

**KONČAR GROUP MANAGING BOARD BUSINESS REPORT**

January – December 2018

**/UNAUDITED/**

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 annual general / extraordinary meetings in accordance with the Law on Trading Companies, Statutes of KONČAR - ELEKTROINDUSTRIJA d.d. (KONČAR – ELECTRICAL INDUSTRY Inc.) and Statutes of Group Companies. The Mother Company also manages a part of assets that are not invested into companies, but they offer a direct or indirect financial support to the marketing and sales of products and equipment of associated companies as a credit and warranty potential.

The potential liability of Končar - Elektroindustrija d.d. (KONČAR – ELECTRICAL INDUSTRY Inc.) for the total issued warranties as of 31/12/2018 amounts to HRK 315.1 million representing a decrease by HRK 124.4 million compared to 31/12/2017.

Out of total warranties and joint and severe securities HRK 204.2 million belongs 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, 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.

On 31<sup>st</sup> December, 2018 the KONČAR Group employed 3,508 workers.

On 31<sup>st</sup> December, 2018 share capital of Končar – Electrical Industry Inc. amounted to HRK 1,208,895,930 divided into 2,572,119 shares with a nominal value of HRK 470.00.

***Managing Board***

The President and Members of the Managing Board are appointed and recalled by the Supervisory Board. The term of office of the President and Members of the Managing Board lasts 5 years; after expiry of their term of office, they can be reappointed. Pursuant the Trading Company Act and the



Statutes of the Company, the Managing Board manages business activities at its own responsibility; it is obliged and authorised to perform all possible actions and make decisions it considers necessary for a successful managing of the Company. Some decisions, prescribed by the Statues, require consent of the Supervisory Board.

**Managing Board:**

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
Ivan Tomšić	Deputy Member of Managing Board

**Note:**

On 15<sup>th</sup> January, 2019 the General Meeting of the Company was held where, voted by the majority, the provisions of Articles 44, paragraph 3 of the Statute of Končar - ELECTRICAL INDUSTRY Inc. were modified according to which the Management Board of the company is appointed for a term of up to 5 years.

At the session of the Supervisory Board held on 18<sup>th</sup> January, a decision was made to appoint Darinko Bago for the one-year term as the President of the Management Board, Gordan Kolak as the Deputy Managing Director and Management Board Member, Marina Kralj Miliša, Miki Huljić and Miroslav Poljak were appointed as the members of the Management Board and Ivan Tomšić as Deputy.

**Supervisory Board**

Pursuant provisions of the Trading Company Act, the Statutes of KONČAR – ELECTRICAL INDUSTRY Inc. the Annual (Extraordinary) General Meeting makes decision on nomination and recalling of the Supervisory Board. The Supervisory Board is responsible for appointment and recall of Managing Board Members and supervision over management of business activities of the Company. Any more significant transactions and business decisions (the level of transactions is defined by the Supervisory Board Activity Rule Book and Statues of independent companies) require 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 December, 2018**

The Končar Group Companies generated consolidated incomes in the amount of HRK 2,956.1 million. In total revenues, sales of products and services amounted to HRK 2,681.5 million.

In 2018, exports amounted to 1,475.4. The share of exports in total realized sales revenue is 55 percent. In the domestic market, revenues from sales of products and services amounted to HRK 1,206.1 million.

Profit from operating activities amounted to HRK 98.7 million. The share of profits of associated entrepreneurs amounts to HRK 46.4 million making it lower by HRK 25.8 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 3.4 million.

The realized profit before tax is generated in the amount of HRK 141.7 million making it higher by 13.8% compared to 2017. Income tax amounted to HRK 13.4 million. The realized net profit amounted to HRK 128.3 million and was 18.7% higher than the previous year.

Profit attributable to share holders of the parent company amounts to HRK 102.9 million and the profit attributable to the minority interest amounts to HRK 25.4 million.

Out of 16 Končar Group Companies, 15 Companies generated a positive financial result, while one company (Končar - Low Voltage Switches And Circuit Breakers Ltd.) expressed a loss in the total amount of HRK 1.1 million attributable to the Mother Company shareholders.

In the structure of incomes from sales of products and services on the domestic market incomes from sales of products and services to companies within the Croatian Power Authority (HEP) (HEP – Generation, HEP – ODS – Distribution System Operator, HOPS – Croatian Transmission System Operator) are generated 34.9 % of the total generated incomes from sales of products and services in Croatia. Compared to the achievement of the same time period of 2017, sales of products and services to companies within the Croatian Power Authority (HEP) are lower by 14.5%.

Out of more important clients in the market of Croatia, the income from sales of products and services to Croatian Railways ( Hrvatske Željeznice) Cargo Transport, Passenger transport, Infrastructure and Technical services rolling) 7 % of total incomes on the domestic market and to Zagreb Holding 6% of the total generated incomes on the domestic market.

Incomes from sales of products and services on the foreign market are generated in the amount of HRK 1,475.4 million.

The share of the export amounts to 55% of the total incomes from sales of products and services. Out of the total realized exports, the most significant part relates to EU countries, amounting to HRK 939.4 million or 64% of total exports of products and services.



The most significant export is performed to Sweden in the amount of HRK 237.4 million or 16.1% of the total export. (Končar-Distribution & Special Transformers and Končar- Generators and Motors)

In the market of Germany, the export in the amount of HRK 185.4 million or 12.6% of the total generated export is achieved (Končar-Distribution & Special Transformers and Končar-Metal Constructions). Products and services in the amount of HRK 73.4 million are exported to Austria and HRK 66.4 million to Bosnia and Herzegovina.

Compared to the same time period of the previous year, a significant increase of incomes from sales of goods and services in export is generated by the export to the markets of: Norway (HRK 31.4 million more), Sweden (HRK 26.7 million more and the UAE (HRK 25.6 million more).

During the time period January to December, 2018, Končar Group Companies contracted new projects in the amount of HRK 3,026.4 million. Compared to the contracted projects for the same time period of the previous year there are more new projects in the amount of HRK 466.8 million.

Out of the total contracted new projects the amount of HRK 1,200.9 million (40 % of the total contracted projects) refers to the domestic market, and the amount of HRK 1,825.5 million (60 % of the total contracted projects) refers to contracts for export.

Out of projects contracted for the domestic market the majority refers to companies within the HEP (Croatian Power Authority) in the amount of HRK 409 million or 34% the total contracted projects for the domestic market.

During the time period January to December 2018, the majority of contracted projects for the foreign market (14 %) refer to the market of Germany in the amount of HRK 253.8 million (the majority refers to contracted projects for delivery of distribution and special transformers and metal constructions. For the market of Bosnia and Herzegovina, new projects are contracted in the amount of HRK 226 million, for the market of Sweden HRK 189.3 million mainly for the delivery of distribution and special transformers.

Regarding the delivery dynamics, contracted new projects in the amount of HRK 1,422.2 million for performing in 2018, while contracted projects to be performed during 2019 and following years amount to HRK 1,604.2 million.

On 31<sup>st</sup> December, 2018, the contracted project status (due receivables) amounted to HRK 3,824.1 million. The status of due receivables showed HRK 1,952.9 million to be realised in 2019.

During the time period January to December 2018, incomes from import were generated in the amount of HRK 667.4 million. The import of raw materials and consumables amounts to HRK 650.6 million and the investment purchases amount to HRK 16.8 million. In the same period this year, incomes from sales of products and services in export were realized in the amount of HRK 1,475.4 million. The export import coverage coefficient amounts to 2.2.

The total consolidated funds and funds sources on 31<sup>st</sup> December, 2018 amounted to HRK 3,824.1 million or HRK 115 million or 3.1% higher as compared to 31<sup>st</sup> December, 2017.

Within the structure of asset sources, the registered capital, reserves, retained profits, profits of the current year and the capital belonging to the not controlling interest amount to HRK 2,538 million



that is HRK 53.1 million higher compared to the level on 31<sup>st</sup> December, 2017 and they make 66.4% of the total sources. Long term reservations amount to HRK 205.2 million and they make 5.4 % of the total sources. Long term and current liabilities amount to HRK 924.4 million making them higher by HRK 71.7 million then the status at the end of 2017 and they make 24.2 % of the total sources. Within the current liabilities, liabilities towards suppliers amounted to HRK 432.1 million and make 11.3 % of the total sources within current liabilities. Total loans (long term and current) amount to HRK 174.1 million and they are lower by HRK 10.6 million compared to the status as of 31<sup>st</sup> December, 2017 and they make 4.6 % of the total sources.

Long term asset sources (capital, long term reservations and long term liabilities) are higher by HRK 762.8 million compared to the long term assets and the average level of stocks. Current assets are 2,8 times higher than the current liabilities. The consolidated balance sheet structure shows a good adjustment of asset sources 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

Darinko Bago

28<sup>th</sup> February, 2019



## STATEMENT OF PERSONS RESPONSIBLE FOR COMPILATION OF THE KONČAR GROUP CONSOLIDATED FINANCIAL REPORTS

This Statement of the Končar – Electrical Industry Inc. Zagreb Managing Board is given regarding compilation and publishing of the Končar Group Consolidated Financial Reports for the time period from January to December 2018.

***The attached financial statements (financial statements for Končar – Electrical Industry Inc. and consolidated financial statements) show quarterly and cumulative unaudited data and possible deviations from the final annual report are possible.***

Financial Reports are made in accordance with International Standards 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

28<sup>th</sup> February, 2019

- 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](mailto:ervin.filipcic@koncar.hr)

Marina Markušić, Accounting Expert, [marina.markusic@koncar.hr](mailto:marina.markusic@koncar.hr)

Vesna Ilić, Accounting Department Head, [vesna.ilic@koncar.hr](mailto:vesna.ilic@koncar.hr)

**Appendix 1**

Reporting period:

1.1.2018

to

31.12.2018

**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.hr**Internet address: **www.koncar.hr**Code and name of comune/town **133** **ZAGREB**Code and county name **21** **GRAD ZAGREB**Number of employees **51**

(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 31.12.2018

Company: Končar - Electrical Industry Inc.			
Position	AOP	Previous period	Current period
1	2	3	4
<b>ASSETS</b>			
<b>A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL</b>	<b>001</b>		
<b>B) NON-CURRENT ASSETS (003+010+020+029+033)</b>	<b>002</b>	<b>1.205.872.643</b>	<b>1.356.950.714</b>
I. INTANGIBLE ASSETS (004 do 009)	003	1.441.796	1.441.796
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	1.441.796	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	357.974.015	392.217.149
1. Land	011	74.199.079	72.935.155
2. Buildings	012	109.532.267	102.630.956
3. Plant and equipment	013	11.137.311	12.770.850
4. Tools, working inventory and transportation assets	014	2.802.248	2.840.325
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	2.592.299	1.490.571
7. Tangible assets in progress	017	6.416.686	46.923.821
8. Other tangible assets	018		
9. Investment in real-estate	019	151.294.124	152.625.471
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	837.816.874	949.303.504
1. Share in related parties	021	768.867.585	843.195.368
2. Loans to related parties	022	0	0
3. Participating interests (shares)	023	67.722.257	104.776.367
4. Loans to companies with participating interest	024		
5. Investments in securities	025	1.227.032	1.331.769
6. Loans, deposits, etc.	026	0	0
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	8.639.959	13.988.266
1. Receivables from related parties	030		0
2. Receivables arising from sales on credit	031	5.948.825	3.809.814
3. Other receivables	032	2.691.134	10.178.451
V. DEFERRED TAX ASSET	033		
<b>C) CURRENT ASSETS (035+043+050+058)</b>	<b>034</b>	<b>459.479.435</b>	<b>363.094.763</b>
I. INVENTORIES (036 do 042)	035	58.409	71.646
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	58.409	71.646
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	32.442.776	72.174.113
1. Receivables from related parties	044	11.155.877	68.254.332
2. Receivables from end-customers	045	1.395.893	290.175
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	36.027	42.504
5. Receivables from government and other institutions	048	693.857	1.942.787
6. Other receivables	049	19.161.122	1.644.315
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	207.374.092	29.378.025
1. Share in related parties	051		
2. Loans to related parties	052	59.075.456	28.937.025
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	148.298.636	441.000
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	219.604.158	261.470.979
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>059</b>	<b>424.452</b>	<b>1.386.306</b>
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	<b>1.665.776.531</b>	<b>1.721.431.783</b>
<b>F) OFF BALANCE SHEET ITEMS</b>	<b>061</b>	<b>521.737.196</b>	<b>365.516.815</b>



<b>EQUITY AND LIABILITIES</b>			
<b>A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	<b>1.644.657.086</b>	<b>1.673.080.728</b>
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	359.719.093	386.931.800
1. Legal reserves	066	41.386.077	44.839.799
2. Reserve for own shares	067	4.143.784	10.092.356
3. Treasury shares and shares (deductible items)	068	4.143.784	10.092.356
4. Statutory reserves	069	217.684.029	217.684.029
5. Other reserves	070	100.648.987	124.407.972
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	6.248.041	4.764.752
1. Retained earnings	073	6.248.041	4.764.752
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	69.074.443	71.768.668
1. Net profit for the period	076	69.074.443	71.768.668
2. Net loss for the period	077		
VII. MINORITY INTEREST	078		
<b>B) PROVISIONS (080 do 082)</b>	<b>079</b>	<b>3.312.434</b>	<b>3.715.146</b>
1. Provisions for pensions, severance pay and similar liabilities	080	3.312.434	3.715.146
2. Provisions for tax liabilities	081		
3. Other provisions	082	0	0
<b>C) NON-CURRENT LIABILITIES (084 do 092)</b>	<b>083</b>		
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		
<b>D) CURRENT LIABILITIES (094 do 105)</b>	<b>093</b>	<b>17.250.045</b>	<b>44.077.014</b>
1. Liabilities to related parties	094	9.665.210	35.961.384
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	2.425.779	2.487.461
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	2.058.642	2.137.405
9. Taxes, contributions and similar liabilities	102	2.184.010	2.766.864
10. Liabilities arising from share in the result	103	479.583	550.617
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	436.820	173.283
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>106</b>	<b>556.965</b>	<b>558.895</b>
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>1.665.776.531</b>	<b>1.721.431.783</b>
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>108</b>	<b>521.737.196</b>	<b>365.516.815</b>
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>			
<b>ISSUED CAPITAL AND RESERVES</b>			
1. Attributable to majority owners	109		
2. Attributable to minority interest	110		

**Income statement**  
period 1.1.2018 to 31.12.2018

Company: Končar -Electrical Industry Inc.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME (112 do 113)</b>	<b>111</b>	<b>53.421.178</b>	<b>-16.978.480</b>	<b>68.049.763</b>	<b>13.584.110</b>
1. Rendering of services	112	50.213.330	12.573.358	47.772.759	11.818.879
2. Other operating income	113	3.207.848	-29.551.839	20.277.004	1.765.231
<b>II. OPERATING COSTS (115+116+120+124+125+126+129+130)</b>	<b>114</b>	<b>79.255.595</b>	<b>-5.727.938</b>	<b>79.885.572</b>	<b>23.913.662</b>
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	27.235.220	6.500.595	27.394.601	6.008.131
a) Costs of raw materials	117	5.455.683	1.576.481	5.725.567	1.780.905
b) Cost of goods sold	118				
c) Other material expenses	119	21.779.536	6.924.114	21.669.034	4.227.226
3. Employee benefits expenses (121 do 123)	120	21.435.411	6.661.807	23.223.513	7.543.183
a) Net salaries	121	11.153.376	3.643.711	11.183.270	3.639.355
b) Tax and contributions from salary expenses	122	7.117.249	2.014.212	8.636.516	2.799.962
c) Contributions on salary	123	3.164.786	1.003.885	3.403.727	1.103.866
4. Depreciation and amortisation	124	7.817.056	2.022.111	8.091.285	1.983.624
5. Other expenses	125	20.872.426	6.611.164	20.131.832	7.390.377
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	1.023.836	1.023.836	961.459	961.459
8. Other operating costs	130	871.647	-30.547.451	82.883	26.889
<b>III. FINANCIAL INCOME (132 do 136)</b>	<b>131</b>	<b>131.429.534</b>	<b>76.573.107</b>	<b>106.153.965</b>	<b>62.634.993</b>
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	49.265.870	616.540	41.158.636	158.319
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	8.430.747	2.223.650	2.688.353	353.570
3. Income from investments in associates and joint ventures	134	72.973.704	72.973.704	61.350.031	61.350.031
4. Unrealised gains (income) from financial assets	135	759.213	759.213	956.945	773.073
5. Other financial income	136				
<b>IV. FINANCIAL EXPENSES (138 do 141)</b>	<b>137</b>	<b>36.520.673</b>	<b>29.287.478</b>	<b>22.549.489</b>	<b>17.603.756</b>
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	8.288.416	1.055.221	5.401.199	455.467
3. Unrealised losses (expenses) from financial assets	140	28.232.257	28.232.257	17.148.289	17.148.289
4. Other financial expenses	141				
<b>V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES</b>	<b>142</b>				
<b>VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES</b>	<b>143</b>				
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>				
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>				
<b>IX. TOTAL INCOME (111+131+144)</b>	<b>146</b>	<b>184.850.712</b>	<b>59.594.626</b>	<b>174.203.728</b>	<b>76.219.104</b>
<b>X. TOTAL EXPENSES (114+137+143+145)</b>	<b>147</b>	<b>115.776.268</b>	<b>23.559.540</b>	<b>102.435.060</b>	<b>41.517.418</b>
<b>XI. PROFIT OR LOSS BEFORE TAXES (146-147)</b>	<b>148</b>	<b>69.074.443</b>	<b>36.035.086</b>	<b>71.768.668</b>	<b>34.701.686</b>
1. Profit before taxes (146-147)	149	69.074.443	36.035.086	71.768.668	34.701.686
2. Loss before taxes (147-146)	150				
<b>XII. TAXATION</b>	<b>151</b>				
<b>XII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>69.074.443</b>	<b>36.035.086</b>	<b>71.768.668</b>	<b>34.701.686</b>
1. Profit for the period (149-151)	153	69.074.443	36.035.086	71.768.668	34.701.686
2. Loss for the period (151-148)	154				
<b>ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (=152)</b>	<b>157</b>	<b>69.074.443</b>	<b>36.035.086</b>	<b>71.768.668</b>	<b>34.701.686</b>
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)</b>	<b>158</b>				
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				
<b>III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>				
<b>IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)</b>	<b>167</b>				
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	<b>69.074.443</b>	<b>36.035.086</b>	<b>71.768.668</b>	<b>34.701.686</b>
<b>ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>					
1. Attributable to majority owners	169				
2. Attributable to minority interest	170				

**STATEMENT OF CASH FLOWS - Direct method**  
**period 1.1.2018 to 31.12.2018**

Legal entity: Končar Electrical Industry Inc.			
Position	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Cash receipts from customers	001	61.202.646	25.215.598
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	1.913.197	
5. Other cash receipts	005	10.574.143	10.457.406
<b>I. Total increase in cash flow from operating activities (001 to 005)</b>	<b>006</b>	<b>73.689.986</b>	<b>35.673.004</b>
1. Cash paid to suppliers	007	55.552.197	23.349.800
2. Cash paid to employees	008	23.359.143	22.534.848
3. Cash outflows for insurance for damages compensation	009		
4. Interest paid	010	503.406	685
5. Tax paid	011	5.123.691	3.193.339
6. Other cash outflows	012	10.406.022	10.630.275
<b>II. Total decrease in cash flow from operating activities (007 to 012)</b>	<b>013</b>	<b>94.944.459</b>	<b>59.708.947</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>014</b>		
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>015</b>	<b>21.254.473</b>	<b>24.035.943</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	016	2.468.391	35.021.895
2. Cash inflows from sale of equity and debt financial instruments	017	2.627.731	8.219
3. Interest receipts	018		
4. Dividend receipts	019	185.800.952	39.594.248
5. Other cash inflows from investing activities	020		
<b>III. Total cash inflows from investing activities(016 to 020)</b>	<b>021</b>	<b>190.897.074</b>	<b>74.624.362</b>
1. Cash outflows for purchase of long - term tangible and intangible assets	022	11.192.982	24.159.238
2. Cash outflows for purchase of equity and debt financial instruments	023	22.896.999	119.083.910
3. Other cash outflows from investing activities	024		
<b>IV. Total cash outflows from investing activities (022 to 024)</b>	<b>025</b>	<b>34.089.981</b>	<b>143.243.148</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>026</b>	<b>156.807.093</b>	
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>027</b>		<b>68618786</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
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	227.885.584	205.653.990
<b>V. Total cash inflows from financing activities (028 to 030)</b>	<b>031</b>	<b>227.885.584</b>	<b>205.653.990</b>
1. Cash outflows for repayment of loans and bonds	032		
2. Dividends paid	033	30.804.427	35.933.866
3. Cash outflows for finance lease	034		
4. Cash outflows for purchase of own stocks	035		5948574
5. Other cash outflows from financing activities	036	201.819.359	29.250.000
<b>VI. Total cash outflows from financing activities (032 to 036)</b>	<b>037</b>	<b>232.623.786</b>	<b>71.132.440</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>038</b>		<b>134.521.550</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>039</b>	<b>4.738.202</b>	
<b>Total increases of cash flows (014 – 015 + 026 – 027 + 038 – 039)</b>	<b>040</b>	<b>130.814.418</b>	<b>41.866.821</b>
<b>Total decreases of cash flows (015 – 014 + 027 – 026 + 039 – 038)</b>	<b>041</b>		
<b>Cash and cash equivalents at the beginning of period</b>	<b>042</b>	<b>88.789.740</b>	<b>219.604.158</b>
<b>Decrease in cash and cash equivalents</b>	<b>043</b>	<b>130.814.418</b>	<b>41.866.821</b>
<b>Increase in cash and cash equivalents</b>	<b>044</b>		
<b>Cash and cash equivalents at the end of period</b>	<b>045</b>	<b>219.604.158</b>	<b>261.470.979</b>

## STATEMENT OF CHANGES IN EQUITY

period 1.1.2018 to 31.12.2018

	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	359.719.093	386.931.800
4. Retained earnings or loss carried forward		004	6.248.041	4.764.752
5. Net profit or loss for the period		005	69.074.443	71.768.668
6. Revaluation of tangible assets		006		
7. Revaluation of intangible assets		007		
8. Revaluation of available for sale assets		008		
9. Other revaluation		009		
<b>10. Total equity and reserves (AOP 001 to 009)</b>		<b>010</b>	<b>1.644.657.086</b>	<b>1.673.080.728</b>
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		
<b>17. Total increase or decrease of equity (AOP 011 to 016)</b>		<b>017</b>		
17 a. Attributable to majority owners		018		
17 b. Attributable to minority interest		019		