

January – June 2020

MANAGEMENT BOARD REPORT ON THE BUSINESS ACTIVITY OF KONČAR – ELECTRICAL INDUSTRY INC. ZAGREB

THE CONSOLIDATED FINANCIAL STATEMENTS OF KONČAR GROUP AND THE COMPANY
KONČAR - ELECTRICAL INDUSTRY INC.



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A Management Board Report

Comment by Gordan Kolak, President of the Management Board

After almost six months since taking over the duties of the Chairman of the Management Board and the appointment of the Management Board of KONČAR - Electrical Industry Inc. in the new composition, the world is a different place than it was when we took office. The economic crisis caused by COVID-19 and the impact of the pandemic on the entire global population represents the biggest economic shock in the last few decades.

As a company operating in more than 100 countries, we continuously monitor the developments in the main markets in which the companies of KONČAR Group operate. Work processes within the company have been fully adapted to the new situation in the shortest possible time, so that production could be continued in strict compliance with the prescribed protection measures. At the time of the lockdown, shift work was organised in production companies to ensure physical distancing, and all workers whose jobs allow it worked from home. Workers who stayed in the most affected areas or were in contact with infected persons have been self-isolating. Business travel has been reduced, while digital meetings are encouraged, so contacts with customers have not been significantly reduced or endangered.

Despite numerous negative effects caused by the pandemic (increase in the prices of raw materials and transport services, difficult contracting of new deals due to travel ban and restrictions), the KONČAR Group managed to maintain a positive business trend in the second quarter, thus confirming the fact that the company is agile enough and able to adapt to unforeseen and emergency situations due to the commitment of its employees.

Apart from the extraordinary circumstances in which business activities took place, the KONČAR Group generated a total income of HRK 1,426 million in the first half of 2020, which is 12.1 percent more than in the same period last year. Income from the sales of products and services, which accounts for 97 percent of the total operating income, amounts to HRK 1,341.2 million, which is an increase of 11.1 percent. Sales in export account for 67 percent of the sales income. New deals in the amount of HRK 1,486.3 million were contracted, of which 72 percent in foreign markets. The deals contracted in 2020 and deals contracted in previous years to be implemented in 2020 are sufficient for generating the planned income from the sales of products and services this year.

EBITDA amounts to HRK 83.7 million and is HRK 18.8 million higher than in the same period last year. EBITDA margin amounts to 6.24 percent (5.38 percent in the same period in 2019).

Without the one-off items (profit/loss from abolishing provisions), normalised EBITDA grew even more significantly compared to the previous period and amounts to HRK 80.9 million, i.e. HRK 31.6 million more than in the previous year.

Group-wide business estimates for the rest of the year have been made. Sales income is expected to increase by approximately 4 percent compared to 2019. The balance of the backlog of liabilities at the end of the year would amount to around HRK 3.7 billion.

As the contracting and production cycle in most companies takes place over a longer period of time, the possible negative impact on the Group's operations caused by coronavirus primarily depends on the duration of the crisis. It is currently not possible to adequately assess and quantify the business consequences in the next and subsequent years.

The priorities of the KONČAR Group in the period ahead are primarily the protection of the employees' health and safety, while continuing with sustainable operations. Secured liquidity, a stable balance sheet, a low level of indebtedness, and a good number of business arrangements for the coming period will certainly make it easier to face further consequences of the crisis.

M.Sc. Eng. Gordan Kolak

President of the Management Board

in HRK 000				Index
Performance indicator	I-II Q 2020	I-II Q 2019	Δ	2020/2019
Operating income	1,385,049	1,251,801	133,248	110.6
Income from sales - total	1,341,225	1,207,303	133,922	111.1
Income from sales - export	897,413	795,403	102,010	112.8
Operating expenses	1,350,300	1,232,321	117,979	109.6
Operating profit	34,749	19,480	15,269	178.4
Net profit ¹	33,142	13,343	19,799	248.4
Depreciation	48,984	45,469	3,515	107.7
EBITDA	83,733	64,949	18,784	128.9
EBITDA margin	6.24%	5.38%		+ 86 bps
EBITDA normalized ²	80,860	49,273	31,587	164.1
EBITDA margin normalized	6.03%	4.08%		+ 195 bps

Net profit¹ - in 2019, net profit refers to profit from continuing operations

EBITDA normalized² - exempted non-recurring costs (profit/loss from provisions reversed)

The business operations of KONČAR Group in the first six months of the year 2020 were marked by the occurrence of a pandemic caused by the new COVID-19 virus in all markets in which KONČAR Group companies operate. Despite being faced with such extraordinary circumstances, especially during the lockdown in March, April and partly in May, the better business results were achieved compared to the previous year. The consolidated income from the sale of products and services are generated in the amount of HRK 1,341.2 million, which is higher by HRK 133.9 million or 11.1 percent compared to the achievement for the same period in 2019.

The total generated consolidated income amount to HRK 1,426 million, that is higher by HRK 154 million or 12.1 percent compared to the achievement in the first half-year of 2019. Total operating expenses increased by HRK 1,382.4 million or 10.7 percent compared to the achievement for the six months of the last year. Profit before tax amounts to HRK 43.6 million, which is higher by 85 percent compared to the achievement for the same period of the last year. Part of the Company (first of all transformer production programme) has generated significantly higher income compared to the previous year, regardless of the fact that a large part (85 percent) of production is placed on foreign markets, where pandemic measures have been also implemented.

Out of 15 KONČAR Group companies, 13 companies generated a positive business result, while two companies reported a loss.

Consolidated profit/loss account

Item (in HRK 000)	II Q 2020	II Q 2019	Δ	Index 2020/2019
OPERATING INCOME	1,385,049	1,251,801	133,248	110.6
OPERATING EXPENSES	1,350,300	1,232,321	117,979	109.6
Material costs	971,040	846,352	124,688	114.7
Changes in inventories	-48,648	-38,443	-10,205	126.5
Staff costs	287,542	270,362	17,180	106.4
Depreciation	48,984	45,469	3,515	107.7
Other expenses	76,752	96,464	-19,712	79.6
Value adjustment of long-term and short-term assets	641	1,712	-1,071	37.4
Provisions	11,068	9,071	1,997	122.0
Other operating expenses	2,921	1,334	1,587	219.0
OPERATING PROFIT	34,749	19,480	15,269	178.4
SHARE OF PROFIT OF ASSOCIATES	0	4,320	-4,320	0.0
SHARE OF LOSS OF ASSOCIATES	1,958	957	1,001	204.6
FINANCIAL INCOME	40,911	15,841	25,070	258.3
FINANCIAL EXPENSES	30,148	15,074	15,074	200.0
TOTAL INCOME	1,425,960	1,271,962	153,998	112.1
TOTAL EXPENSES	1,382,406	1,248,352	134,054	110.7
Pre-tax profit	43,554	23,610	19,944	184.5
Income tax	10,412	10,267	145	101.4
PROFIT FOR THE PERIOD	33,142	13,343	19,799	248.4

The key business indicators in the profit and loss account for the period January to June 2020

Material costs

Out of operating expenses, material costs (cost of raw materials and consumables, costs of sold good and other external costs) were generated in the amount of HRK 971 million. A share of material costs in operating income (adjusted by changes in inventories) amounts to 67.7 percent, representing an increase of 2.1 percent compared to the same period of the previous year. The increase is a direct result of sales structure and of a rise in raw materials and consumable material prices.

Personnel costs

Personnel costs amount to HRK 287.5 million for the first half-year of 2020, which is 6.4 percent more in comparison with the same period of the previous year. The increase in personnel costs compared to the comparable period was due to a higher number of employed, which was

increased by 42 employees at the Group level. A share of personnel costs in operating income (adjusted by changes in inventories) amounts to 20.1 percent, making it lower by 0.9 percent, compared to the same period in 2019.

Net financial costs

The net financial result is a positive result and amounts to HRK 10.8 million, while in the comparable period it amounted to HRK 0.8 million. This is largely related to the favourable movement of foreign exchange rates.

Financial position

in HRK 000				Index
Abbreviated balance sheet	30.6.2020.	30.6.2019.	Δ	2020/2019
Assets	3,805,290	3,927,354	-122,064	96.9
Long-term assets	1,608,076	1,626,743	-18,667	98.9
Short-term assets	2,197,214	2,300,611	-103,397	95.5
Liabilities	1,249,725	1,385,193	-135,468	90.2
Provisions	201,335	201,384	-49	100.0
Long-term liabilities	207,866	174,967	32,899	118.8
Short-term liabilities	840,524	1,008,842	-168,318	83.3
Capital	2,555,565	2,542,161	13,404	100.5

The consolidated balance sheet structure shows a good adjustment of asset sources and investments as well as a good financial stability of KONČAR Group.

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 amount to HRK 2,555.6 million that is HRK 13.4 million more compared to the level as of 31st December, 2019 and they make 67.2 percent of the total sources. Long-term provisions amount to HRK 201.3 million and they make 5.3 percent of the total sources. Long-term and short-term liabilities amount to HRK 1,048.4 million making them lower by HRK 135.4 million then the status at the end of 2019 and they make 27.5 percent of the total liabilities. Within the short-term liabilities, trade payables amount to HRK 339.3 million and make 8.9 percent of the total liabilities. Total loans (long-term and short-term) amount to HRK 272.2 million and they are less by HRK 55.6 million compared to the status as of 31st December, 2019 and they make 7.1 percent of the total sources.

Short-term assets are 2.3 times higher than short-term liabilities. The consolidated balance sheet structure shows a good adjustment of asset sources and assets as well as a good financial stability of KONČAR Group.

Key features of the balance sheet as of 30 June 2020

Inventories

Inventories are increased by the amount of HRK 90.6 million compared to the status as of 31st December, 2019 and they are mostly the result of an increase in production volume.

Short-term receivables

Short-term receivables are decreased by the amount of HRK 314.7 million compared to the status at the end of 2019. Customer receivables (trade receivables) are decreased by the amount of HRK 294 million. They are the result of the regular collection of receivables for delivered goods and the application of IFRS 15 (netting of contract assets and liabilities in the amount of HRK192 million, which is higher by HRK 112 million compared to the end of 2019).

Financial assets and money

The short-term financial assets are lower by HRK 216.6 million compared to 31st December, 2019 and in the most part in the deposit position over 3 months. There was a significant decrease in deposit in the parent company. In the same period, the cash balance (the status of the money amount) in the parent company increased by HRK 230.6 million. At the Group level, the cash balance was increased by HRK 329.9 million.

Trade payables

Within the structure of short-term liabilities, the significant changes occurred in the position of trade payables, which are HRK 105.6 less compared to the status as of 31st December, 2019. KONČAR Group companies settle their trade payables regularly and on time.

Short-term and long-term loans

Total loans (long-term and short-term) amount to HRK 272.2 million and they are lower by HRK 55.6 million compared to the status as of 31st December, 2019. The Group has a low level of indebtedness towards financial institutions and the total loans make 7.1 percent of the total sources.

Operating income by sales markets

Income from sales (in HRK 000)	I-II Q 2020	I-II Q 2019	Δ	Index 2020/2019
CROATIA	443,812	411,900	31,912	107.7
EXPORTS	897,413	795,403	102,010	112.8
European Union	563,976	528,898	35,078	106.6
Asia and Africa	150,122	122,149	27,973	122.9
Americas and Australia	66,079	42,007	24,071	157.3
Countries of the region	44,897	62,897	-18,000	71.4
Other countries	72,339	39,451	32,888	183.4
TOTAL INCOME FROM SALES	1,341,225	1,207,303	133,922	111.1

KONČAR Group companies generated for the period January to June 2020 consolidated income from products and services sales in the amount of HRK 1,341.2 million, which is HRK 133.9 million or 11.1 percent more than what we achieved in the same period of 2019.

The income from sales on domestic market, compared to the same period of 2019, has increased by HRK 31.9 million or 7.7 percent and amount to HRK 443.8 million.

In the structure of product and service sales income in domestic market, income from sales of products and services to HEP Group companies (HEP – Generation, HEP – Distribution System Operator, Croatian Transmission System Operator) has amounted to HRK 169.9 million (38.3 percent of total income from the sale of products and services on domestic market) and they are higher by HRK 8.9 million compared to the same period January – June 2019.

HRK 897.4 million was generated from the sales of products and services in international markets, which is higher by HRK 102 million or 12.8 percent compared to the achievement for the same period of the last year. The share of export amounts to 67 percent of the total income from sales of products and services.

The most significant export is performed to Sweden in the amount of HRK 124.5 million or 13.9 percent of the total export. Goods and services in the amount of HRK 103.2 million or 11.5 percent of the total export were exported to Germany, HRK 69.1 million or 7.7 percent to Austria and HRK 46.3 million or 5.2 percent of the total generated export to Guinea.

Compared to the same period of the previous year, a significant increase of income from sales of goods and services in export is generated in the following markets: Guinea (HRK 43.7 million more), Sweden (HRK 32.9 million more), Iraq (HRK 27.3 million more) and U.S.A. (HRK 22 million more).

During the time period January to June 2020, KONČAR Group companies contracted new projects in the amount of HRK 1,486.3 million. Out of the total contracted new projects the amount of HRK 421.2 million (28.3 percent of the total contracted projects) referred to the domestic market, and the amount of HRK 1,065.1 million (71.7 percent of the total contracted projects) referred to contracts for export. The contracted projects during 2020 and the projects contracted in previous years for the realization in 2020 are sufficient to meet the annual planned amount that should be realized from the sale of products and services.

As of 30 June, 2020, the contracted project status („backlog“) amounted to HRK 3,502.9 million, that was higher by 4.3 percent than the contracted project status at the beginning of the year.

Information for shareholders

The shares of KONČAR – Electrical Industry Inc. are quoted in the Official Market of the Zagreb Stock Exchange. The shares are recognizable under their KOEI-R-A ticker. In keeping with the positive regulations, the Company ensures regular access to information on operations and activities and information on any facts and circumstances that may influence the share price (price sensitive information).

The Company's share capital is HRK 1,208,895,930.00 and consists of 2,572,119 ordinary shares with a nominal value of HRK 470.00.

The uncertainty from the coronavirus pandemic caused strong disorders in the capital market. The price of KONČAR share in the period January to June 2020 shared the fate of the decline of almost all shares traded on the Zagreb Stock Exchange.

The lowest KONČAR share price was recorded at HRK 430.00. At the end of the reporting period the share price is recorded at HRK 462, showing a decline of 27.4 percent compared to the price traded at the end of 2019.

In the reporting period the Company bought at the Zagreb Stock Exchange 10,577 shares of the total value of HRK 5.2 million and as of 30 June 2020 the Company has owned 25,897 own shares.

Based on the decision of the General Assembly from July 2020, according to the proposal of the Management Board and Supervisory Board, the profit generated in 2019 was allocated to retained profits.

KOEI-R-A	31.12.2019.	30.6.2020.	Index
Close price (HRK)	636.47	462.00	72.6
Average price (HRK)	626.44	511.36	81.6
Highest price (HRK)	710.00	670.00	94.4
Lowest price (HRK)	520.00	430.00	82.7
Quantity	85,915	52,937	61.6
Volume (HRK)	55,681,745	26,899,368	48.3
Market capitalization (HRK)	1,626,784,860	1,176,354,564	72.3

Annex 1

ISSUER'S GENERAL DATA

Reporting period: 1.1.2020. to 30.6.2020.

Year: 2020

Quarter: 2.

Quarterly financial statements

Registration number (MB): 03282635 Issuer's home Member State code: HR

Entity's registration number (MBS): 080040936

Personal identification number (OIB): 45050126417 LEI: 74780000HOSHMRW0115

Institution code: 501

Name of the issuer: KONČAR - KONCAR ELECTRICAL INDUSTRY INC.

Postcode and town: 10000 ZAGREB

Street 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): 3426

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

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

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

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 transf. d.d.	Zagreb	3654664
Končar - Aparati i postrojenja d.d.	Zagreb	3641287
Končar - Električna vozila d.d.	Zagreb	3282660
Končar - Niskonapon. sklopke i prekidi. d.o.o.	Zagreb	3228398
Končar - Montažni inženjering d.d.	Zagreb	3654362
Končar - Inženj. 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	

Bookkeeping firm: No (Yes/No) (name of the bookkeeping firm)

Contact person: MARINA MARKUŠIĆ (only name and surname of the contact person)

Telephone: 01 3667 175

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

Audit firm: KPMG Croatia d.o.o. (name of the audit firm)

Certified auditor: Domagoj Hrkač (name and surname)

BALANCE SHEET
balance as at 30.06.2020.

in HRK

Submitter: KONCAR 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	1.626.743.107	1.808.076.896
I INTANGIBLE ASSETS (ADP 004 to 009)	003	47.426.037	43.228.632
1 Research and development	004	21.193.174	18.725.445
2 Concessions, patents, licences, trademarks, software and other rights	005	14.427.244	13.452.209
3 Goodwill	006	7.342.331	7.342.331
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	4.463.288	3.708.647
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	1.227.561.090	1.240.507.863
1 Land	011	166.589.706	166.541.304
2 Buildings	012	436.044.459	423.875.939
3 Plant and equipment	013	330.943.539	326.863.775
4 Tools, working inventory and transportation assets	014	60.423.061	62.763.201
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	41.673.305	19.910.743
7 Tangible assets in preparation	017	41.265.580	90.123.442
8 Other tangible assets	018	1.337.757	1.238.175
9 Investment property	019	149.283.683	149.191.284
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	320.305.638	293.053.516
1 Investments in holdings (shares) of undertakings within the group	021	62.280	62.280
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	239.066.545	237.609.833
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	2.002.311	2.004.400
8 Loans, deposits, etc. given	028	10.821.070	5.796.999
9 Other investments accounted for using the equity method	029	45.158.580	44.444.476
10 Other fixed financial assets	030	23.194.852	3.135.528
IV RECEIVABLES (ADP 032 to 035)	031	31.234.634	31.071.177
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	22.295.649	22.142.629
4 Other receivables	035	8.938.985	8.928.548
V DEFERRED TAX ASSETS	036	215.708	215.708
C) CURRENT ASSETS (ADP 038+046+053+063)	037	2.278.939.753	2.168.149.987
I INVENTORIES (ADP 039 to 045)	038	546.807.215	637.386.259
1 Raw materials and consumables	039	290.863.774	328.942.422
2 Work in progress	040	163.182.112	194.193.800
3 Finished goods	041	84.524.520	106.511.355
4 Merchandise	042	217.301	211.497
5 Advances for inventories	043	8.019.508	7.527.185
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	1.068.538.533	753.838.581
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interests	048	46.170.267	24.398.440
3 Customer receivables	049	928.019.246	634.014.156
4 Receivables from employees and members of the undertaking	050	1.135.962	1.481.026
5 Receivables from government and other institutions	051	44.767.093	35.772.877
6 Other receivables	052	48.445.965	58.172.082
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	293.808.189	77.223.228
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	0	0
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	293.299.800	76.566.992
9 Other financial assets	062	508.389	656.236
IV CASH AT BANK AND IN HAND	063	369.785.816	699.701.919
D) PREPAID EXPENSES AND ACCRUED INCOME	064	21.672.109	29.063.189
E) TOTAL ASSETS (ADP 001+002+037+064)	065	3.927.354.959	3.805.290.072
OFF-BALANCE SHEET ITEMS	066	2.244.877.904	2.583.032.608
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 069)	067	2.542.161.316	2.555.565.085
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	733.810.933	777.789.655
1 Legal reserves	071	68.577.327	70.601.681
2 Reserves for treasury shares	072	35.092.359	34.518.335
3 Treasury shares and holdings (deductible item)	073	-10.919.915	-15.497.870
4 Statutory reserves	074	440.410.513	458.880.483
5 Other reserves	075	220.450.709	229.286.416
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	303.376.297	301.045.022
1 Retained profit	082	303.376.297	301.045.022
2 Loss brought forward	083	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	27.371.314	16.062.461
1 Profit for the business year	085	27.371.314	16.062.461
2 Loss for the business year	086	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	087	248.187.203	251.053.038
B) PROVISIONS (ADP 089 to 094)	088	201.384.146	201.335.523
1 Provisions for pensions, termination benefits and similar obligations	089	46.746.634	45.634.451
2 Provisions for tax liabilities	090	0	0
3 Provisions for ongoing legal cases	091	1.912.985	1.315.618
4 Provisions for renewal of natural resources	092	0	0
5 Provisions for warranty obligations	093	151.477.087	153.138.014
6 Other provisions	094	1.247.440	1.247.440
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	174.967.633	207.865.851
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	164.073.437	205.706.438
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	10.894.196	2.159.413
11 Deferred tax liability	106	0	0
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	107	837.847.683	706.084.179
1 Liabilities to undertakings within the group	108	0	0
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	13.987.694	6.434.786
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	163.819.720	66.531.097
7 Liabilities for advance payments	114	125.804.837	177.295.267
8 Liabilities to suppliers	115	437.375.989	339.331.461
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	34.473.398	40.746.686
11 Taxes, contributions and similar liabilities	118	55.210.543	34.519.305
12 Liabilities arising from the share in the result	119	814.621	10.006.207
13 Liabilities arising from fixed assets held for sale	120	0	0
14 Other short-term liabilities	121	6.160.881	31.219.370
E) ACCRUALS AND DEFERRED INCOME	122	171.194.191	134.439.434
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	123	3.927.354.989	3.805.290.072
G) OFF-BALANCE SHEET ITEMS	124	2.244.877.904	2.583.032.608

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2020. - 30.06.2020.

in HRK

Submitter: KONCAR 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	1.251.800.731	677.147.799	1.385.049.600	760.907.768
1 Income from sales with undertakings within the group	126	0	0	0	0
2 Income from sales (outside group)	127	1.207.303.552	649.243.156	1.341.225.864	736.705.170
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	0	0	0	0
5 Other operating income (outside the group)	130	44.497.179	27.904.643	43.823.736	24.202.598
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	1.232.319.262	660.619.742	1.350.299.633	736.299.262
1 Changes in inventories of work in progress and finished goods	132	-38.445.470	413.011	-48.648.800	28.413.673
2 Material costs (ADP 134 to 136)	133	846.351.523	439.232.588	971.040.669	492.536.872
a) Costs of raw materials and consumables	134	668.596.132	339.794.776	806.507.298	408.432.652
b) Costs of goods sold	135	31.722.993	20.702.190	29.610.723	14.671.241
c) Other external costs	136	146.032.398	78.735.622	134.922.648	69.432.979
3 Staff costs (ADP 138 to 140)	137	270.362.376	138.014.572	287.541.516	145.233.401
a) Net salaries and wages	138	159.233.033	80.637.948	170.438.369	85.761.093
b) Tax and contributions from salary costs	139	76.396.131	39.562.821	79.373.320	40.040.230
c) Contributions on salaries	140	34.733.212	17.813.803	37.729.827	19.432.078
4 Depreciation	141	45.469.675	22.432.417	48.984.252	24.421.850
5 Other costs	142	96.463.854	52.089.576	76.752.344	37.926.936
6 Value adjustments (ADP 144+145)	143	1.712.011	1.060.956	641.209	345.944
a) fixed assets other than financial assets	144	17.048	17.048	0	0
b) current assets other than financial assets	145	1.694.963	1.043.908	641.209	345.944
7 Provisions (ADP 147 to 152)	146	9.071.212	6.189.394	11.067.928	5.908.954
a) Provisions for pensions, termination benefits and similar obligations	147	0	0	750.000	-50.000
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	6.987.879	6.172.728	6.529.315	2.970.341
f) Other provisions	152	2.083.333	16.666	3.788.613	2.988.613
8 Other operating expenses	153	1.334.081	1.187.228	2.920.515	1.511.632
III FINANCIAL INCOME (ADP 155 to 164)	154	15.841.185	9.551.146	40.910.621	16.409.875
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0	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	0	0	0	0
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	5.179.414	2.873.222	5.467.303	2.980.084
8 Exchange rate differences and other financial income	162	7.872.708	4.088.689	34.059.777	12.124.721
9 Unrealised gains (income) from financial assets	163	148.960	0	285.630	283.955
10 Other financial income	164	2.640.103	2.589.235	1.097.911	1.021.115
IV FINANCIAL EXPENSES (ADP 166 to 172)	165	15.075.431	11.299.153	30.147.792	15.126.049
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	2.572.756	1.298.209	2.701.780	1.365.309
4 Exchange rate differences and other expenses	169	7.567.328	5.121.877	26.822.307	13.305.895
5 Unrealised losses (expenses) from financial assets	170	353.127	353.127	93.232	0
6 Value adjustments of financial assets (net)	171	0	0	0	0
7 Other financial expenses	172	4.582.220	4.525.940	530.473	454.845
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	173	4.319.725	2.199.302	0	12.329.387
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	1.243.712	0
VIII SHARE IN LOSS OF JOINT VENTURES	176	956.842	615.502	714.104	649.648
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	1.271.961.641	688.898.247	1.425.960.221	789.647.030
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	1.248.351.535	672.534.397	1.382.405.241	752.074.959
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	23.610.106	16.363.850	43.554.980	37.572.071
1 Pre-tax profit (ADP 177-178)	180	23.610.106	16.363.850	43.554.980	37.572.071

2 Pre-tax loss (ADP 178-177)	181	0	0	0	0
XII INCOME TAX	182	10.267.306	5.145.167	10.412.502	4.966.338
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	13.342.800	11.218.683	33.142.478	32.605.733
1 Profit for the period (ADP 179-182)	184	13.342.800	11.218.683	33.142.478	32.605.733
2 Loss for the period (ADP 182-179)	185	0	0	0	0
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	2.902.039	0	0	0
1 Pre-tax profit from discontinued operations	187	2.902.039	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	16.244.839	11.218.683	33.142.478	32.605.733
1 Attributable to owners of the parent	200	5.736.551	5.073.708	16.062.461	23.130.973
2 Attributable to minority (non-controlling) interest	201	10.508.288	6.144.975	17.080.017	9.474.760
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	202	16.244.839	11.218.683	33.142.478	32.605.733
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)	203	111.580	168.985	-2.823.691	-505.791
1 Exchange rate differences from translation of foreign operations	204	111.580	168.985	-2.823.691	-505.791
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	111.580	168.985	-2.823.691	-505.791
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	16.356.419	11.387.668	30.318.787	32.099.942
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	16.356.419	11.387.668	30.318.787	32.099.942
1 Attributable to owners of the parent	216	5.795.387	5.162.813	14.573.529	22.864.270
2 Attributable to minority (non-controlling) interest	217	10.561.032	6.224.855	15.745.258	9.235.672

STATEMENT OF CASH FLOWS - indirect method
for the period __.__.__. to __.__.__.

in HRK

Submitter: _____			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001		
2 Adjustments (ADP 003 to 010):	002	0	0
a) Depreciation	003		
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004		
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005		
d) Interest and dividend income	006		
e) Interest expenses	007		
f) Provisions	008		
g) Exchange rate differences (unrealised)	009		
h) Other adjustments for non-cash transactions and unrealised gains and losses	010		
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	0	0
3 Changes in the working capital (ADP 013 to 016)	012	0	0
a) Increase or decrease in short-term liabilities	013		
b) Increase or decrease in short-term receivables	014		
c) Increase or decrease in inventories	015		
d) Other increase or decrease in working capital	016		
II Cash from operations (ADP 011+012)	017	0	0
4 Interest paid	018		
5 Income tax paid	019		
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	0	0
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021		
2 Cash receipts from sales of financial instruments	022		
3 Interest received	023		
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposits	025		
6 Other cash receipts from investment activities	026		
III Total cash receipts from investment activities (ADP 021 to 026)	027	0	0
1 Cash payments for the purchase of fixed tangible and intangible assets	028		
2 Cash payments for the acquisition of financial instruments	029		
3 Cash payments for loans and deposits for the period	030		
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032		
IV Total cash payments from investment activities (ADP 028 to 032)	033	0	0
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	0	0
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035		
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037		
4 Other cash receipts from financing activities	038		
V Total cash receipts from financing activities (ADP 035 to 038)	039	0	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040		
2 Cash payments for dividends	041		

3 Cash payments for finance lease	042		
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043		
5 Other cash payments from financing activities	044		
VI Total cash payments from financing activities (ADP 040 to 044)	045	0	0
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	0	0
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047		
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	0	0
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049		
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	0	0

STATEMENT OF CASH FLOWS - direct method
for the period 01.01.2020. to 31.03.2020.

in HRK

Submitter: KONCAR 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	1.292.817.417	1.702.226.241
2 Cash receipts from royalties, fees, commissions and other revenue	002	0	0
3 Cash receipts from insurance premiums	003	1.903.800	6.736.369
4 Cash receipts from tax refund	004	52.163.349	71.058.636
5 Cash payments to suppliers	005	-938.047.209	-1.147.148.130
6 Cash payments to employees	006	-291.121.346	-303.806.502
7 Cash payments for insurance premiums	007	-4.053.450	-5.652.573
8 Other cash receipts and payments	008	-106.844.528	-126.785.729
I Cash from operations (ADP 001 to 008)	009	6.818.033	196.628.312
9 Interest paid	010	-2.572.140	-2.799.897
10 Income tax paid	011	-9.811.375	-11.036.764
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 009 to 011)	012	-5.565.482	182.791.651
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	013	1.587.167	973.764
2 Cash receipts from sales of financial instruments	014	26.415.564	0
3 Interest received	015	4.430.021	4.795.670
4 Dividends received	016	62.055.797	16.861.402
5 Cash receipts from the repayment of loans and deposits	017	53.650.043	276.263.049
6 Other cash receipts from investment activities	018	0	20.648.745
II Total cash receipts from investment activities (ADP 013 to 018)	019	148.138.592	319.542.630
1 Cash payments for the purchase of fixed tangible and intangible assets	020	-93.557.551	-40.572.868
2 Cash payments for the acquisition of financial instruments	021	0	-9.509.171
3 Cash payments for loans and deposits	022	-330.996.004	-51.648.565
4 Acquisition of a subsidiary, net of cash acquired	023	0	0
5 Other cash payments from investment activities	024	-778.659	0
III Total cash payments from investment activities (ADP 020 to 024)	025	-425.332.214	-101.730.604
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 019 + 025)	026	-277.193.622	217.812.026
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	62.241.438	26.177.058
4 Other cash receipts from financing activities	030	433.407	904.904
IV Total cash receipts from financing activities (ADP 027 to 030)	031	62.674.845	27.081.962
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	032	-11.703.473	-91.984.709
2 Cash payments for dividends	033	-13.080.719	-4.010.306
3 Cash payments for finance lease	034	-380.343	-558.568
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	035	-827.556	-5.151.979
5 Other cash payments from financing activities	036	0	-781.638
V Total cash payments from financing activities (ADP 032 to 036)	037	-25.992.091	-102.487.200
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 031 +037)	038	36.682.754	-75.405.238
1 Unrealised exchange rate differences in respect of cash and cash equivalents	039	962.068	4.717.664
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 012+026+038+039)	040	-245.114.282	329.916.103

E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	041	616.628.577	369.785.816
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 040+041)	042	371.514.295	699.701.919

STATEMENT OF CHANGES IN EQUITY
for the period from **1.1.2020** to **30.6.2020**

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	62.447.461	10.092.359	10.092.359	421.760.811	198.482.961	0	0	0	0	312.124.544	102.837.087	2.307.268.373	230.213.919	2.537.482.292
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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	62.447.461	10.092.359	10.092.359	421.760.811	198.482.961	0	0	0	0	312.124.544	102.837.087	2.307.268.373	230.213.919	2.537.482.292
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	27.371.314	27.371.314	27.582.424	54.953.738
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	1.342.511	0	0	0	0	0	0	1.342.511	1.203.498	2.548.008
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	827.556	0	0	0	0	0	0	0	0	-827.556	0	-827.556
19 Payment of share in profit/dividend	19	0	0	0	0	0	0	0	0	0	0	0	-38.358.860	0	-38.358.860	-13.030.069	-51.388.929
20 Other distribution to owners	20	0	0	0	25.000.000	0	0	-24.980.396	0	0	0	0	-2.841.303	0	-2.821.669	2.217.431	-604.238
21 Transfer to reserves according to the annual schedule	21	0	0	6.129.866	0	0	18.649.702	45.605.603	0	0	0	0	32.451.916	-102.837.087	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	68.577.327	35.092.359	10.919.915	440.410.513	220.450.709	0	0	0	0	303.376.297	27.371.314	2.293.974.113	248.187.203	2.542.161.316
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	1.342.511	0	0	0	0	0	0	1.342.511	1.203.498	2.548.009
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	1.342.511	0	0	0	0	0	27.371.314	28.713.825	28.785.922	57.499.747
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	0	6.129.866	25.000.000	827.556	18.649.702	20.625.237	0	0	0	0	-8.748.247	-102.837.087	-42.008.085	-10.812.638	-52.820.723
Current period																	
1 Balance on the first day of the current business year	27	1.208.895.930	719.579	68.577.327	35.092.359	10.919.915	440.410.513	220.450.709	0	0	0	0	303.376.297	27.371.314	2.293.974.113	248.187.203	2.542.161.316
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	68.577.327	35.092.359	10.919.915	440.410.513	220.450.709	0	0	0	0	303.376.297	27.371.314	2.293.974.113	248.187.203	2.542.161.316
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	0	16.062.461	17.080.017	33.142.478	
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	-1.222.226	0	0	0	0	0	-1,222,226	-1,334,759	-2,556,985	
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	
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	
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	
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	
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	
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	
13 Other changes in equity unrelated to owners	39	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	
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	
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	
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	
18 Redemption of treasury shares/holdings	44	0	0	0	0	5.151.979	0	0	0	0	0	0	0	0	-5.151.979	0	-5.151.979
19 Payment of share in profit/dividend	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-13.096.323	-13.096.323
20 Other distribution to owners	46	0	0	0	-574.024	-574.024	0	0	0	0	0	0	1.116.384	216.900	1.116.384	216.900	1.333.284
21 Transfer to reserves according to the annual schedule	47	0	0	2.024.354	0	0	18.469.980	10.324.639	0	0	0	0	-3.447.659	-27.371.314	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	
23 Balance on the last day of the current business year reporting period (ADP 30 to 48)	49	1.208.895.930	719.579	70.601.681	34.518.335	15.497.870	458.880.493	229.553.122	0	0	0	0	301.045.022	16.062.461	2.304.778.753	251.053.038	2.555.831.791
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 CURRENT PERIOD, NET OF TAX (ADP 32 to 40)	50	0	0	0	0	0	0	-1,222,226	0	0	0	0	0	0	-1,222,226	-1,334,759	-2,556,985
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)	51	0	0	0	0	0	0	-1,222,226	0	0	0	0	0	16,062,461	14,840,235	15,745,258	30,585,493
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	0	2,024,354	-574,024	4,577,955	18,469,980	10,324,639	0	0	0	0	-2,331,275	-27,371,314	-4,035,595	-12,879,423	-16,915,018

Notes to consolidated financial statements

Issuer's name: **Končar - Elektroindustrija d.d. (Končar - Electrical Industry)**

Tax identification number (PIN): **45050126417**

Reporting period: **1 January 2020 to 30 June 2020**

1. Division of shares

There has been no division of shares.

2. Changes in ownership structure

There have been no significant changes in ownership structure compared to the previous quarter.

3. Mergers and amalgamations.

There have been no new mergers or amalgamations

4. Description of products and services.

Manufacture of electrical equipment for generation, transmission and consumption of electric power and manufacture of transport equipment.

5. Uncertainty (description of cases for which there are some uncertainties regarding collection of income or possible future costs).

There have been no significant uncertainties regarding the collection of income or possible future costs.

6. Business operation results

Data in the profit and loss account related to discontinued operations in the period 1-6.2019. years refer to company Končar - Home Appliances d.d. whose shares were sold to employees and management through the M&E buyout model, and part of the production program of the Company Končar - Low voltage switches and circuit breakers d.o.o. which was sold to Lovat Electric S.P.A. from Bergamo.

Business results related to business continuity are as follows:

Realized total revenues in the first half of 2020 amount to HRK 1,425.96 million and are higher by HRK 153 million of total revenues generated in the same period last year, or 12.1%. Operating income was realized in the amount of HRK 1,385.05 million, which is 10.6% more than in the period 1-6, previous year. Share of operating income in total revenue is 97.1%. In operating revenues, sales revenues amount to 1,341.22 million or 96.8% of the total operating income.

Financial revenues (which make up 2.9% of total revenues) are higher by HRK 25.07 million, and financial expenses (whose share is in total expenses 2.2%) are higher by HRK 15.07 million compared to the same period last year.

The share in the loss from companies related to participating interests and joint ventures amounts to HRK 1.96 million.

7. Operating and other expenditures

In the period January – June 2020, compared to the same period of the previous year, there has been an increase in the share of material costs in the operating income of 1,6 percentage points and share of provision costs of 0.1 percentage points, and there has been a decrease in the share of staff costs of 0.4 percentage points, depreciation costs of 0.1 percentage points, share of value adjustment costs of 0.1 percentage points and share of other costs and expenses of 2 percentage points.

8. Profit or loss

The total profit of the Group after taxation amounts to HRK 33.14million, which is HRK 16,9 million higher than in the same period of the previous year. A profit in the amount of HRK 16,06 million is attributable to the holders of the Parent Company shares, which is HRK 13.23 million higher than in the same period of the previous year. Net profit attributable to the minority interest amounts to HRK 17.08 million, which is HRK 6,57 million more than in the same period of the previous year.

Of the 15 companies that make up the Končar Group, two companies generated a loss in the amount of HRK 12.90 million which is entirely attributable to the holders of the Parent Company shares.

9. Earnings per share

In the period January – June 2020 a profit per share has been realized in the amount of HRK 6,312 which is HRK 4,07 higher in comparison to the earnings per share in the same period of the previous year

10. Liquidity

The balance of cash and cash equivalents at the end of the first quarter of 2020 is up by HRK 329,92 million in comparison to the beginning of the year.

11. Accounting policies

In preparing the consolidated financial statements of the Končar Group, the same accounting policies were applied as in the most recent annual financial statements for 2019.

The financial reports for 2019 are available for review on the official website of the Zagreb Stock Exchange (www.zse.hr), Croatian Financial Services Supervisory Agency (www.hanfa.hr) and the company's web site (www.koncar.hr).

Annex 1

ISSUER'S GENERAL DATA

Reporting period:

01.01.2020.

to

30.06.2020.

Year:

2020

Quarter:

2.

Quarterly financial statements

Registration number (MB):

03282635

Issuer's home Member

State code:

HR

Entity's registration
number (MBS):

080040936

Personal identification
number (OIB):

45050126417

LEI:

74780000H0SHMRAW015

Institution
code:

501

Name of the issuer: KONČAR-ELEKTROINDUSTRIJA d.d.

Postcode and town:

10000

ZAGREB

Street and house number: Fallerovo šetalište 22

E-mail address: koncar.finance@koncar.hrWeb address: www.koncar.hrNumber of employees
(end of the reporting

48

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:

KPMG Croatia d.o.o.

(name of the audit firm)

Certified auditor:

Domagoj Hrkać

(name and surname)

BALANCE SHEET
balance as at 30.06.2020.

in HRK

Submitter: KONCAR ELEKTROINDUSTRIJA d.d.			
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	1.400.003.357	1.395.694.472
I INTANGIBLE ASSETS (ADP 004 to 009)	003	3.161.796	3.161.796
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	3.161.796	3.161.796
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	413.214.642	408.774.823
1 Land	011	98.596.896	98.596.896
2 Buildings	012	132.843.744	130.148.629
3 Plant and equipment	013	13.102.190	11.207.969
4 Tools, working inventory and transportation assets	014	1.728.557	1.627.447
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	0	0
7 Tangible assets in preparation	017	3.714.115	3.964.742
8 Other tangible assets	018	69.446	69.446
9 Investment property	019	163.159.694	163.159.694
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	953.038.132	953.322.087
1 Investments in holdings (shares) of undertakings within the group	021	846.818.715	846.818.715
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	1.443.050	1.727.005
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	30.588.787	30.435.766
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	22.296.088	22.143.067
4 Other receivables	035	8.292.699	8.292.699
V DEFERRED TAX ASSETS	036	0	0
C) CURRENT ASSETS (ADP 038+046+053+063)	037	281.978.782	303.109.207
I INVENTORIES (ADP 039 to 045)	038	0	0
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	0	0
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	35.024.053	25.697.309
1 Receivables from undertakings within the group	047	9.447.805	19.289.731
2 Receivables from companies linked by virtue of participating interests	048	16.256.928	486.111
3 Customer receivables	049	1.246.441	1.163.846
4 Receivables from employees and members of the undertaking	050	0	0
5 Receivables from government and other institutions	051	0	0
6 Other receivables	052	8.072.849	4.757.621
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	203.575.667	3.400.000
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	2.500.000	3.400.000
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	201.075.667	0
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	43.379.082	274.011.898
D) PREPAID EXPENSES AND ACCRUED INCOME	064	847.090	543.578
E) TOTAL ASSETS (ADP 001+002+037+064)	065	1.682.829.239	1.699.347.257
OFF-BALANCE SHEET ITEMS	066	459.846.136	496.618.420
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 069)	067	1.644.998.526	1.699.627.577
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	423.269.113	421.974.964
1 Legal reserves	071	48.614.954	48.982.462
2 Reserves for treasury shares	072	35.092.387	34.518.334
3 Treasury shares and holdings (deductible item)	073	-10.919.913	-15.497.870
4 Statutory reserves	074	217.684.029	217.684.029
5 Other reserves	075	132.796.686	136.288.089
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	8.830.096
1 Retained profit	082	4.764.752	8.830.096
2 Loss brought forward	083	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	7.350.152	29.207.008
1 Profit for the business year	085	7.350.152	29.207.008
2 Loss for the business year	086	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0
B) PROVISIONS (ADP 089 to 094)	088	2.579.172	2.579.172
1 Provisions for pensions, termination benefits and similar obligations	089	2.579.172	2.579.172
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	1.245.038	0
1 Liabilities to undertakings within the group	096	1.173.304	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2020. to 30.06.2020.

in HRK

Submitter: KONČAR - ELEKTROINDUSTRIJA d.d.

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	56.985.273	12.574.853	63.256.769	12.858.060
1 Income from sales with undertakings within the group	126	55.006.568	12.023.030	59.847.500	11.314.928
2 Income from sales (outside group)	127	395.947	367.570	315.284	183.482
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	0	0	0	0
5 Other operating income (outside the group)	130	1.582.758	184.253	3.093.985	1.359.650
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	40.781.359	21.089.144	38.656.611	18.159.871
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	14.578.624	7.437.006	13.390.640	6.300.764
a) Costs of raw materials and consumables	134	3.330.349	1.465.622	2.599.650	1.074.769
b) Costs of goods sold	135	0	0	0	0
c) Other external costs	136	11.248.275	5.971.384	10.790.990	5.225.995
3 Staff costs (ADP 138 to 140)	137	12.504.327	5.969.461	13.337.909	6.076.217
a) Net salaries and wages	138	6.331.600	3.039.983	6.783.319	3.126.540
b) Tax and contributions from salary costs	139	4.403.792	2.083.599	4.668.248	2.091.349
c) Contributions on salaries	140	1.768.935	845.879	1.886.342	858.328
4 Depreciation	141	4.318.046	2.294.221	4.875.966	2.400.204
5 Other costs	142	9.017.068	5.044.015	6.811.409	3.154.639
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 obligations	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	363.294	344.441	240.687	228.047
III FINANCIAL INCOME (ADP 155 to 164)	154	8.678.439	7.999.981	7.255.265	1.703.015
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0	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	217.718	77.585	46.313	28.545
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	222.297	216.257	628.438	374.602
8 Exchange rate differences and other financial income	162	511.443	128.118	6.268.560	987.914
9 Unrealised gains (income) from financial assets	163	148.960	0	283.955	283.955
10 Other financial income	164	7.578.021	7.578.021	27.999	27.999
IV FINANCIAL EXPENSES (ADP 166 to 172)	165	795.240	399.484	2.648.415	2.583.491
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	78	78	7.183	1.855
4 Exchange rate differences and other expenses	169	664.822	269.066	2.641.232	2.581.636
5 Unrealised losses (expenses) from financial assets	170	130.340	130.340	0	0
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 VIRTUE 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	65.663.712	20.574.834	70.512.034	14.561.075
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	41.576.599	21.488.628	41.305.026	20.743.362
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	24.087.113	-913.794	29.207.008	-6.182.287
1 Pre-tax profit (ADP 177-178)	180	24.087.113	0	29.207.008	0

2 Pre-tax loss (ADP 178-177)	181	0	-913.794	0	-6.182.287
XII INCOME TAX	182	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	24.087.113	-913.794	29.207.008	-6.182.287
1 Profit for the period (ADP 179-182)	184	24.087.113	0	29.207.008	0
2 Loss for the period (ADP 182-179)	185	0	-913.794	0	-6.182.287
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				
2 Pre-tax loss on discontinued operations	188				
XV INCOME TAX OF DISCONTINUED OPERATIONS	189				
1 Discontinued operations profit for the period (ADP 186-189)	190				
2 Discontinued operations loss for the period (ADP 189-186)	191				
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				
1 Pre-tax profit (ADP 192)	193				
2 Pre-tax loss (ADP 192)	194				
XVII INCOME TAX (ADP 182+189)	195				
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196				
1 Profit for the period (ADP 192-195)	197				
2 Loss for the period (ADP 195-192)	198				
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				
2 Attributable to minority (non-controlling) interest	201				
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	202	24.087.113	-913.794	29.207.008	-6.182.287
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				
2 Changes in revaluation reserves of fixed tangible and intangible assets	205				
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206				
4 Profit or loss arising from effective cash flow hedging	207				
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208				
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209				
7 Actuarial gains/losses on the defined benefit obligation	210				
8 Other changes in equity unrelated to owners	211				
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212				
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	24.087.113	-913.794	29.207.008	-6.182.287
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				
2 Attributable to minority (non-controlling) interest	217				

STATEMENT OF CASH FLOWS - direct method
for the period 01.01.2020. to 30.06.2020.

in HRK

Submitter: KONČAR - ELEKTROINDUSTRIJA d.d.			
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	11.279.506	12.070.956
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	-12.773.743	-7.994.317
6 Cash payments to employees	006	-15.147.616	-13.472.115
7 Cash payments for insurance premiums	007	0	0
8 Other cash receipts and payments	008	-281.047	2.077.360
I Cash from operations (ADP 001 to 008)	009	-16.922.900	-7.318.116
9 Interest paid	010	-16	0
10 Income tax paid	011	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 009 to 011)	012	-16.922.916	-7.318.116
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	013	1.047.226	972.174
2 Cash receipts from sales of financial instruments	014	4.860.122	0
3 Interest received	015	0	0
4 Dividends received	016	92.664.103	39.141.809
5 Cash receipts from the repayment of loans and deposits	017	21.250.000	208.244.436
6 Other cash receipts from investment activities	018	0	0
II Total cash receipts from investment activities (ADP 013 to 018)	019	119.821.451	248.358.419
1 Cash payments for the purchase of fixed tangible and intangible assets	020	-49.376.984	-848.592
2 Cash payments for the acquisition of financial instruments	021	0	0
3 Cash payments for loans and deposits	022	-200.229.246	-4.400.000
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	-249.606.230	-5.248.592
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 019 + 025)	026	-129.784.779	243.109.827
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	0	0
IV Total cash receipts from financing activities (ADP 027 to 030)	031	0	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	032	0	0
2 Cash payments for dividends	033	-22.882	-6.925
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	-827.556	-5.151.979
5 Other cash payments from financing activities	036	0	0
V Total cash payments from financing activities (ADP 032 to 036)	037	-850.438	-5.158.904
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 031 +037)	038	-850.438	-5.158.904
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	-147.558.133	230.632.807
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	041	261.470.979	43.379.091
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 040+041)	042	113.912.846	274.011.898

STATEMENT OF CHANGES IN EQUITY
for the period from **1.1.2020** to **30.6.2020**

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	44.839.799	10.092.358	10.092.358	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	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
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	44.839.799	10.092.358	10.092.358	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	05	0	0	0	0	0	0	0	0	0	0	0	0	7.350.152	7.350.152	0	7.350.152	
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	827.556	0	0	0	0	0	0	0	0	-827.556	0	-827.556	
19 Payment of share in profit/dividend	19	0	0	0	0	0	0	0	0	0	0	0	0	-38.358.970	-38.358.970	0	-38.358.970	
20 Other distribution to owners	20	0	0	0	0	0	0	19.634	0	0	0	0	0	19.634	19.634	0	19.634	
21 Transfer to reserves according to the annual schedule	21	0	0	3.775.155	25.000.000	0	0	8.369.080	0	0	0	0	0	-37.144.235	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	48.614.954	35.092.358	10.919.914	217.684.029	132.796.686	0	0	0	0	4.764.752	7.350.152	1.644.998.526	0	1.644.998.526	
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	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	0	7.350.152	7.350.152	0	7.350.152	
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)																		
26	0	0	0	3.775.155	25.000.000	827.556	0	8.388.714	0	0	0	0	0	-75.503.105	-39.166.792	0	-39.166.792	
Current period																		
1 Balance on the first day of the current business year	27	1.208.895.930	719.579	48.614.954	35.092.358	10.919.914	217.684.029	132.796.686	0	0	0	0	4.764.752	7.350.152	1.644.998.526	0	1.644.998.526	
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	48.614.954	35.092.358	10.919.914	217.684.029	132.796.686	0	0	0	0	4.764.752	7.350.152	1.644.998.526	0	1.644.998.526	
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	0	29.207.008	29.207.008	0	29.207.008	
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	5.151.979	0	0	0	0	0	0	0	0	-5.151.979	0	-5.151.979	
19 Payment of share in profit/dividend	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
20 Other distribution to owners	46	0	0	0	-574.022	-574.022	0	0	0	0	0	0	574.022	0	574.022	0	574.022	
21 Transfer to reserves according to the annual schedule	47	0	0	367.508	0	0	0	3.491.322	0	0	0	0	3.491.322	-7.350.152	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	48.982.462	34.518.336	15.497.871	217.684.029	136.268.006	0	0	0	0	8.830.096	29.207.008	1.668.627.577	0	1.668.627.577	
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 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	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	0	29.207.008	29.207.008	0	29.207.008	
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)																		
52	0	0	0	367.508	-574.022	4.577.957	0	3.491.322	0	0	0	0	4.065.344	-7.350.152	-4.577.957	0	-4.577.957	

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.

D Statement of the Management Board responsibility

The Consolidated Financial Statements of KONČAR GROUP and the company KONČAR – Elektroindustrija d.d. Zagreb (Končar - Electrical Industry Inc), are made in accordance with the International Standards for Financial Reporting (ISFR) and according to the Croatian Accounting Act.

The Non-revised consolidated financial statements of KONČAR Group and the financial statements of the company KONČAR – Electrical Industry Inc. for the period from 1st January to 30 June 2020 show a complete and true presentation of the assets and liabilities, profit and loss account, financial position and business operations of the issuer and the companies included in the consolidation as a whole.

The Management Board Report for the period till 30 June 2020 shows a true and fair presentation of the business results of the Company.

Signed in the name of the Management Board:

M.Sc. Eng. Gordan Kolak

Chairman of the Management Board

Josip Lasić, CFA

Member of the Management Board

In Zagreb, 29th July 2020