.926	16.378.147	24.871.758	11.891.455
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143	0	0	0	0
VII. EXTRAORDINARY - OTHER INCOME	144	0	0	0	0
VIII. EXTRAORDINARY - OTHER EXPENSES	145	0	0	0	0
IX. TOTAL INCOME (111+131+144)	146	2.123.971.404	743.553.823	2.021.102.748	698.208.865
X. TOTAL EXPENSES (114+137+143+145)	147	2.040.209.401	706.492.819	1.935.289.108	658.011.126
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	83.762.003	37.061.004	85.813.640	40.197.739
1. Profit before taxes (146-147)	149	83.762.003	37.061.004	85.813.640	40.197.739
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	151	14.584.396	5.486.605	14.254.240	4.506.828
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	69.177.607	31.574.399	71.559.400	35.690.911
1. Profit for the period (149-151)	153	69.177.607	31.574.399	71.559.400	35.690.911
2. Loss for the period (151-148)	154	0	0	0	0
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155	54.790.493	28.815.310	55.220.671	28.780.420
2. Attributable to minority interest	156	14.387.114	2.759.089	16.338.729	6.910.491
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	69.177.607	31.574.399	71.559.400	35.690.911
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	-2.435.010	-2.220.895	-575.032	494.930
1. Exchange differences from international settlement	159	-309.980	-95.865	-575.032	494.930
2. Changes in revaluation reserves of long-term tangible and intangible	160	0	0		0
3. Profit or loss from re-evaluation of financial assets held for sale	161	-2.125.030	-2.125.030		0
4. Profit or loss from cash flow hedging	162	0	0		0
5. Profit or loss from hedging of foreign investments	163	0	0		0
6. Share of other comprehensive income/loss from associated	164	0	0		0
7. Actuarial gains/losses from defined benefit plans	165	0	0		0
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD (166)	166	-424.607	-424.607		0
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)	167	-2.010.403	-1.796.288	-575.032	494.930
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	67.167.204	29.778.111	70.984.368	36.185.841
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	54.925.014	29.162.445	54.917.456	29.041.396
2. Attributable to minority interest	170	12.242.190	615.666	16.066.912	7.144.445

STATEMENT OF CASH FLOWS - Direct method
period 1.1.2018 to 30.9.2018

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	1.970.429.185	2.103.509.673
2. Cash receipts from royalties, fees, commissions, etc.	002	0	0
3. Cash receipts from insurance for damages compensation	003	3.479.283	23.661.153
4. Cash receipts arising from tax refunds	004	101.782.510	87.051.110
5. Other cash receipts	005	21.913.389	31.852.309
I. Total increase in cash flow from operating activities (001 to 005)	006	2.097.604.367	2.246.074.245
1. Cash paid to suppliers	007	1.464.811.581	1.431.059.119
2. Cash paid to employees	008	459.412.842	462.023.247
3. Cash outflows for insurance for damages compensation	009	5.586.104	8.022.642
4. Interest paid	010	4.952.012	4.173.552
5. Tax paid	011	87.328.859	107.796.287
6. Other cash outflows	012	87.314.117	102.468.980
II. Total decrease in cash flow from operating activities (007 to 012)	013	2.109.405.515	2.115.543.827
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	130.530.418
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	015	11.801.148	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	016	2.549.949	3.569.007
2. Cash inflows from sale of equity and debt financial instruments	017	2.626.418	8.219
3. Interest receipts	018	0	0
4. Dividend receipts	019	66.961.433	1.176.019
5. Other cash inflows from investing activities	020	0	0
III. Total cash inflows from investing activities(016 to 020)	021	72.137.800	4.753.245
1. Cash outflows for purchase of long - term tangible and intangible assets	022	45.526.614	58.070.393
2. Cash outflows for purchase of equity and debt financial instruments	023	20.285.672	20.000
3. Other cash outflows from investing activities	024	0	0
IV. Total cash outflows from investing activities (022 to 024)	025	65.812.286	58.090.393
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	6.325.514	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	027	0	53.337.148
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash receipts from issuance of equity and debt financial instruments	028	0	0
2. Cash inflows from loans, debentures, credits and other borrowings	029	29.869.622	24.835.860
3. Other cash inflows from financing activities	030	230.017.125	267.864.101
V. Total cash inflows from financing activities (028 to 030)	031	259.886.747	292.699.961
1. Cash outflows for repayment of loans and bonds	032	23.352.993	31.811.255
2. Dividends paid	033	47.165.362	51.074.775
3. Cash outflows for finance lease	034	458.940	486.652
4. Cash outflows for purchase of own stocks	035	0	5.212.085
5. Other cash outflows from financing activities	036	317.708.792	88.900.443
VI. Total cash outflows from financing activities (032 to 036)	037	388.686.087	177.485.210
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	115.214.751
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	039	128.799.340	0
Total increases of cash flows (014 – 015 + 026– 027 + 038 – 039)	040	0	192.408.021
Total decreases of cash flows (015 – 014 + 027– 026 + 039 – 038)	041	134.274.974	0
Cash and cash equivalents at the beginning of period	042	441.470.621	520.696.818
Decrease in cash and cash equivalents	043	0	192.408.021
Increase in cash and cash equivalents	044	134.274.974	0
Cash and cash equivalents at the end of period	045	307.195.647	713.104.839

STATEMENT OF CHANGES IN EQUITY

period 1.1.2018 to 30.9.2018

Legal entity: Končar Electrical Industry Inc.

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	1.282.382.190	1.319.290.468
2. Capital reserves	002	719.579	719.579
3. Reserves from profit	003	745.109.078	777.866.469
4. Retained earnings or loss carried forward	004	348.339.859	320.016.163
5. Net profit or loss for the period	005	108.103.912	71.559.400
6. Revaluation of tangible assets	006	0	
7. Revaluation of intangible assets	007	0	
8. Revaluation of available for sale assets	008	0	
9. Other revaluation	009	245.487	-329.545
10. Total equity and reserves (AOP 001 to 009)	010	2.484.900.105	2.489.122.534
11. Foreign exchange differences from foreign investments	011	245.487	-575.032
12. Current and deferred taxes	012	0	0
13. Cash flow hedge	013	0	0
14. Change of accounting policies	014	0	0
15. Correction of significant mistakes of prior period	015	0	0
16. Other changes	016	36.328.973	4.797.461
17. Total increase or decrease of equity (AOP 011 to 016)	017	36.574.460	4.222.429
17 a. Attributable to majority owners	018	46.975.096	13.580.590
17 b. Attributable to minority interest	019	-10.400.636	-9.358.161

Notes to the consolidated financial reports

Taxpayer: 03282635 Končar Electrical Industry Inc.

1. Distribution of shares

There has been no distribution of shares.

2. Earnings per share

Earnings per share for the period January - September 2018 are HRK 21.58 and are higher than earnings per share during the same period of the previous year by HRK 0.23.

3. Changes in ownership structure

Compared to the previous trimester, there have been no significant changes in ownership structure.

4. Mergers and acquisitions

There have been no new mergers and acquisitions.

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

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

6. Business results

During the period January - September 2018, as opposed to the same period of the previous year, sales revenues (which make up for 91.3 per cent of the total revenues) decreased by 4.2 per cent, operational revenues (which make up for 97.4 per cent of the total revenues) decreased by 3.7 per cent. Total revenues decreased by 4.8 per cent. Total expenses decreased by 5.1 per cent in respect to the same period of last year, while operating expenses with changes in stock, which constitute 98.2 per cent of the total expenses, decreased by 4.9 per cent. Income from investment into affiliated companies decreased by 41.0 per cent compared to the same period of last year. Financial incomes (which make up for 1.3 per cent of the total revenues) decreased by 26.8 per cent and financial expenses (which make up for 1.8 per cent of the total expenses) decreased by 16.7 per cent compared to the same period last year.

7. Products and services description

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

8. Operating and other costs

For the period January - September of the year 2018, in comparison with the same period of last year, the share of employees expenses in the operational revenue increased by 0.9 percentage points, while the share of material expenses decreased by 0.6 percentage points, the share of depreciation and amortisation decreased by 0.1 percentage point, the share of costs of value adjustment decreased by 0.1 percentage point, the costs of provisions decreased by 0.2 percentage points and the share of other expenses decreased by 1.3 percentage points.

9. Profit or loss

The profit of the Group after tax is HRK 71.56 million which is an increase of HRK 2.38 million compared to the same period of the previous year. The Group's net profit subscribed to the parent capital holders for the period January - September of the year 2018 amounts to HRK 52.22 million, which is an increase of HRK 0.43 million compared to the same period of the previous year.

Net profit subscribed to the minority interest amounts to HRK 16.34 million, which is an increase of HRK 1.95 million compared to the same period of the previous year. Of the 16 companies comprising the Končar Group, two companies declared a loss in the amount of HRK 4.39 million, and all is subscribed to the parent capital holders.

10. Solvency

Cash and cash equivalents by the end of the third trimester of the year 2018, as opposed to the beginning of the year, increased by HRK 192.41 million.

11. Other notes

In the period from January 2018 to September 2018, the parent company recapitalized the company Končar – Metal Structures Inc. in the amount of HRK 52.54 million. In the company Končar - Renewable Energy Sources Ltd., simplified capital reduction has been made in order to cover the losses in the amount of HRK 46.66 million, and the parent company recapitalized said company in the amount of HRK 29.07 million. In the company Končar - Instrument Transformers Inc. recapitalization has been made by converting retained earning into share capital in the amount of HRK 18.99 million, while in the company Končar - Distribution and Special Transformers Inc. recapitalization has been made by converting statutory reserves into share capital in the amount of HRK 76.68 million.

Following the expiration date for the repayment under the Share Sale and Purchase Agreement in Installments, of the company Končar - Electronics and Informatics Inc. in the register of dematerialized securities of the Central Depository & Clearing Company Inc. (CDCC), the transfer of 17,261 of unpaid shares has been made from the buyers to the seller Končar - Electrical Industry Inc.