KONČAR GROUP MANAGING BOARD BUSINESS REPORT
January – June 2019

The KONČAR Group consists of KONČAR – ELEKTROINDUSTRIJA d.d. (KONČAR – ELECTRICAL INDUSTRY Inc.) as the Mother Company and 14 Daughter Companies in which the Mother Company has the prevailing interest (more than 50 % of votes at the Annual / Extraordinary General Meeting). Besides, the Mother Company has a minority managing interest in three companies, 2 Associated Companies, i.e. Končar – Energetski transformatori (Končar – Power Transformers) and Elkakon d.o.o (Elkakon Ltd.) and a joint venture, i.e. TBEA Končar Instrument Transformers Ltd, China. Elkakon Ltd. and TBEA Končar Instrument Transformers Ltd, China are indirectly owned by the Mother Company. KONČAR-XD Visokonaponska sklopna postrojenja (in English: KONČAR – XD High Voltage Switchgear) with headquarters in Zagreb was established as a joint undertaking of Končar – Electrical Industry Inc. and XD Group from China, each partner owing 50 per cent of the company, in December, 2018.
Investments into associated companies are presented in consolidated financial statements using the equity method.

The number of dependant companies operating within the Group is changed compared to the previous reporting period. Stocks of Končar – Kućanski aparati (in English: Končar – Household Appliances) were sold pursuant the M&E buyout model during the second quarter on the basis of the previously passed decisions on the restructuring of companies that did not run business within the frames of the core business of the Group and the stated company does not belong to the Končar Group any more. A part of the production programme of the company Končar – Niskonaponske sklopke i prekidači (in English: Končar – Low Voltage Switches and Circuit Breakers) was selected and sold to the Buyer - Lovato Electric s.p.a. from Bergamo. Lovato Electric s.p.a. has continued manufacture of rotary cam switches taking over an adequate number of employees whose vested rights from the Collective Labour Agreement were protected showing the care about the continuation of the manufacture and keeping of jobs.
It is expected that the stated transactions would have a positive influence on the profitability of the Končar Group business operations during the following period.

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 the 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 30/06/2019 amounts to HRK 405.4 million representing an increase by HRK 90.3 million compared to 31/12/2018.
Out of the total warranties and joint and severe securities HRK 220.4 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: serial products and low voltage electrical apparatuses;
- Special activities: research and development of products and infrastructural services.

As of 30/06/2019 the Končar Group employed 3,384 employees

Managing Board:

Darinko Bago	President of the Managing Board
Gordan Kolak	Deputy President of the Managing Board
Miki Huljić	Member of the Managing Board in Charge of Finances
Marina Kralj Miliša	Member of the Managing Board in Charge of Legal, Common and Personnel Affairs
Miroslav Poljak	Member of the Managing Board in Charge of Generation of Electric Power, Corporate Development and ICT
Ivan Tomšić	Deputy Member of the Managing Board in Charge of Complex Project Export Coordination and Digital Transformation

Supervisory Board:

Petar Vlaić	President of the Supervisory Board by 30th June, 2019
Luka Gašpar	President of the Supervisory Board since 1st July, 2019
Josip Lasić	Deputy President of the Supervisory Board
Nikola Anić	Member
Jasminka Belačić	Member
Vicko Ferić	Member
Branko Lampl	Member
Joško Miliša	Member
Vladimir Plečko	Member

Končar – Electrical Industry Inc. Annual General Meeting of 6th June, 2019, passed the decision nominating Luka Gašpar, a master of technical sciences, to be a Supervisory Board Member with the term of office from 1st July 2019 to 12th July, 2020. The Supervisory Board elected Luka Gašpar to be the President of the Supervisory Board anonymously. The term of office of Končar – Electrical Industry Inc. Supervisory Board President and Member, Petar Vlaić, terminated on the basis of his resignation pursuant the Law on Amendment of the Law on Obligatory Pension Funds, Article 42 (Official Gazette of the Republic of Croatia NN 115/18) on 30th June, 2019.

As of 30/06/2019 the share capital of Končar – Electrical Industry Inc. amounted to HRK 1,208,895,930 divided into 2,572,119 shares each one having the nominal value of HRK 470.00.

Končar Group Business Results for January to June, 2019

The Končar Group Companies generated consolidated incomes from sales of products and services in the amount of HRK 1,255.9 million for the time period from January to June, 2019 that is higher by 4.3 % compared to the achievement for the same time period of 2018. If the data for the Company Končar – Household Appliances that does not operate within the Končar Group were excluded due to the comparability of data from the achievement of the second quarter of 2018, the achieved incomes from sales of products and services for the first quarter of 2019, would be higher by 8.7 % compared to the achievement of the same time period of the previous year.

Operating incomes were generated in the amount of HRK 1,300.8 million making them higher by 0.7 % then the achieved for January to June of 2018. If operating incomes of the company Končar – Household Appliances were excluded from the operating incomes achieved during the same reporting period of 2018, the increase of the operating income would amount to 4.7 %.

Within operating incomes, incomes from sales of products and services amount to HRK 1,255.9 million or 96.5 % of the total operating incomes. Incomes from cancellation of provisions amount to HRK 26.5 million and they are lower by HRK 28.2 million compared to the achievement of the same time period of the previous year. Other operating incomes are achieved in the amount of HRK 18.5 million and they are lower by HRK 14.9 million compared to the time period from January to June of 2018.

Operating expenses were generated in the amount of HRK 1,278.5 million and they are higher by 2.5 % than the achievement for the same time period of 2018. Out of operating expenses material costs (costs of raw materials and consumables, costs of sold goods and other external costs) were generated in the amount of HRK 884.1 million. A share of material costs in operating incomes (adjusted by changes in inventories) amounted to HRK 66.1 % representing an increase by 1.8 % compared to the same time period of the previous year.

Personnel costs for the first half year of 2019 amounted to HRK 305,7 million and they were lower by 2.7 % compared to the same time period of the previous year. A share of personnel costs in operating incomes (adjusted by changes in inventories) amounted to 22.8 % making it lower by 0.3 percentage points compared to the time period from January to June of 2018.

Other operating incomes amounted to HRK 66.6 million and they are lower by 1.1 million compared to the first half year of 2018. Other operating expenses referred to non-productive services, intellectual services, insurance premiums and other.

Provisions for the time period from January to June of 2019 were at the level of the achievement of the same time period of the previous year and amounted to HRK 9.1 million.

The difference between operating incomes and operating expenses gives the profit of operating activities in the amount of HKR 22.4 million that is lower by HRK 21.8 million than the achievement for January to June of 2018.

A share in profits of associated entrepreneurs amounts to HRK 3.4 million (a part of profits of Končar Power Transformers in the amount of HRK 4.3 million and a part of the loss of Končar XD in the amount of HRK 0.9 million). The share in profits of associated entrepreneurs is lower by HRK 8,7 million compared to the achievement during the same time period of the previous year.

The difference between financial incomes and expenses is positive and it amounts to HRK 0.7 million.

The profits from operating activities in the amount of HRK 22.4 million, the share in the profit of the associated entrepreneurs in the amount of HRK 3.4 million and the positive difference between financial incomes and expenses in the amount of HRK 0.7 million make consolidated profits before tax in the amount of HRK 26.5 million. The profit tax cost amounts to HRK 10.3 million, while the profit after tax amounts to HRK 16.2 million distributed to the non-controlling interest (the minority interest) in the amount of HRK 10.5 million and to the Group Mother Company shareholders HRK 5.7 million.

The generated consolidated financial result of the Group is lower than the achieved during the same time period of the previous year utmost due to the blockage of several significant agreements, among others the project of construction of Vranduk Hydro Power Plant in Bosnia and Herzegovina. Performance of an agreement for the delivery of equipment to an Iranian buyer was blocked due to a new cycle of sanctions applied to Iran.

Out of 15 Končar Group Companies, 14 Companies generated a positive financial result, while a company expressed a loss in the total amount of HRK 19.5 million that is completely attributable to the Mother Company shareholders.

On the domestic market the income was generated in the amount of HRK 444.8 million making it lower by HRK 57.6 million or 11.5 % than the achievement of the second quarter of 2018.

Within 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) were generated in the amount of HRK 161.1 million (36.2 % of the total generated incomes from sales of products and services in the domestic market).

Incomes from sales of products and services on the foreign market were generated in the amount of HRK 811.1 million that was higher than the achievement for the same time period of the previous year by 15.6 %. If the income achieved by the Company Končar – Household Appliances was excluded from the achievement of 2018 due to the comparability of data the export generated from January to June of 2019 would be higher by 17.3 % compared to the achievement of the same time period of 2018.

The share of the export amounted to 65 % of the total incomes from sales of products and services. The most significant export was performed to Germany in the amount of HRK 113.6 million or 14 % of the total export. In the market of Sweden, the export in the amount of HRK 91.6 million or 11.3 % of the total generated export was achieved. Goods and services in the amount of HRK 74.8 million were exported to Austria, HRK 49.3 million to the U.A.E., and 39.7 million to the Netherlands.
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 U.A.E (HRK 44.5 million more), Austria (HRK 35.4 million more) and Germany (HRK 29.2 million more).

During the time period January to June, 2019, the Končar Group Companies contracted new projects in the amount of HRK 1,699.3 million. Out of the total contracted new projects the amount of HRK 631 million (37 % of the total contracted projects) referred to the domestic market, and the amount of HRK 1,068.3 million (63 % of the total contracted projects) referred to contracts for export. Compared to the same time period of the previous year, it was contracted HRK 147.5 million or 9.5 % more new projects.

Out of the projects contracted in the domestic market during the time period from January to June of 2019, the majority refers to the HEP Group Companies (Croatian Power Authority - HEP – Generation, HEP – ODS – Distribution System Operator, HOPS – Croatian Transmission System Operator) in the amount of HRK 200.6 million or 31.8 % of the total new project contracted in the domestic market and newly contracted projects for the Croatian Railways - HŽ Infrastructure and HŽ Passenger Transport in the amount of HRK 86.2 million or 13.7 % of the total projects contracted in the first half year of 2019.

The majority of project contracted in the foreign market during the time period from January to June of 2019 (16 %) refers to the market of Sweden in the amount of HRK 172.6 million. For the market of Germany new projects in the amount HRK 125.9 were contracted and for the market of Austria the amount of HRK 89.4 million was contracted. During the first half year new projects in the amount of HRK 54.8 million were contracted for the market of Norway, while the newly contracted projects for Finland amount to HRK 49.8 million.

As of 30th June, 2019, the contracted project status amounted to HKR 3,815.2 million that was higher by 13 % than the contracted project status at the beginning of the year.
Within the status of the contracted projects as of 30th June, 2019, the Contract for Vranduk Hydro Power Plant in Bosnia and Herzegovina is placed in the amount of HRK 366.9 million. In the estimation of the contracted projects for the 3rd and 4th quarter of 2019, corrections were made in the amount of the stated contract.

The status of the total consolidated assets and the asset sources as of 30th June, 2019 amounts to HRK 3,712.5 resulting in a decrease by HRK 14.7 million or 0.4 %.

Within the structure of asset sources, the registered capital, provisions, retained profits, profits of the current year and the equity belonging to the not controlling interest amounted to HRK 2,501.6 million that was by HRK 35.9 million less compared to the level as of 31st December, 2018 and they made 67.4 % of the total sources. Long term provisions amounted to HRK 198 million and they made 5.3 % of the total sources. Long term and current liabilities amounted to HRK 894,3 million making them higher by HRK 67.3 million then the status at the end of 2018 and they made 24.1 % of the total sources.

Within the current liabilities, trade payables amounted to HRK 357.8 million and made 9.6 % of the total sources. Total loans (long term and current) amounted to HRK 215.9 million and they were higher by HRK 40.9 million compared to the status as of 31st December, 2018 and they made 5.8 % of the total sources.

Long term asset sources (equity, long term provisions and long-term liabilities) were higher by HRK 626.7 million compared to the long-term assets and the average level of inventories. Current assets were 2.7 times higher than current liabilities. The consolidated balance sheet structure shows 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

26th July, 2019

KONČAR
Končar - Elektroindustrija d.d

STATEMENT OF PERSONS RESPONSIBLE FOR COMPILATION OF THE KONČAR GROUP CONSOLIDATED FINANCIAL STATEMENTS

This Statement of the Končar – Electrical Industry Inc. Zagreb Managing Board is given regarding compilation and publishing of unaudited unconsolidated Financial Statements of Končar – Electrical Industry Inc. and unaudited unconsolidated Financial Statements of the Končar Group for the time period from January to June of 2019.

Unaudited unconsolidated Financial Statements of Končar – Electrical Industry Inc. and unaudited unconsolidated Financial Statements of the Končar Group are made in accordance with the Accounting Law of the Republic of Croatia and the International Standards for Financial Reporting applied in the European Union and they show a complete and true presentation of assets and liabilities, profit and loss, financial position and business operation of the Mother Company and business operation of the Group and all of its associated companies included into consolidation.

Unaudited unconsolidated Financial Statements of Končar – Electrical Industry Inc. and unaudited unconsolidated Financial Statements of the Končar Group for the time period from January to June of 2019 are approved by the Company Managing Board and while the Company Supervisory Board has took notice of them.

Signed in the name of the Managing Board

Končar – Electrical Industry Inc.
Managing Board President
Darinko Bago

26th July, 2019

Note:

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

Contract persons:

- Ervin Filipčić, Managing Board Office Head, ervin.filipcic@koncar.hr
- Ivana Baždar, Financial Manager of Končar – Electrical Industry Inc.
- Marina Markušić, Accounting Expert, marina.markusic@koncar.hr

Annex 1

ISSUER'S GENERAL DATA

Reporting period:	1.1.2019	to	30.6.2019
Year:	2019		
Quarter:	2.		

Quarterly financial statements

egistration number (MB):	03282635	Issuer's home Member State code:	HR
Entity's registration number (MBS):	080040936		
Personal identification number (OIB):	45050126417	LEI:	74780000H0SHMRAW0I15
Institution code:	501		

Name of the issuer: **KONČAR-ELECTRICAL INDUSTRY, Inc.**

Postcode and town: **10000** **ZAGREB**

treet and house number: **Fallerovo šetalište 22**

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

Web address: www.koncar.hr

Number of employees (end of the reporting: **51**

Consolidated report: **KN** (KN-not consolidated/KD-consolidated)

Audited: **RN** (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):	Registered office:	MB:

Bookkeeping firm: **No** (Yes/No)

(name of the bookkeeping firm)

Contact person: **Ivana Baždar**

(only name and surname of the contact person)

Telephone: **01 3655 978**

E-mail address: ivana.bazdar@koncar.hr

Audit firm: PricewaterhouseCoopers d.o.o.

(name of the audit firm)

Certified auditor: Kristina Dimitrov

(name and surname)

BALANCE SHEET
balance as at 30.06.2019

in HRK

Submitter: KONČAR-ELECTRICAL INDUSTRY, Inc.

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	**001**	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	**002**	1.360.685.152	1.390.340.495
I INTANGIBLE ASSETS (ADP 004 to 009)	**003**	1.441.796	2.374.296
1 Research and development	**004**	0	0
2 Concessions, patents, licences, trademarks, software and other rights	**005**	0	0
3 Goodwill	**006**	0	0
4 Advances for the purchase of intangible assets	**007**	0	0
5 Intangible assets in preparation	**008**	1.441.796	2.374.296
6 Other intangible assets	**009**	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	**010**	392.217.149	418.626.780
1 Land	**011**	72.935.155	98.736.610
2 Buildings	**012**	102.630.956	122.346.998
3 Plant and equipment	**013**	12.701.404	12.254.971
4 Tools, working inventory and transportation assets	**014**	2.840.325	2.268.585
5 Biological assets	**015**	0	0
6 Advances for the purchase of tangible assets	**016**	1.490.571	0
7 Tangible assets in preparation	**017**	46.923.821	30.324.699
8 Other tangible assets	**018**	69.446	69.446
9 Investment property	**019**	152.625.471	152.625.471
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	**020**	953.037.941	934.678.871
1 Investments in holdings (shares) of undertakings within the group	**021**	846.929.805	828.552.115
2 Investments in other securities of undertakings within the group	**022**	0	0
3 Loans, deposits, etc. to undertakings within the group	**023**	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	**024**	104.776.367	104.776.367
5 Investment in other securities of companies linked by virtue of participating interests	**025**	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	**026**	0	0
7 Investments in securities	**027**	1.331.769	1.350.389
8 Loans, deposits, etc. given	**028**	0	0
9 Other investments accounted for using the equity method	**029**	0	0
10 Other fixed financial assets	**030**	0	0
IV RECEIVABLES (ADP 032 to 035)	**031**	13.988.266	34.660.548
1 Receivables from undertakings within the group	**032**	0	0
2 Receivables from companies linked by virtue of participating interests	**033**	0	0
3 Customer receivables	**034**	5.695.567	5.469.848
4 Other receivables	**035**	8.292.699	29.190.700
V DEFERRED TAX ASSETS	**036**	0	0
C) CURRENT ASSETS (ADP 038+046+053+063)	**037**	363.094.762	334.659.382
I INVENTORIES (ADP 039 to 045)	**038**	71.646	55.871
1 Raw materials and consumables	**039**	0	0
2 Work in progress	**040**	0	0
3 Finished goods	**041**	0	0
4 Merchandise	**042**	0	0
5 Advances for inventories	**043**	71.646	55.871
6 Fixed assets held for sale	**044**	0	0
7 Biological assets	**045**	0	0
II RECEIVABLES (ADP 047 to 052)	**046**	72.174.113	12.605.588
1 Receivables from undertakings within the group	**047**	6.799.712	10.067.040
2 Receivables from companies linked by virtue of participating interests	**048**	61.454.620	764.583
3 Customer receivables	**049**	290.175	709.150
4 Receivables from employees and members of the undertaking	**050**	42.504	52.081
5 Receivables from government and other institutions	**051**	1.942.787	25.715
6 Other receivables	**052**	1.644.315	987.019
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	**053**	29.378.024	208.085.077
1 Investments in holdings (shares) of undertakings within the group	**054**	0	0
2 Investments in other securities of undertakings within the group	**055**	0	0
3 Loans, deposits, etc. to undertakings within the group	**056**	28.937.024	7.687.025
4 Investments in holdings (shares) of companies linked by virtue of participating interests	**057**	0	0
5 Investment in other securities of companies linked by virtue of participating interests	**058**	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	**059**	0	0
7 Investments in securities	**060**	0	0
8 Loans, deposits, etc. given	**061**	441.000	200.398.052
9 Other financial assets	**062**	0	0

IV CASH AT BANK AND IN HAND	063	261.470.979	113.912.846
D) PREPAID EXPENSES AND ACCRUED INCOME	064	1.386.306	754.900
E) TOTAL ASSETS (ADP 001+002+037+064)	065	1.725.166.220	1.725.754.777
OFF-BALANCE SHEET ITEMS	066	365.516.815	437.092.424
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	1.676.815.166	1.661.715.852
I INITIAL (SUBSCRIBED) CAPITAL	068	1.208.895.930	1.208.895.930
II CAPITAL RESERVES	069	719.579	719.579
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	386.931.800	423.248.478
1 Legal reserves	071	44.839.799	48.614.954
2 Reserves for treasury shares	072	10.092.356	10.919.913
3 Treasury shares and holdings (deductible item)	073	-10.092.356	-10.919.913
4 Statutory reserves	074	217.684.029	217.684.029
5 Other reserves	075	124.407.972	156.949.495
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES (ADP 078 to 080)	077	0	0
1 Fair value of financial assets available for sale	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	4.764.752	4.764.752
1 Retained profit	082	4.764.752	4.764.752
2 Loss brought forward	083	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	75.503.105	24.087.113
1 Profit for the business year	085	75.503.105	24.087.113
2 Loss for the business year	086	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
B) PROVISIONS (ADP 089 to 094)	088	3.715.146	2.849.164
1 Provisions for pensions, termination benefits and similar obligations	089	3.715.146	2.849.164
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	0	0
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	0	0
6 Other provisions	094	0	0
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	0	0
1 Liabilities to undertakings within the group	096	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	097	0	0
3 Liabilities to companies linked by virtue of participating interests	098	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	099	0	0
5 Liabilities for loans, deposits etc.	100	0	0
6 Liabilities to banks and other financial institutions	101	0	0
7 Liabilities for advance payments	102	0	0
8 Liabilities to suppliers	103	0	0
9 Liabilities for securities	104	0	0
10 Other long-term liabilities	105	0	0
11 Deferred tax liability	106	0	0
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	107	44.077.013	60.631.014
1 Liabilities to undertakings within the group	108	35.961.383	17.885.276
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	0	0
3 Liabilities to companies linked by virtue of participating interests	110	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	111	0	0
5 Liabilities for loans, deposits etc.	112	0	0
6 Liabilities to banks and other financial institutions	113	0	0
7 Liabilities for advance payments	114	0	0
8 Liabilities to suppliers	115	2.487.461	850.365
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	2.137.405	1.115.560
11 Taxes, contributions and similar liabilities	118	2.766.864	1.570.211
12 Liabilities arising from the share in the result	119	550.617	38.973.152
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	173.283	236.450
E) ACCRUALS AND DEFERRED INCOME	122	558.895	558.747
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	123	1.725.166.220	1.725.754.777
G) OFF-BALANCE SHEET ITEMS	124	365.516.815	437.092.424

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2019 to 30.06.2019

in HRK

Submitter: KONČAR-ELECTRICAL INDUSTRY, Inc.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 126 to 130)	125	42.175.875	30.146.921	56.985.273	12.574.853
1 Income from sales with undertakings within the group	126	23.723.327	11.919.069	23.848.207	12.022.934
2 Income from sales (outside group)	127	71.598	37.661	395.947	367.570
3 Income from the use of own products, goods and services	128	0	0	0	0
4 Other operating income with undertakings within the group	129	17.891.205	17.891.205	31.158.361	96
5 Other operating income (outside the group)	130	489.745	298.986	1.582.758	184.253
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	37.621.388	18.904.709	40.781.359	21.089.144
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	13.238.520	6.769.648	14.578.624	7.437.006
a) Costs of raw materials and consumables	134	2.883.142	1.113.168	3.330.349	1.465.622
b) Costs of goods sold	135	0	0	0	0
c) Other external costs	136	10.355.378	5.656.480	11.248.275	5.971.384
3 Staff costs (ADP 138 to 140)	137	11.666.195	5.488.416	12.504.327	5.969.461
a) Net salaries and wages	138	5.387.082	2.433.038	6.331.600	3.039.983
b) Tax and contributions from salary costs	139	4.566.167	2.251.669	4.403.792	2.083.599
c) Contributions on salaries	140	1.712.946	803.709	1.768.935	845.879
4 Depreciation	141	4.170.095	2.088.638	4.318.046	2.294.221
5 Other costs	142	8.491.434	4.546.515	9.017.068	5.044.015
6 Value adjustments (ADP 144+145)	143	0	0	0	0
a) fixed assets other than financial assets	144	0	0	0	0
b) current assets other than financial assets	145	0	0	0	0
7 Provisions (ADP 147 to 152)	146	0	0	0	0
a) Provisions for pensions, termination benefits and similar	147	0	0	0	0
b) Provisions for tax liabilities	148	0	0	0	0
c) Provisions for ongoing legal cases	149	0	0	0	0
d) Provisions for renewal of natural resources	150	0	0	0	0
e) Provisions for warranty obligations	151	0	0	0	0
f) Other provisions	152	0	0	0	0
8 Other operating expenses	153	55.144	11.492	363.294	344.441
III FINANCIAL INCOME (ADP 155 to 164)	154	41.641.419	1.472.875	8.678.439	7.999.981
1 Income from investments in holdings (shares) of undertakings within the group	155	39.524.345	345.032	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	156	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	0	0	0	0
4 Other interest income from operations with undertakings within the group	158	1.273.816	572.412	217.718	77.585
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	0	0	0	0
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	238.956	114.235	222.297	216.257
8 Exchange rate differences and other financial income	162	350.528	187.422	511.443	128.118
9 Unrealised gains (income) from financial assets	163	183.872	183.872	148.960	0
10 Other financial income	164	69.902	69.902	7.578.021	7.578.021
IV FINANCIAL EXPENSES (ADP 166 to 172)	165	4.686.409	1.880.911	795.240	399.484
1 Interest expenses and similar expenses with undertakings within the group	166	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	0	0	0	0
3 Interest expenses and similar expenses	168	495	4	78	78
4 Exchange rate differences and other expenses	169	4.685.914	1.880.907	664.822	269.066
5 Unrealised losses (expenses) from financial assets	170	0	0	130.340	130.340
6 Value adjustments of financial assets (net)	171	0	0	0	0
7 Other financial expenses	172	0	0	0	0
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VRITUE OF PARTICIPATING INTERESTS	173	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	174	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	176	0	0	0	0
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	83.817.294	31.619.796	65.663.712	20.574.834
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	42.307.797	20.785.620	41.576.599	21.488.628
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	41.509.497	10.834.176	24.087.113	-913.794
1 Pre-tax profit (ADP 177-178)	180	41.509.497	10.834.176	24.087.113	0
2 Pre-tax loss (ADP 178-177)	181	0	0	0	-913.794
XII INCOME TAX	182	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	41.509.497	10.834.176	24.087.113	-913.794
1 Profit for the period (ADP 179-182)	184	41.509.497	10.834.176	24.087.113	0
2 Loss for the period (ADP 182-179)	185	0	0	0	-913.794
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)	186	0	0	0	0
1 Pre-tax profit from discontinued operations	187	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	189	0	0	0	0
1 Discontinued operations profit for the period (ADP 186-189)	190	0	0	0	0
2 Discontinued operations loss for the period (ADP 189-186)	191	0	0	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 179+186)	192	0	0	0	0
1 Pre-tax profit (ADP 192)	193	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0
XVII INCOME TAX (ADP 182+189)	195	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196	0	0	0	0
1 Profit for the period (ADP 192-195)	197	0	0	0	0
2 Loss for the period (ADP 195-192)	198	0	0	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)	199	0	0	0	0
1 Attributable to owners of the parent	200	0	0	0	0
2 Attributable to minority (non-controlling) interest	201	0	0	0	0
STATEMENT OF OTHER COMPRHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	202	41.509.497	10.834.176	24.087.113	-913.794
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)	203	0	0	0	0
1 Exchange rate differences from translation of foreign operations	204	0	0	0	0
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0	0	0
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	0	0	0	0
4 Profit or loss arising from effective cash flow hedging	207	0	0	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	210	0	0	0	0
8 Other changes in equity unrelated to owners	211	0	0	0	0
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212	0	0	0	0
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	0	0	0	0
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	41.509.497	10.834.176	24.087.113	-913.794
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)	215	0	0	0	0
1 Attributable to owners of the parent	216	0	0	0	0
2 Attributable to minority (non-controlling) interest	217	0	0	0	0

STATEMENT OF CASH FLOWS - direct method

for the period 01.01.2019 to 30.06.2019

in HRK

Submitter: KONČAR-ELECTRICAL INDUSTRY, Inc.

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Cash receipts from customers	001	12.964.403	11.279.506
2 Cash receipts from royalties, fees, commissions and other revenue	002	0	0
3 Cash receipts from insurance premiums	003	0	0
4 Cash receipts from tax refund	004	0	0
5 Cash payments to suppliers	005	-12.172.388	-12.773.743
6 Cash payments to employees	006	-13.838.722	-15.147.616
7 Cash payments for insurance premiums	007	0	0
8 Other cash receipts and payments	008	-2.152.032	-281.047
I Cash from operations (ADP 001 to 008)	009	-15.198.739	-16.922.900
9 Interest paid	010	-448	-16
10 Income tax paid	011	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 009 to 011)	012	-15.199.187	-16.922.916
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	013	32.751.556	1.047.226
2 Cash receipts from sales of financial instruments	014	8.219	4.860.122
3 Interest received	015	0	0
4 Dividends received	016	37.269.304	92.664.103
5 Cash receipts from the repayment of loans and deposits	017	0	0
6 Other cash receipts from investment activities	018	0	0
II Total cash receipts from investment activities (ADP 013 to 018)	019	70.029.079	98.571.451
1 Cash payments for the purchase of fixed tangible and intangible assets	020	-11.362.335	-49.376.984
2 Cash payments for the acquisition of financial instruments	021	-52.954.800	0
3 Cash payments for loans and deposits	022	0	0
4 Acquisition of a subsidiary, net of cash acquired	023	0	0
5 Other cash payments from investment activities	024	0	0
III Total cash payments from investment activities (ADP 020 to 024)	025	-64.317.135	-49.376.984
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 019 + 025)	026	5.711.944	49.194.467
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	027	0	0
2 Cash receipts the from issue of equity financial instruments and debt financial instruments	028	0	0
3 Cash receipts from credit principals, loans and other borrowings	029	0	0
4 Other cash receipts from financing activities	030	176.578.534	21.250.000
IV Total cash receipts from financing activities (ADP 027 to 030)	031	176.578.534	21.250.000
1 Cash payments for the repayment of credit principals, loans andother borrowings and debt financial instruments	032	0	0
2 Cash payments for dividends	033	-35.923.133	-22.882
3 Cash payments for finance lease	034	0	0
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	035	-716.434	-827.556
5 Other cash payments from financing activities	036	0	-200.229.246
V Total cash payments from financing activities (ADP 032 to 036)	037	-36.639.567	-201.079.684
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 031 +037)	038	139.938.967	-179.829.684
1 Unrealised exchange rate differences in respect of cash and cash equivalents	039	0	0
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 012+026+038+039)	040	130.451.724	-147.558.133
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	041	219.604.158	261.470.979
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 040+041)	042	350.055.882	113.912.846

STATEMENT OF CHANGES IN EQUITY

for the period from 1.1.2019 to 30.6.2019

in HRK

Item	ADP code	Attributable to owners of the parent														Minority (non-controlling) interest	Total capital and reserves
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)
Previous period																	
1 Balance on the first day of the previous business year	01	1.208.895.930	719.579	41.386.077	4.143.784	4.143.784	217.684.029	100.648.987	0	0	0	0	6.248.041	69.074.443	1.644.657.086	0	1.644.657.086
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	-1.483.289	0	-1.483.289	0	-1.483.289
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	1.208.895.930	719.579	41.386.077	4.143.784	4.143.784	217.684.029	100.648.987	0	0	0	0	4.764.752	69.074.443	1.643.173.797	0	1.643.173.797
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	75.503.105	75.503.105	0	75.503.105
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from subsequent measurement of financial assets available for sale	08	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	0	0	0	5.948.572	0	0	0	0	0	0	0	0	-5.948.572	0	-5.948.572
19 Payment of share in profit/dividend	19	0	0	0	0	0	0	0	0	0	0	0	0	-35.927.612	-35.927.612	0	-35.927.612
20 Other distribution to owners	20	0	0	0	-51.428	0	0	65.876	0	0	0	0	0	0	14.448	0	14.448
21 Transfer to reserves according to the annual schedule	21	0	0	3.453.722	6.000.000	0	0	23.693.109	0	0	0	0	0	-33.146.831	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Balance on the last day of the previous business year reporting period (04 to 22)	23	1.208.895.930	719.579	44.839.799	10.092.356	10.092.356	217.684.029	124.407.972	0	0	0	0	4.764.752	75.503.105	1.676.815.166	0	1.676.815.166
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																	
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	0	0	0	0	0	0	75.503.105	75.503.105	0	75.503.105
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	0	3.453.722	5.948.572	5.948.572	0	23.758.985	0	0	0	0	0	-69.074.443	-41.861.736	0	-41.861.736
Current period																	
1 Balance on the first day of the current business year	27	1.208.895.930	719.579	44.839.799	10.092.357	10.092.357	217.684.029	124.407.972	0	0	0	0	4.764.752	75.503.105	1.676.815.166	0	1.676.815.166
2 Changes in accounting policies	28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the current business year (restated) (ADP 27 to 29)	30	1.208.895.930	719.579	44.839.799	10.092.357	10.092.357	217.684.029	124.407.972	0	0	0	0	4.764.752	75.503.105	1.676.815.166	0	1.676.815.166
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	0	24.087.113	24.087.113	0	24.087.113
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Changes in revaluation reserves of fixed tangible and intangible assets	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from subsequent measurement of financial assets available for sale	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	44	0	0	0	0	827.556	0	0	0	0	0	0	0	0	-827.556	0	-827.556
19 Payment of share in profit/dividend	45	0	0	0	0	0	0	0	0	0	0	0	-38.358.871	0	-38.358.871	0	-38.358.871
20 Other distribution to owners	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Transfer to reserves according to the annual schedule	47	0	0	3.775.155	827.556	0	0	32.541.523	0	0	0	0	38.358.871	-75.503.105	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Balance on the last day of the current business year reporting period (ADP 30 to 48)	49	1.208.895.930	719.579	48.614.954	10.919.913	10.919.913	217.684.029	156.949.495	0	0	0	0	4.764.752	24.087.113	1.661.715.852	0	1.661.715.852
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																	
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 40)	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)	51	0	0	0	0	0	0	0	0	0	0	0	0	24.087.113	24.087.113	0	24.087.113
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	0	3.775.155	827.556	827.556	0	32.541.523	0	0	0	0	0	-75.503.105	-39.186.427	0	-39.186.427

NOTES TO FINANCIAL STATEMENTS - TFI
(drawn up for quarterly reporting periods)

Name of the issuer: ____

Personal identification number (OIB):
____

Reporting period: ____________________________________

Notes to financial statements for quarterly periods include:

a) an explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the quarterly reporting period of the issuer with respect to the last business year: information is provided regarding these events and relevant information published in the last annual financial statement is updated b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the quarterly reporting period
c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the quarterly reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes
d) a description of the financial performance in the case of the issuer whose business is seasonal.