



QUARTERLY FINANCIAL REPORT

OF THE GROUP ĐURO ĐAKOVIĆ AND
COMPANY ĐURO ĐAKOVIĆ GROUP PLC.

I - XII 2016



ĐURO ĐAKOVIĆ

QUARTERLY
FINANCIAL
REPORT OF
THE GROUP
ĐURO ĐAKOVIĆ
AND COMPANY
ĐURO ĐAKOVIĆ
GROUP PLC,
I – XII 2016

On behalf of the
Management Board

Tomislav Mazal,
President of the
Management Board

Marko Bogdanović
Member of the
Management Board

In Slavonski Brod,
30 January 2017



Construction of the biomass cogeneration plant BE-TO Sisak



Foto: HEP d.d.

Content



I	MANAGEMENT REPORT	4
1.	Introduction	8
	1.1. General information about the Company and the Group	8
	1.2. Management	9
	1.3. Supervisory Committee	9
	1.4. Share capital and ownership structure of Đuro Đaković Group Plc.	9
2.	Description of products and services	12
	2.1. Defence	12
	2.2. Transport	12
	2.3. Industry and Energetics	12
3.	Operation of group Đuro Đaković January-December 2016	14
4.	Significant events in the 4th quarter 2016	17
5.	Significant events following the end of the 4th quarter	18
6.	Share	19
7.	Expectations in 2017	20
8.	Other matters	22
	8.1. Product and production development	22
	8.2. Exposure to risks and risk management	22
	8.3. Human resources	22
	8.4. Quality, environment, health and safety, energy	22

Construction of crude oil storage tanks



II	ANALYSIS OF OPERATING RESULTS OF ĐURO ĐAKOVIĆ GROUP Plc. AND MEMBERS OF GROUP ĐĐ	24
1.	Key indicators	28
2.	Revenue structure	31
3.	Cash flow	33
4.	Assets	34
5.	Human resources	35
6.	Notes	37
	6.1. Profit and loss account	37
	6.1.1. Profit and loss account of Đuro Đaković Group Plc.	37
	6.1.2. Revenue	37
	6.1.3. Expenses	38
	6.1.4. Profit and loss account of Group Đuro Đaković	38
	6.1.5. Revenue	39
	6.1.6. Expenses	39
	6.2. Balance sheet	40
	6.2.1. Balance sheet of Đuro Đaković Group Plc.	40
	6.2.2. Balance sheet of Group Đuro Đaković	42
	APPENDIX	45
	• TFI-POD Đuro Đaković Group Plc / non-consolidated	
	• TFI-POD Đuro Đaković Group Plc and subsidiaries / consolidated	
	• Statement of persons accountable for composing non-consolidated and consolidated financial reports of Đuro Đaković Group Plc.	

| Management Report



Cargo wagon type Zacns



1. Introduction

1.1. General information about the Company and the Group

Company Đuro Đaković Group Plc., as a parent company, has majority shares in 4 (over 50% of votes in the General Assembly) and minority shares in two companies.

Although Group members are legally independent, they are under the control of the parent company in accordance with the Companies Act.

Group Đuro Đaković



1.2. Management

The Management of Đuro Đaković Group Plc. has two members:

- **Tomislav Mazal**, President of the Management Board
- **Marko Bogdanović**, Member of the Management Board

1.3. Supervisory Committee

In accordance with the Articles of Incorporation, the Supervisory Committee has seven members. Five members are selected at the General Assembly, one is appointed by the State Property Ministry, and one in accordance with the Labour Act. In keeping with the provisions of the Companies Act and the Articles of Incorporation of Đuro Đaković Group Plc. the General Assembly decides on the matters of appointment and recall of the Supervisory Committee.

The following Supervisory Committee members were appointed at the General Assembly of the Company held on 29 June 2015:

- **Vjekoslav Leko**, Chairman
- **Domagoj Bartek**, Member
- **Vjekoslav Galzina**, Member
- **Igor Žonja**, Member
- **Miroslav Karamarković**, Member
- **Milan Stanić**, Member
- **Blaženka Luketić**, Member

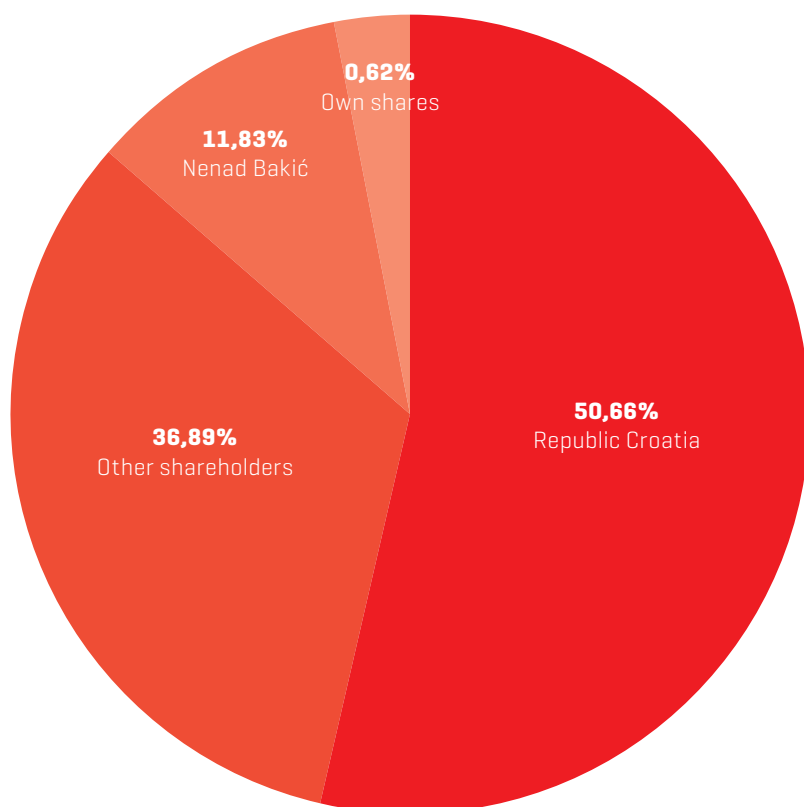
1.4. Share capital and ownership structure of Đuro Đaković Group Plc.

The share capital of the Company is HRK 151,933,680.00 and consists of 7,596,684 regular shares, each having the nominal value of HRK 20.00. Each share comes with the same set of rights. All Company's shareholders have voting rights, with the number of their votes in the General Assembly corresponding to the number of shares in their possession.

Ownership structure of Đuro Đaković Group Plc. on 31 December 2016

Shareholder	Number of shares	Capital	% share in the capital
STATE PROPERTY MINISTRY [0/1] / REPUBLIC OF CROATIA [1/1]	3,079,233	61,584,660	40.53
BAKIĆ NENAD [1/1]	898,419	17,253,400	11.83
STATE PROPERTY MINISTRY [0/1] / CROATIAN PENSION INSURANCE INSTITUTE [HZMO] [1/1]	660,000	13,200,000	8.69
ADDIKO BANK D.D. / PBZ CO OMF - B CATEGORY [1/1]	288,740	5,774,800	3.80
PBZ D.D./PBZ-SP	210,291	4,205,820	2.77
STATE PROPERTY MINISTRY [0/1] / STATE AGENCY FOR DEPOSIT INSURANCE AND BANK RESOLUTION [1/1]	104,771	2,095,420	1.38
INTERKAPITAL VRIJEDNOSNI PAPIRI D.O.O. / JOINT CUSTODY ACCOUNT FOR DF	72,410	1,515,580	0.95
ĐURO ĐAKOVIĆ GROUP PLC. [1/1]	46,993	939,860	0.62
ERSTE & STEIERMARKISCHE BANK D.D. / JOINT CUSTODY ACCOUNT FOR CROATIAN PHYSICAL PERSONS	43,094	692,840	0.57
ENVOX D.O.O.	22,684	442,600	0.30
OTP BANKA D.D. / INS683	22,000	442,600	0.29
BAKIĆ RUJANA	20,649	440,000	0.27
Shall shareholders [others]	2,127,400	43,346,100	28.00
Total	7,596,684	151,933,680	100

Ownership structure of Đuro Đaković Group Plc.



On 31 December 2016, a total of 6,264 shareholders were registered in the Book of Shareholders of Đuro Đaković Group Plc., i.e. 527 shareholders more than on 31 December 2015.

Companies in majority ownership of Đuro Đaković Group Plc. [in HRK]

COMPANY	Subscribed capital	Subscribed capital of the parent company	% ownership of parent company
ĐĐ Industrijska rješenja d.d.	30,453,900	29,517,600	96.93
ĐĐ Specijalna vozila d.d.	160,351,200	160,086,800	99.83
ĐĐ Strojna obrada d.o.o.	11,624,000	11,624,000	100
ĐĐ Energetika i infrastruktura d.o.o.	31,728,000	30,952,200	97.55
Ukupno	234,157,100	232,180,600	99.16%

2. Description of products and services

Group Đuro Đaković has a diverse industrial portfolio divided into Defence, Transport and Industry and Energetics business market segments.

2.1. Defence

The market segment of Defence is the main Croatian supplier of tanks and armoured vehicles, providing support and offering all levels of maintenance throughout the life-cycle of products from its assortment.

Products and services

- production of armoured modular vehicles AMV 8x8, of open architecture, adjusted to clients' specific demands, including integration of weapon systems and the accompanying special equipment selected by the customer;
- maintenance of AMV 8x8 vehicles;
- development, production and/or integration of new, NATO interoperable new-generation systems designed to improve the present M-84/T-72 tanks and/or integrate new tanks.

2.2. Transport

Products and services

- production of freight wagons for a variety of goods. The company uses contemporary designing methods and is capable of independent development of new wagon types, as well as of tailoring extant wagons to specific client requirements (custom-design).
- freight wagon repair and maintenance, production of wagon components.

2.3. Industry and Energetics

Industry and Energetics offers and renders engineering services: planning, designing, project management, procurement, construction and placement of facilities into operation, repair and maintenance, component production and installation. We render services and perform works from the following domains:

- Industrial oil and gas facilities
- Chemical and petrochemical industry
- Power plants



- Food industry
- Cement industry
- Metallurgy

Tank M-84

Apart from the above, group Đuro Đaković also participated in a significant number of construction, service provision and metal bridge, viaduct and overpass structure maintenance projects throughout Croatia, and with the development of petrochemical industry, the company participated in the construction of petrochemical plants in SE Europe [Sisak, Rijeka, Bosanski Brod].

Đuro Đaković renders services of installation of new equipment into oil refineries and the reconstruction of extant facilities/plants.

Products and services

- construction and installation of power plants, petrochemical and industrial plants,
- construction of metal bridges and steel structures, structural engineering [viaducts, overpasses and similar] and building of accompanying infrastructure.

3. Operation of group

Đuro Đaković January - December 2016

Group Đuro Đaković concluded the fourth quarter 2016 with a HRK 9.8 loss. The Group finished the entire year with HRK 20.2 mn loss after taxation. The three main reasons for operation with loss are:

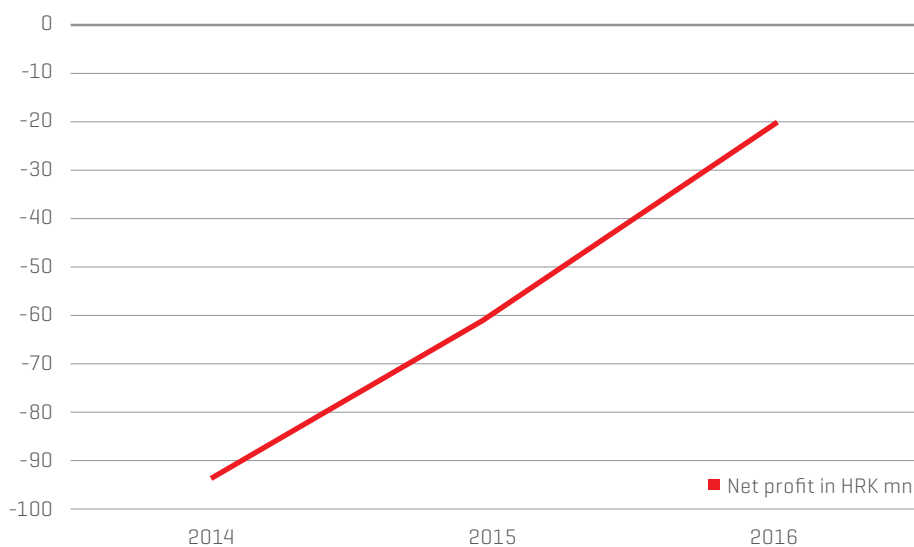
- insufficient utilization of production capacities in the Defence and Transport segments in the first quarter 2016
- loss on the Čiovo bridge project
- non-realization of planned profit from the contracted production of armoured vehicles due to delay of the beginning of production at principal's request

Loss in the fourth quarter can be attributed to the failure of the **restructuring process** in certain programs of the Industry and Energetics segment to yield anticipated results. Individual programs of the segment likewise failed to realize anticipated profit, which also had a negative impact on operating results. The aforementioned events indicate that restructuring measures conducted in this segment are insufficient and that additional measures are required.

The restructuring processes initiated in late 2014 have, for the most part, been completed in other production programs. Organizational, human-resource, market and technological restructuring goals have been fulfilled. Financial restructuring intended to achieve the optimum structure of the sources of funding (very small share of own sources in the Group's balance sheet) has yet to be implemented. The Management of Đuro Đaković Group Plc. intends to realize this goal by publicly trading the new issue of shares.

The Group made significant improvements in comparison with the preceding year. There has been an HRK 181.4 mn (45.9%) increase in total operating revenue, HRK 25 mn (21%) increase in exports and an HRK 43.6 mn (68.3%) improvement in overall results. Group Đuro Đaković realized revenue higher by HRK 194,3 mn (50.8%), exports higher by HRK 36.2 mn (33.7%) and saw a HRK 72,9 mn (78.2%) improvement in overall results in comparison with 2014.

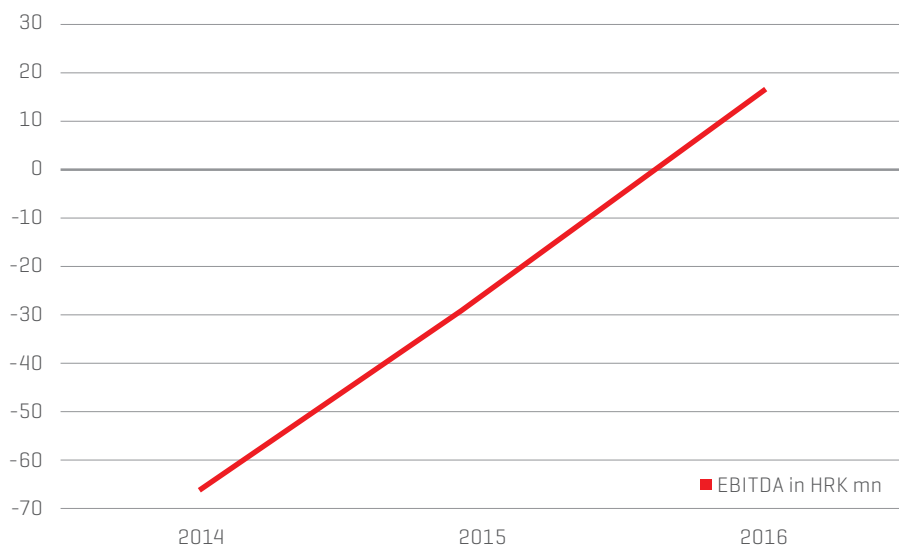
Total profit fluctuations



Please note that Group Đuro Đaković realized positive EBITDA in the amount of HRK 16.5 mn in 2016, which is HRK 46.5 mn more than last year. This is also the first time after 2012 that the Group managed to realize positive EBITDA [2012 was the last year of production of armoured vehicles at full capacity].

EBITDA is HRK 82.1 mn higher than in 2014.

EBITDA fluctuations



The effects of restructuring are most evident in the structure of expenses of the Group in 2016.

Although **material expenses** are higher than last year, their increase is relatively smaller in comparison with increase in revenue [material expenses are 26.35% higher than in 2015].

The costs of human resources decreased by HRK 4 mn, i.e. by 4.2%, although the Group completed the year with 102 employees more than at the close of the last year, due to having hired temporary employees for the needs of execution of the contracted jobs.

Realized revenue and export per employee also significantly increased, with this indicator noting a 31.6% improvement.

Average revenue per employee in HRK

	2014.	2015.	2016
NUMBER OF EMPLOYEES	997	872	975
TOTAL REVENUE	382,103,098	396,288,635	583,225,887
TOTAL EXPORT	107,388,000	118,621,632	143,587,149
REVENUE PER EMPLOYEE	383,253	454,459	598,180
EXPORT PER EMPLOYEE	107,711	136,034	147,269

Other operating expenses increased by HRK 37 mn, exclusively owing to higher reservations under construction contracts in compliance with MRS 11. The increase in these expenses was anticipated owing to the greater number of large-scale investment contracts concluded this than last year (investors: HEP, JANAF, INA).

Depreciation costs also increased owing to asset investments made in the preceding period (depreciation is higher by HRK 4.2 mn).

Previously realized losses caused non-liquidity, requiring the Group to contract bank loans, which in turn increased financial expenses by HRK 2.8 mn (16.9% increase).

In the framework of past financial restructuring, the Group conducted a revalorization of certain fixed asset categories to bring the book value of such assets to the levels of their market value. In compliance with the Management's decision, the value of assets was established by certified court experts. The value of assets increased by a total of HRK 135.2 mn.

In 2016, Group Đuro Đaković managed to reverse years of stagnation and loss generation trends. Positive EBITDA shows that the Group has positive programs and is capable of identifying markets for the sale of its products even in years characterized by poor sale of its most profitable assortment.

In the next period, the Management will mainly focus on market appearance, to be realized through the conclusion of planned contracts which will improve the utilization of production capacities, and financial restructuring, i.e. creation of economically sounder sources of operating funds.

4. Significant events in the 4th quarter 2016

04/10/2016 Đuro Đaković Specijalna vozila d.d., member of the group Đuro Đaković, signed the contract on the production of special Zacns series cistern wagons worth HRK 54 mn with a French principal on 3 October 2016. The wagons will be delivered at the end of the first and beginning of the second quarter 2017 and are a sign of continued successful cooperation with the French principal.

5. Significant events following the end of the 4th quarter

04/01/2017 Đuro Đaković Specijalna vozila d.d., member of the group Đuro Đaković, and French principal ATIR RAIL S.A. contracted additional deliveries of previously contracted special Zacns series cistern wagons worth HRK 23 mn on 3 January 2017. The additional wagons are scheduled for delivery in the third quarter 2017.

10/01/2017 Đuro Đaković Group Plc., as the main contractor of the consortium with contractor Montmontaža-oprema d.o.o., signed contract no. N-8/17 on the construction of an oil derivatives tank A-1607 at the Omišalj terminal with principal JADRANSKI NAFTOVOD d.d., on 10 January 2017.

The subject of this contract is the installation of tank protected against corrosion and fire, as well as the delivery and installation of membrane for the A-1607 tank. The total value of the contract is HRK 15,549,239.40.

26/01/2017 Đuro Đaković Specijalna vozila d.d., member of the group Đuro Đaković, signed the contract on the production and delivery of Talns series wagons worth HRK 17 mn with a French principal on 26 January 2017. The wagons are scheduled for delivery in the fourth quarter 2017.

6. Share

The shares of Đuro Đaković Group Plc. [designation DDJH-R-A] are listed on the Zagreb Stock Exchange [ZSE] and traded on a regular basis. A total of 7,596,684 shares with the nominal value of HRK 20.00 have been issued.

The fourth quarter 2016 brought a further decrease in the intensity of trading in the shares of Đuro Đaković Group Plc., both in the sense of realized traffic and share price volatility.

The total volume of trading in the quarter was HRK 6,843,360, which is 14% less than in the previous quarter. The average share price was HRK 48.18, which is a 0.4% increase, i.e. an increase of HRK 0.20.

A total of 142,026 shares have been traded. The lowest average share price of HRK 44.10 was recorded on 28 December and the highest average share price of HRK 53.30 on 5 October.

The closing average share price on 30 December 2016 was HRK 45.14.

Share price fluctuations



7. Expectations in 2017

The Management of Đuro Đaković Group Plc. expects to continue with the positive trends from 2016 and work on the improvement of negativities detected in 2016. This particularly applies to certain production programs from the Industry and Energetics segment, which will be redefined and new goals set to realize positive results. The process is anticipated to be concluded in the first half of 2017 and does not exclude possible shutting-down of programs failing to yield satisfactory results.

Owing to its optimum capacity utilization and status in the Book of Contracts (on 31/12/2016 the segment had HRK 193.9 mn worth of wagon deliveries contracted) the Transport segment is expected to continue with the positive trends from the second half 2016 and realize profit throughout the year.

The Defence segment is anticipated to continue operating with a profit and significantly increase its sales volume in comparison with 2016.

Bearing in mind the remaining, unrealized restructuring goals, the Management will mainly focus on market appearance (contracting sufficient quantity of jobs to ensure optimum utilization of production capacities) and financial restructuring (increased share of own capital in operating funds).

Contracted jobs

On 31 December 2016, the group Đuro Đaković had HRK 553.8 mn worth of signed contracts. Since the Group is currently participating at several large-scale invitations for tenders, the volume of contracted jobs is expected to increase in 2017.

Overview of the largest contracts in amounts remaining for realization (in HRK 000)

Market segment	Investor/Project	Contract value
DEFENCE	military assortment	209,900
TRANSPORT	freight wagons	193,900
INDUSTRY AND ENERGETICS	JANAF d.d. / "Omišalj" 1	40,800
INDUSTRY AND ENERGETICS	HEP d.d. / "BE-TO Sisak"	12,200
INDUSTRY AND ENERGETICS	HEP d.d. / "BE-TO Osijek "	15,150
INDUSTRY AND ENERGETICS	JANAF d.d. / "Omišalj" 2	15,550
INDUSTRY AND ENERGETICS	Viadukt d.d. / "Most Čiovo"	1,100
INDUSTRY AND ENERGETICS	Christian Pfeiffer / mill mantle	5,905
INDUSTRY AND ENERGETICS	smaller contracts total	20,801
ĐĐ STROJNA OBRADA	smaller orders total	19,000
ĐĐ ENERGETIKA I INFRASTRUKTURA	smaller contracts total	19,500
TOTAL CONTRACTED		553,806

Financial restructuring

Owing to past losses, group Đuro Đaković has a poor funding source structure. The improvement of the sources of funding remains one of the Group's primary focuses in the next period.

The restructuring plan initiated in late 2014 envisaged the issuance of shares having the total value of HRK 194,224,080.00. Since only HRK 87,192,320.00 worth of shares have been registered, the registered amount clearly failed to sufficiently improve the sources of funding of the group Đuro Đaković.

The results of restructuring measures conducted over the last two years justify the intent of the Management to improve the sources of operating funds by collecting fresh capital on the market.

The Management of Đuro Đaković Group Plc. intends to initiate this process sometime in the first quarter 2017.

The realization of the two above goals and further improvements anticipated due to the previously implemented restructuring measures indicate that the group Đuro Đaković should realize positive indicators in all business segments in 2017 (EBITDA; EBIT and profit after taxation).

8. Other matters

8.1. Product and production development

The development and/or introduction of new products developed either by own efforts or in cooperation with business partners, as well as the adoption of new manufacturing technologies, is an integral part of the long-term business policy of the group Đuro Đaković.

8.2. Exposure to risks and risk management

The Company monitors exchange rate, interest rate, credit and liquidity risks in an attempt to curtail their potential influence on the Company's financial exposure.

Under the current Group management system, some of the companies are monitored against major contract realization risks, especially material and equipment costs and costs of external services.

The Company makes use of mortgages, promissory notes and other payment securities of relevance for risk assessment.

8.3. Human resources

On 31 December 2016 members of the group Đuro Đaković had a total of 974 employees.

8.4. Quality, environment, health and safety, energy

We are continuously striving to raise the quality of our products, improve customer satisfaction and the satisfaction of all stakeholders, environmental protection, health and safety at work, and reduce energy consumption,

as verified by the management system certificates (under EN ISO 9001, EN ISO 14001, BS OHSAS 18001 and ISO 50001) issued to members of Group ĐĐ. Member companies also possess the required special certificates for processes employed and required in their line of work, as well as product certificates required on the market.

Delivery and
installation of
equipment at the
Vukanovec Gas
Field Facility



II Analysis of Operating Results of Đuro Đaković Group Plc. and Members of Group ĐĐ



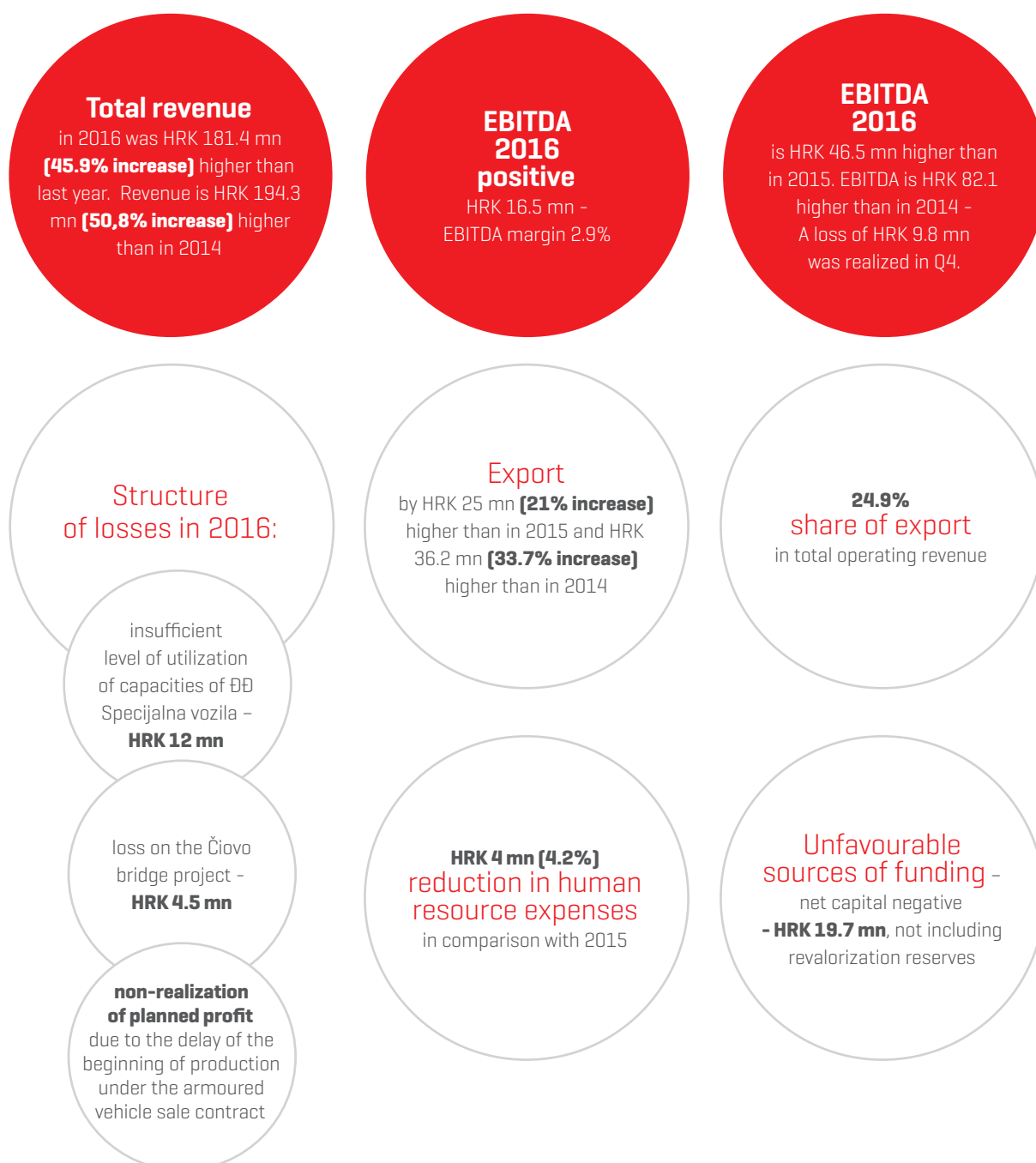
Armoured wheeled vehicle Patria



1. Key indicators

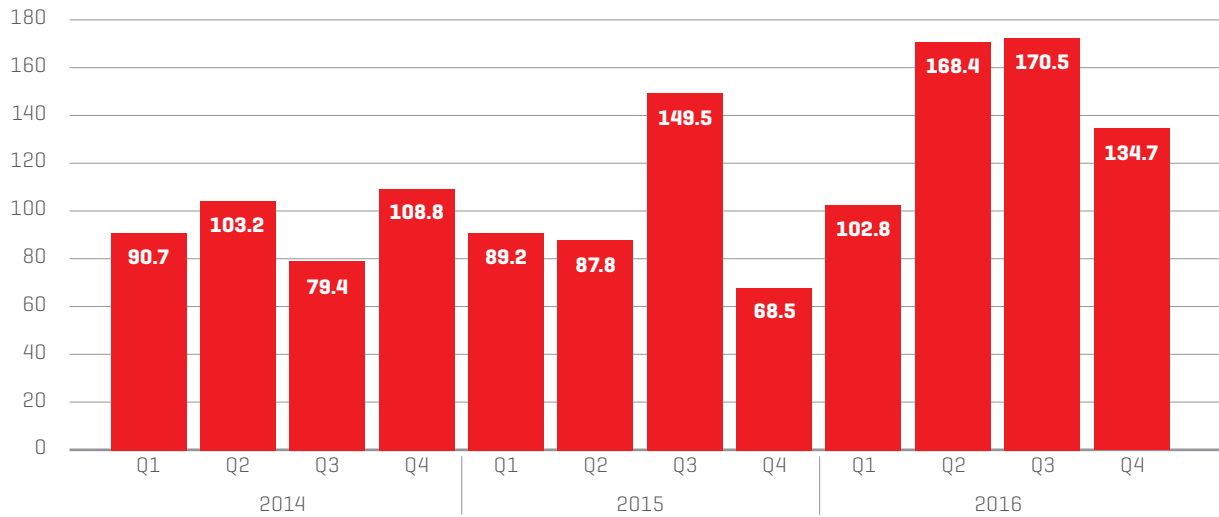
In January - December 2016, the group Đuro Đaković realized the total operating revenue of HRK 576.4 mn. and positive EBITDA in the amount of HRK 16.5 mn, i.e. EBITDA margin of 2.9%. It is worth noting that the EBITDA was HRK 46.5 mn higher than in 2015.

Key indicators January - December 2016

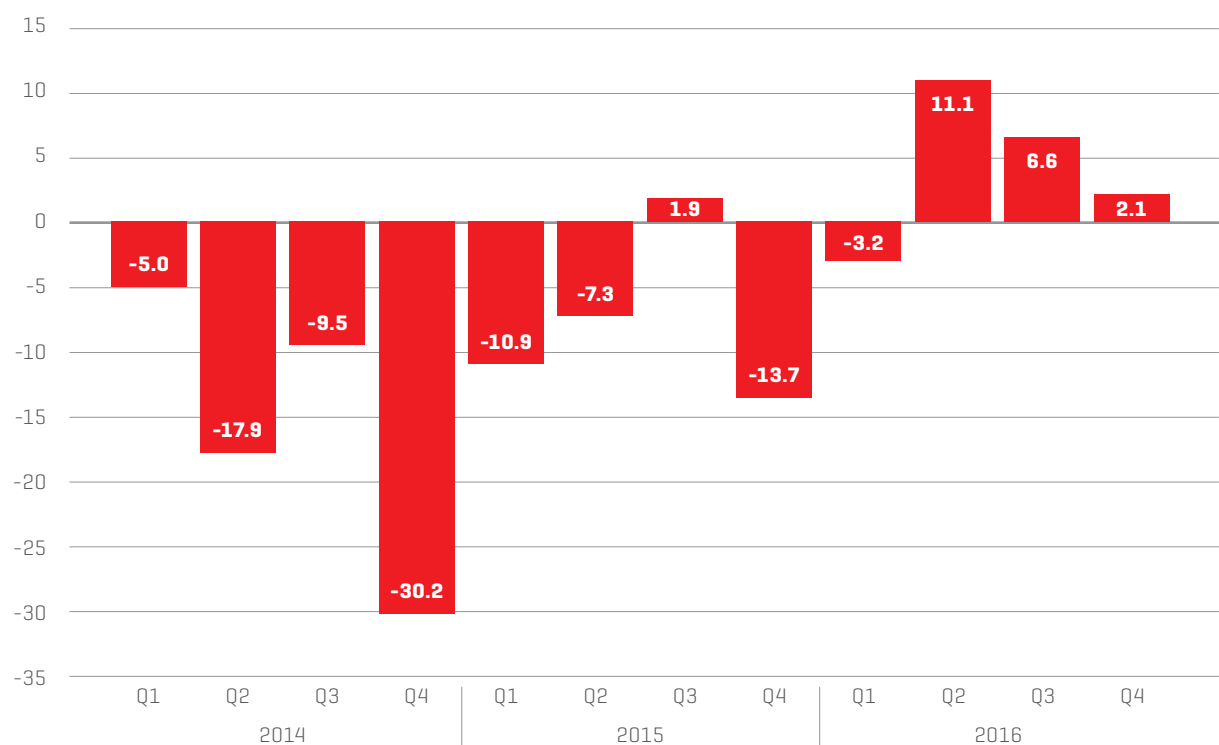


Overview of operating revenue and EBITDA fluctuations by quarters for 2014, 2015 and 2016

Operating revenue fluctuations in mn HRK



EBITDA fluctuations in mn HRK



In the fourth quarter, the Group realized higher revenue than in the preceding years, positive EBITDA three quarters in a row, and positive EBITDA throughout 2016.

Key indicators January-December 2015 / January-December 2016

Revenue, EBITDA, EBIT [in HRK mn]

GROUP ĐĐ	I- XII 2015	I-XII 2016
OPERATING REVENUE	395	576
EBITDA	-30	16.5
EBITDA [%]	-7.59%	2.86%
EBIT	-49.9	-7.6
EBIT [%]	-12.63%	-1.32%

Equity ratio [in HRK thous.]

	31/12/2015	31/12/2016
Own capital	496	91,128
Own sources	0.10%	13.11%
Long-term liabilities	255,250	237,568
Short-term liabilities	253,920	366,388
External sources	99.90%	86.89%
Total liabilities	509,666	695,084

Working capital [in HRK mn]

	31/12/2015	31/12/2016
Stocks	96,017	128,116
Receivables from buyers	72,221	103,509
Cash	37,434	25,850
Liabilities towards suppliers	111,294	135,564
Short-term liabilities towards financial institutions	74,611	148,542
Working capital	19,767	-26,631
Other receivables	8,389	24,277
Other current assets	19,364	4,466
Other short-term liabilities	63,384	47,646
Accrued expenses and deferred revenue	4,631	34,646
Net working capital	-20,495	-80,180



Construction of heat accumulator and reconstructing the heating system of the thermal power plant -TE- TO Zagreb

Production of
renewable energy
components

The Group improved its EBIT and EBITDA margin-related indicators, which are many times better than in the same period last year.

The working capital of the Group is lower and indicative of the need for financial restructuring as planned.

While the structure of the sources of funds improved with respect to the preceding period primarily due to the revalorization of fixed assets, losses eroded liquidity and increased short-term liabilities.

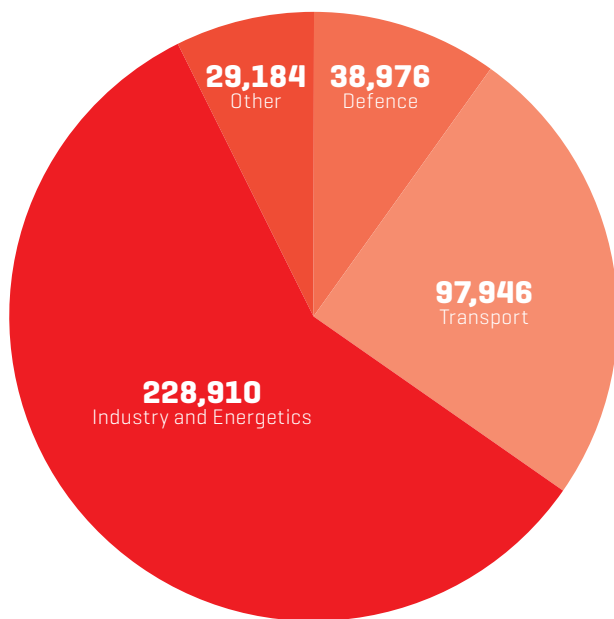


2. Revenue structure

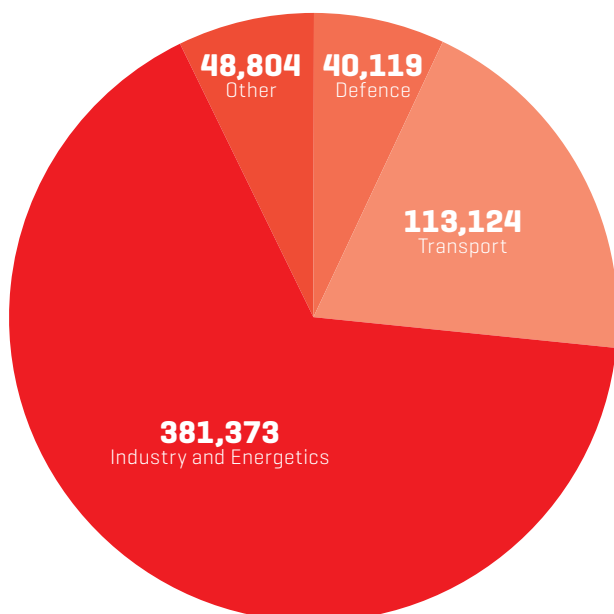
In January - December 2016, the Group ĐĐ continued the trend of significant increase in revenue in comparison with the previous periods. The greatest revenue increase occurred in the Industry and Energetics and Transport segments, with the Defence segment reporting a slight increase in revenue.

Overview of revenue structure and export structure in January-December 2015/2016

Revenue structure I - XII 2015 (in HRK 000)



Revenue structure I - XII 2016 (in HRK 000)



The share of revenue in the Defence segment dropped from 9.97% in 2015 to 6.96% in 2016, which was anticipated owing to the delay of the beginning of production under previously signed contracts.

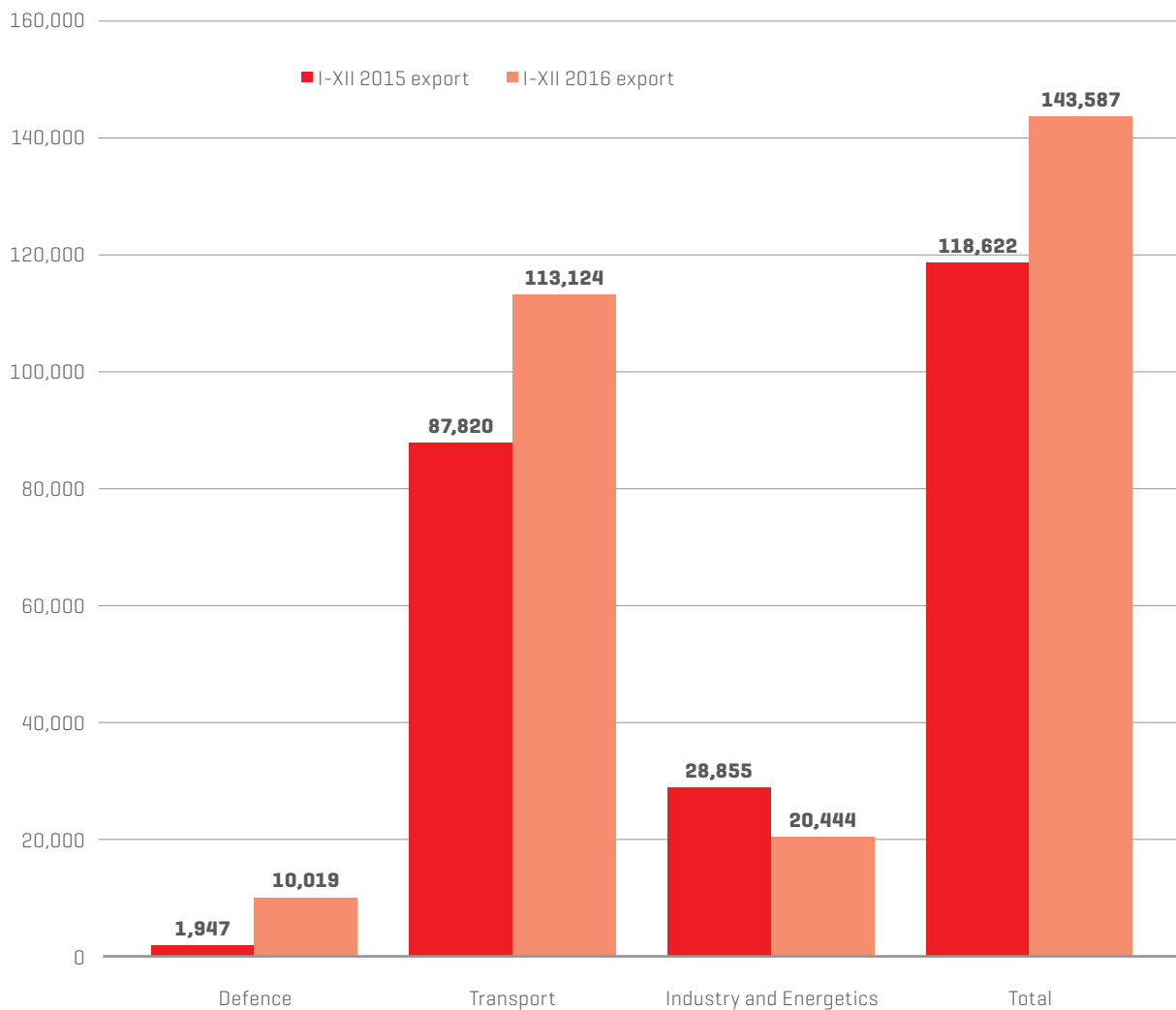
The Transport segment managed to increase revenue in 2016, i.e. its revenue is HRK 15.2 mn [15.49%] higher than last year.

In 2016, the revenue of the Industry and Energetics segment was HRK 152.5 mn higher than in 2015 [68.60% increase] and its share in total revenue increased to 66.16%.

The increase is mostly due to work on large-scale projects [investors: HEP, INA, JANAF].

Total export exceeded 2015 levels by HRK 25.0 mn, i.e. 21.05%, mostly owing to the higher volume of freight wagon deliveries in the Transport segment.

Overview of export by market segments [in HRK 000]



3. Cash flow

Minimum reduction in total net cash flow due to increased business activity in January - December 2016

[in HRK 000]

	I-XII 2015	I-XII 2016
Profit	-63,864	-20,246
Change in cash flow from business activities	2,278	-101,801
Net cash flow from business activities	-61,586	-122,047
Net cash flow from investments	-32,075	-24,971
Net cash flow from financial activities	77,855	135,433
Total net cash flow	-15,806	-11,585
Cash and equivalents at the beginning of the period	53,240	37,434
Total increase in cash flow	-15,806	-11,585
Cash and equivalents at the end of the period	37,434	25,849

4. Assets

Assets significantly increased due to the revalorization of fixed assets. The increase may also be attributed to the end of the two-year investment cycle.

Overview of total fixed assets (in HRK 000)

Asset type	31/12/2015	30/12/2016
Intangible assets	25,426	27,411
Tangible assets	175,051	362,857
Tangible assets in preparation	65,242	9,123
Other fixed assets	10,522	9,475
Total fixed tangible assets	276,241	408,866



Cargo wagon type Uacns

5. Human resources

The total number of employees on 30/09/2016 was 974. The number of employees increased by 103 in comparison with the same period last year.

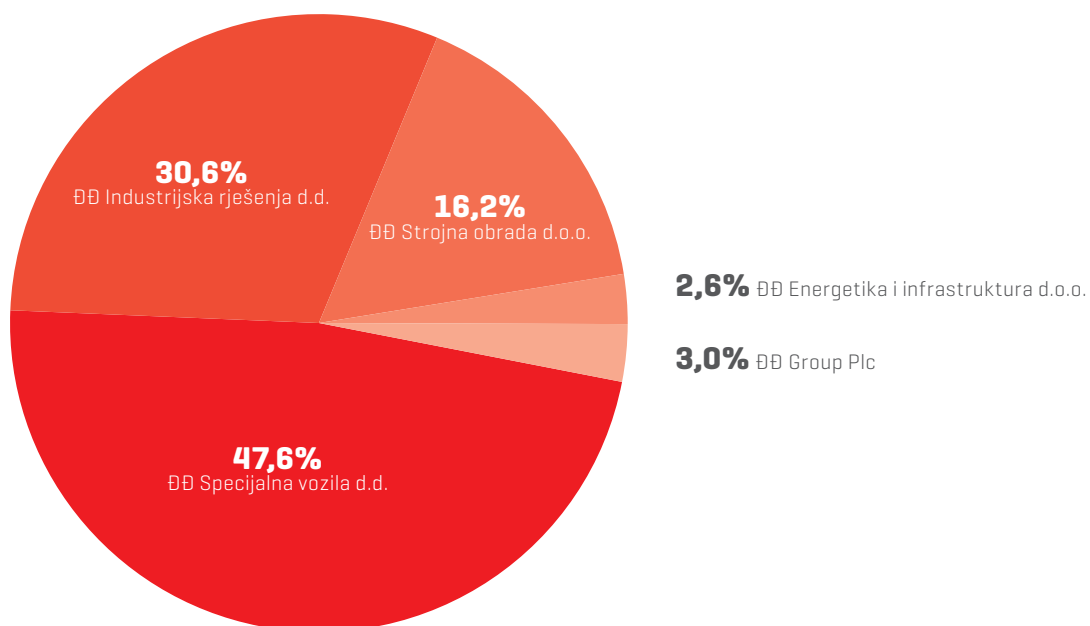
Due to pending large-scale projects, the Group hired temporary employees. The number of employees is expected to reduce upon the finalization of the said projects.

ĐĐ Specijalna vozila boasts with the largest number of employees (47.6% of the Group's workforce).

It is worth noting that the Group had lower total human resource expenses than in 2015.

Structure and number of employees on 31/12/2015 / 31/12/2016

Company	Number of employees Q4 2015	Number of employees Q4 2016
ĐĐ Specijalna vozila d.d.	433	464
ĐĐ Industrijska rješenja d.d.	234	298
ĐĐ Strojna obrada d.o.o.	137	158
ĐĐ Energetika i infrastruktura d.o.o.	29	25
Slobodna zona ĐĐ d.o.o.	9	0
ĐĐ Group Plc.	30	29
Total	872	974



Spherical tank for storage
of liquid oil gas



6. Notes

6.1. Profit and loss account

The profit and loss account is an overview of financial results of operation of ĐURO ĐAKOVIĆ Group Plc. and members of Group Đuro Đaković realized 1 January - 31 December 2016.

6.1.1. Profit and loss account of Đuro Đaković Group Plc. (in HRK)

Item	Realized I - XII 2015	Realized I - XII 2016
Operating revenue	178,705,053	334,627,738
Operating expenses	178,939,148	336,408,294
Results from business activities	-234,095	-1,780,556
Financial revenue	11,724,150	13,192,557
Financial expenses	5,906,682	9,794,580
Results from financial activities	5,817,468	3,397,977
Total revenue	190,429,203	347,820,295
Total expenses	184,845,830	346,202,874
Profit before taxation	5,583,373	1,617,421
Loss before taxation		
Profit tax		
Profit after taxation	5,583,373	1,617,421
Loss after taxation		
Profit / loss in fiscal year	5,583,373	1,617,421

6.1.2. Revenue

In January - December 2016, Đuro Đaković Group Plc. realized the **total revenue** of HRK 347,820,295, which is HRK 157,391,092 or 82.65% more than in the same period last year, when the total revenue was HRK 190,429,203.

Operating revenue realized in January - December 2016 is HRK 334,627,738, corresponding to 96.21% of total revenue. In comparison with the previous year, operating revenue increased by 87.25% or HRK 155,922,685.

Revenue from realization amounts to HRK 321,945,619, while the remaining HRK 12,682,119 pertain to other revenue from the main line of business. In the same period last year, the total revenue from realization was HRK 147,032,226, while other revenue from the main line of business accounted for HRK 31,672,827.

Financial revenue realized in January - December amounted to HRK 13,192,557, corresponding to 3.79% of total revenue. Financial revenue consists of interests and exchange rate differentials, and is by HRK 1,468,407, i.e. 3.79% higher than in the same period last year.

6.1.3. Expenses

Total expenses generated in January - December 2016 amount to HRK 346,202,874, which is HRK 161,357,044, i.e. 87.29% more than in the same period last year.

Operating expenses generated in January- December 2016 amount to HRK 336,408,294, which is HRK 157,469,146, i.e. 88.00% more than in the same period last year. Operating expenses account for 97.17% of total expenses.

Financial expenses amount to HRK 9,794,580, which is HRK 3,887,898 or 65.82% more than in the same period last year. Financial expenses account for 2.83% of total expenses, and consist of interests and exchange rate differentials by loans.

6.1.4. Profit and loss account of Group Đuro Đaković (in HRK)

Item	Realized I - XII 2015	Realized I - XII 2016
Operating revenue	395,015,795	576,419,828
Operating expenses	444,922,681	584,030,624
Results from business activities	-49,906,886	-7,610,796
Financial revenue	2,673,012	6,806,059
Financial expenses	16,629,723	19,440,982
Results from financial activities	-13,956,711	-12,634,923
Total revenue	397,688,807	583,225,887
Total expenses	461,552,404	603,471,606
Profit before taxation		
Loss before taxation	-63,863,597	-20,245,719
Profit tax		
Profit after taxation		
Loss after taxation	-63,863,597	-20,245,719
Profit / loss in fiscal year	-63.863.597	-20.245.719

6.1.4. Revenue

Total consolidated revenue of companies forming Group Đuro Đaković realized in January - December 2016 amounts to HRK 583,225,887, which is HRK 185,537,080 or 46.65% more than in the same period last year, when the total revenue was HRK 397,688,807.

Operating revenue realized in January - December 2016 amounts to HRK 576,419,828, corresponding to 98.83% of total revenue. In comparison with the previous year, operating revenue increased by 45.92% or HRK 181,404,033.

Revenue from realization amounts to HRK 554,303,612, while the remaining HRK 22,116,216 pertain to other revenue from the main line of business. In the same period last year, the total revenue from realization was HRK 377,143,779, while other revenue from the main line of business accounted for HRK 17,872,016.

In January - December 2016, revenue from sale on the Croatian market totalled to HRK 432,832,679, i.e. 75.09% of the revenue from sale. 24.91%, i.e. HRK 143,587,149 of revenue from realization was realized abroad.

Financial revenue realized in January- December 2016 amount to HRK 6,806,059, i.e. 1.17% of total revenue, which is HRK 4,133,047, i.e. 154.62% more than last year. Financial revenue consists of interests and exchange rate differentials.

6.1.5. Expenses

Total consolidated expenses realized in January - December 2016 amount to HRK 603,471,606, which is HRK 141,919,202, i.e. 30.75% more than in the same period last year.

Operating expenses generated in January - December 2016 amount to HRK 584,030,624, which is HRK 139,107,943, i.e. 31.27% more than in the same period last year. Operating expenses account for 96.78% of total expenses.

Financial expenses generated in January - December 2016 amount to HRK 19,440,982, which is HRK 2,811,259 or 16.91% more than in the same period last year. Financial expenses account for 3.22% of total expenses, and consist of interests and exchange rate differentials by loans.

6.2. Balance sheet

The balance sheet of ĐURO ĐAKOVIĆ Group Plc. and Group Đuro Đaković indicates resources available on 31 December 2016, results of business activities realized in previous years, financial standing, liquidity, ability to settle liabilities and finance assets from own or external sources.

6.2.1. Balance sheet of Đuro Đaković Group Plc.

Assets of Đuro Đaković Group Plc.

Total assets of ĐURO ĐAKOVIĆ Group Plc. were worth HRK 541,726,500 on 31 December 2016, which is HRK 136,836,740 more than on 31 December 2015.

Assets are structured as follows:

ĐĐ Group Plc.	31/12/2015		31/12/2016	
Fixed assets	168,328,656	41.57%	263,695,023	48.68%
- Tangible and intangible assets	110,794,380	65.82%	192,135,343	72.86%
- Financial assets and receivables	57,534,276	34.18%	71,559,680	27.14%
Current assets	218,162,537	53.88%	275,159,490	50.79%
Paid deferred expenses and calculated revenue	18,398,567	4.54%	2,871,987	0.53%
Total	404,889,760	100.00%	541,726,500	100.00%

Fixed assets were worth HRK 263,695,023 on 31 December 2016, accounting for 48.68% of total assets, which is HRK 95,366,367 or 56.65% more than last year.

Current assets account for 50.79% of total assets and were worth HRK 275,159,490 on 31 December 2016, which is HRK 56,996,953 or 26.13% more than in the same period last year.

Liabilities of Đuro Đaković Group Plc.

Total liabilities of ĐURO ĐAKOVIĆ Group Plc. were worth HRK 541,726,500 on 31 December 2016, which is HRK 136,836,740 more than on 31 December 2015.

Liabilities are structured as follows:

ĐĐ Group Plc.	31/12/2015		31/12/2016	
Capital and reserves	173,428,140	42.83%	244,677,718	45.17%
Long-term reservations	15,301	0.00%	20,709	0.00%
Long-term liabilities	139,476,090	34.45%	129,239,663	23.86%
Short-term liabilities	91,970,229	22.71%	141,975,730	26.21%
Accrued expenses and deferred revenue		0.00%	25,812,680	4.76%
Total	404,889,760	100.00%	541,726,500	100.00%

Capital and reserves amounted to HRK 244,677,718 on 31 December 2016, accounting for 45.17% of total liabilities, and consisting of HRK 151,933,680 of subscribed capital, HRK 12,257,035 of capital reserves, HRK 939,860 of reserves for own shares (deductible item), HRK 69,632,158 of revalorization reserves, HRK 9,237,425 of retained profit/loss brought forward, and HRK 1,617,421 of current year profit.

Long-term reservations amount to HRK 20,709 and pertain to old-age pension, severance pay and similar reservations.

Long-term liabilities amounted to HRK 129,239,663 on 31 December 2016, accounting for 23.86% of total liabilities, which is HRK 10,236,427 or 7.34% less than last year.

Short-term liabilities stated in the balance sheet were worth HRK 141,975,730 on 31 December 2016, accounting for 26.21% of total liabilities, which is HRK 50,005,501 or 54.37% more than last year.

6.2.2. Balance sheet of Group Đuro Đaković

Assets of Group Đuro Đaković

Total assets of Group Đuro Đaković were worth HRK 695,083,639 on 31 December 2016, which is HRK 185,417,307 or 36.38% more than on 31 December 2015.

Assets are structured as follows:

Group ĐĐ	31/12/2015		31/12/2016	
Fixed assets	276,240,761	54.20%	408,866,299	58.82%
- Tangible and intangible assets	265,718,955	96.19%	399,390,978	97.68%
- Financial assets and receivables	10,521,806	3.81%	9,475,321	2.32%
Current assets	214,946,236	42.17%	283,316,890	40.76%
Paid deferred expenses and calculated revenue	18,479,335	3.63%	2,900,450	0.42%
Ukupno	509,666,332	100.00%	695,083,639	100.00%

Fixed assets were worth HRK 408,866,299 on 31 December 2016, accounting for 58.82% of total assets, which is HRK 132,625,538 or 48.01% more than last year.

Current assets account for 40.76% of total assets and were worth HRK 283,316,890 on 31 December 2016, which is HRK 68,370,654 or 31.81% more than last year.

Liabilities of Group Đuro Đaković

Total liabilities of Group Đuro Đaković were worth HRK 695,083,639 on 31 December 2016, which is HRK 185,417,307 or 36.38% more than on 31 December 2015.

Liabilities are structured as follows:

Group ĐĐ	31/12/2015		31/12/2016	
Capital and reserves	496,132	0.10%	91,127,655	13.11%
Long-term reservations	15,549,651	3.05%	4,954,604	0.71%
Long-term liabilities	239,700,129	47.03%	232,613,132	33.47%
Short-term liabilities	249,289,114	48.91%	331,752,197	47.73%
Accrued expenses and deferred revenue	4,631,306	0.91%	34,636,051	4.98%
Total	509,666,332	100.00%	695,083,639	100.00%

Capital and reserves amounted to HRK 91,127,655 on 31 December 2016, accounting for 13.11% of total liabilities, and consisting of HRK 151,933,680 of subscribed capital, HRK 15,686,933 of capital reserves, HRK 939,860 of reserves for own shares [deductible item], HRK 110,877,242 of revalorization reserves, HRK 162,792,150 of loss brought forward, and HRK 19,863,351 of loss. Minority interest in capital, reserves, profit and loss is -HRK 4,714,699.

Long-term reservations amount to HRK 4,954,604, i.e. 0.71% of total liabilities on 31 December 2016 and pertain to old-age pension, severance pay and similar reservations.

Long-term liabilities amounted to HRK 232,613,132 on 31 December 2016, accounting for 33.47% of total liabilities, which is HRK 7,086,997 or 2.96% less than last year.

Short-term liabilities stated in the balance sheet were worth HRK 331,752,197 on 31 December 2016, accounting for 47.73% of total liabilities, which is HRK 82,463,083 or 33.08% more than last year.

Accrued expenses and deferred revenue stated in the balance sheet amounted to HRK 34,636,051 or 4.98% of total liabilities on 31 December 2016, which is HRK 30,004,745 or 647.87% more than last year.

Trial assembly of bridge structure sections for Mainland - Čiovo island bridge



BALANCE SHEET

as on day December 31, 2016 / Company: ĐURO ĐAKOVIĆ Grupa d.d.

Position	AOP	Previous period	Current period
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	168,328,656	263,695,023
I INTANGIBLE ASSETS (004 do 009)	003	38,188	153,276
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005		
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008		
6. Other intangible assets	009	38,188	153,276
II PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	110,756,192	191,982,067
1. Land	011	7,222,038	70,065,642
2. Buildings	012	26,891,772	52,607,228
3. Plant and equipment	013		
4. Tools, working inventory and transportation assets	014	16,726,950	65,926,530
5. Biological assets	015		
6. Advances for purchase of tangible assets	016		
7. Tangible assets in progress	017	59,857,454	3,327,156
8. Other tangible assets	018		
9. Investment in real-estate	019	57,978	55,510
III NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	53,907,005	68,483,678
1. Share in related parties	021	48,668,721	49,068,721
2. Loans to related parties	022	4,236,124	18,605,636
3. Participating interests (shares)	023	505,862	505,862
4. Loans to companies with participating interest	024		
5. Investments in securities	025		
6. Loans, deposits, etc.	026	458,248	266,704
7. Other non-current financial assets	027	38,050	36,755
8. Equity-accounted investments	028		
IV RECEIVABLES (030 do 032)	029	3,627,271	3,076,002
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031	3,627,271	3,076,002
3. Other receivables	032		
V DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	218,162,537	275,159,490
I INVENTORIES (036 do 042)	035	1,322,906	1,886
1. Raw materials and supplies	036	1,886	1,886
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039	1,321,020	
5. Advances for inventories	040		
6. Long term assets held for sale	041		
7. Biological assets	042		
II RECEIVABLES (044 do 049)	043	119,183,560	136,619,583
1. Receivables from related parties	044	74,964,261	50,598,541
2. Receivables from end-customers	045	38,269,110	66,030,691
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	110,122	109,792
5. Receivables from government and other institutions	048	1,499,236	1,280,007
6. Other receivables	049	4,340,831	18,600,551
III CURRENT FINANCIAL ASSETS (051 do 057)	050	90,917,232	128,160,594
1. Share in related parties	051		
2. Loans to related parties	052	90,567,232	127,460,594
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	350,000	700,000
7. Other financial assets	057		
IV CASH AND CASH EQUIVALENTS	058	6,738,839	10,377,427
D) PREPAYMENTS AND ACCRUED INCOME	059	18,398,567	2,871,987
E) TOTAL ASSETS (001+002+034+059)	060	404,889,760	541,726,500
F) OFF BALANCE SHEET ITEMS	061		

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	173,428,140	244,677,718
I SUBSCRIBED SHARE CAPITAL	063	151,933,680	151,933,680
II CAPITAL RESERVES	064	12,257,035	12,257,035
III RESERVES FROM PROFIT (066+067-068+069+070)	065	0	0
1. Legal reserves	066		
2. Reserve for own shares	067	939,960	939,960
3. Treasury shares and shares (deductible items)	068	939,960	939,960
4. Statutory reserves	069		
5. Other reserves	070		
IV REVALUATION RESERVES	071		69,632,158
V RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	3,654,052	9,237,425
1. Retained earnings	073	3,654,052	9,237,425
2. Loss carried forward	074		
VI NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	5,583,373	1,617,421
1. Net profit for the period	076	5,583,373	1,617,421
2. Net loss for the period	077		
VII MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	15,301	20,709
1. Provisions for pensions, severance pay and similar liabilities	080	15,301	20,709
2. Provisions for tax liabilities	081		
3. Other provisions	082		
C) NON-CURRENT LIABILITIES (084 do 092)	083	139,476,090	129,239,663
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	133,735,648	108,441,533
4. Liabilities for advances	087		
5. Trade payables	088		
6. Commitments on securities	089		
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091	5,740,442	5,513,023
9. Deferred tax liabilities	092		15,285,108
D) CURRENT LIABILITIES (094 do 105)	093	91,970,229	141,975,729
1. Liabilities to related parties	094	2,281,416	21,213,424
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	7,753,746	56,602,687
4. Liabilities for advances	097	20,432,508	7,923,753
5. Trade payables	098	60,604,651	55,627,584
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	295,288	283,801
9. Taxes, contributions and similar liabilities	102	575,292	295,851
10. Liabilities arising from share in the result	103		
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	27,328	28,630
E) ACCRUED EXPENSES AND DEFERRED INCOME	106		25,812,680
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	404,889,760	541,726,500
G) OFF BALANCE SHEET ITEMS	108		
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109		
2. Attributable to minority interest	110		

PROFIT AND LOSS ACCOUNT

for period January 1, 2016 to December 31, 2016 / Company: ĐURO ĐAKOVIĆ Grupa d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
I OPERATING INCOME [112 do 113]	111	178,705,053	33,771,101	334,627,738	72,019,859
1. Rendering of services	112	147,032,225	30,515,519	321,945,619	67,755,077
2. Other operating income	113	31,672,828	3,255,582	12,682,119	4,264,782
II OPERATING COSTS [115+116+120+124+125+126+129+130]	114	178,939,148	42,277,975	336,408,295	74,953,756
1. Change in inventories of work in progress	115				
2. Material expenses [117 do 119]	116	154,236,983	37,075,279	272,441,487	71,200,986
a) Costs of raw materials	117	3,689,452	1,136,200	1,547,728	470,651
b) Cost of goods sold	118	144,081,528	34,901,619	265,186,984	69,804,616
c) Other material expenses	119	6,466,003	1,037,460	5,706,776	925,719
3. Employee benefits expenses [121 do 123]	120	6,426,123	1,538,754	5,880,126	1,419,849
a) Net salaries	121	3,990,080	1,301,622	3,653,547	882,122
b) Tax and contributions from salary expenses	122	1,448,798	1,167	1,326,603	320,299
c) Contributions on salary	123	987,245	235,965	899,976	217,428
4. Depreciation and amortisation	124	3,765,417	1,020,250	7,225,849	2,211,808
5. Other expenses	125	9,668,260	2,318,023	50,664,516	107,915
6. Write down of assets [127+128]	126	0	0	157	0
a) non-current assets [except financial assets]	127				
b) current assets [except financial assets]	128			157	
7. Provisions	129			5,408	5,408
8. Other operating costs	130	4,842,365	325,669	190,751	7,790
III FINANCIAL INCOME [132 do 136]	131	11,724,150	2,481,710	13,192,557	3,373,102
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	10,759,985	1,810,726	9,850,091	2,964,579
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	964,165	670,984	3,342,466	408,523
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains [income] from financial assets	135				
5. Other financial income	136				
IV FINANCIAL EXPENSES [138 do 141]	137	5,906,682	2,833,521	9,794,579	2,861,409
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	653	16	85	16
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	5,906,029	2,833,505	9,794,494	2,861,393
3. Unrealised losses [expenses] from financial assets	140				
4. Other financial expenses	141				
V SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				
VI SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII EXTRAORDINARY - OTHER INCOME	144				
VIII EXTRAORDINARY - OTHER EXPENSES	145				
IX TOTAL INCOME [111+131+144]	146	190,429,203	36,252,811	347,820,295	75,392,961
X TOTAL EXPENSES [114+137+143+145]	147	184,845,830	45,111,496	346,202,874	77,815,165
XI PROFIT OR LOSS BEFORE TAXES [146-147]	148	5,583,373	-8,858,685	1,617,421	-2,422,204
1. Profit before taxes [146-147]	149	5,583,373		1,617,421	
2. Loss before taxes [147-146]	150		8,858,685		2,422,204
XII TAXATION	151				
XII PROFIT OR LOSS FOR THE PERIOD [148-151]	152	5,583,373	-8,858,685	1,617,421	-2,422,204
1. Profit for the period [149-151]	153	5,583,373		1,617,421	
2. Loss for the period [151-148]	154		8,858,685		2,422,204
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I PROFIT OR LOSS FOR THE PERIOD (=152)	157	5,583,373	-8,858,685	1,617,421	-2,422,204
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES [159 TO 165]	158	0	0	0	0
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161				
4. Profit or loss from cash flow hedging	162				
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associated companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
III TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				
IV NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD [158 TO 166]	167	0	0	0	0
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD [157+167]	168	5,583,373	-8,858,685	1,617,421	-2,422,204
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	169				
2. Attributable to minority interest	170				

CASH FLOW STATEMENT - Indirect method

for period January 1, 2016 to December 31, 2016 / Company: ĐURO ĐAKOVIĆ Grupa d.d.

Position	AOP	Previous period	Current period
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before taxes	001	5,583,373	1,617,421
2. Amortization	002	3,765,417	7,225,849
3. Increase of current liabilities	003	5,756,292	26,959,300
4. Decrease of receivables	004		
5. Decrease of inventories	005		
6. Other increase of cash flow	006	611,255	362,967
I Total increase in cash flow from operating activities (001 to 006)	007	15,716,337	36,165,537
1. Decrease of current liabilities	008		
2. Increase of receivables	009	92,885,398	1,893,992
3. Increase of inventories	010		
4. Other decrease of cash flow	011		
II Total decrease in cash flow from operating activities (008 to 011)	012	92,885,398	1,893,992
A1] NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	0	34,271,545
A2] NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	77,169,061	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	015	21,954,194	4,673,881
2. Cash inflows from sale of equity and debt financial instruments	016		
3. Interest receipts	017		
4. Dividend receipts	018		
5. Other cash inflows from investing activities	019		
III Total cash inflows from investing activities(015 to 019)	020	21,954,194	4,673,881
1. Cash outflows for purchase of long - term tangible and intangible assets	021	39,262,867	7,037,781
2. Cash outflows for purchase of equity and debt financial instruments	022		
3. Other cash outflows from investing activities	023		
IV Total cash outflows from investing activities (021 to 023)	024	39,262,867	7,037,781
B1] NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2] NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	17,308,673	2,363,900
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash receipts from issuance of equity and debt financial instruments	027		
2. Cash inflows from loans, debentures, credits and other borrowings	028	120,618,387	173,408,375
3. Other cash inflows from financing activities	029	91,324,166	
V Total cash inflows from financing activities (027 to 029)	030	211,942,553	173,408,375
1. Cash outflows for repayment of loans and bonds	031	32,063,824	201,277,432
2. Dividends paid	032		
3. Cash outflows for finance lease	033	145,139	
4. Cash outflows for purchase of own stocks	034	106,713,407	
5. Other cash outflows from financing activities	035	20,584,024	400,000
VI Total cash outflows from financing activities (031 to 035)	036	159,506,394	201,677,432
C1] NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	52,436,159	0
C2] NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	28,269,057
Total increases of cash flows (013-014 + 025-026 + 037-038)	039	0	3,638,588
Total decreases of cash flows (014-013 + 026-025 + 038-037)	040	42,041,575	0
Cash and cash equivalents at the beginning of period	041	48,780,414	6,738,839
Decrease in cash and cash equivalents	042	42,041,575	
Increase in cash and cash equivalents	043		3,638,588
Cash and cash equivalents at the end of period	044	6,738,839	10,377,427

STATEMENT OF CHANGES IN EQUITY

for period January 1, 2016 to December 31, 2016 / Company: ĐURO ĐAKOVIĆ Grupa d.d.

Position	AOP	Previous year	Current year
1. Subscribed share capital	001	151,933,680	151,933,680
2. Capital reserves	002	12,257,035	12,257,035
3. Reserves from profit	003		
4. Retained earnings or loss carried forward	004	3,654,052	9,237,425
5. Net profit or loss for the period	005	5,583,373	1,617,421
6. Revaluation of tangible assets	006		69,632,158
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008		
9. Other revaluation	009		
10. Total equity and reserves (AOP 001 to 009)	010	173,428,140	244,677,718
11. Foreign exchange differences from foreign investments	011		
12. Current and deferred taxes	012		
13. Cash flow hedge	013		
14. Change of accounting policies	014		
15. Correction of significant mistakes of prior period	015		
16. Other changes	016	5,583,373	1,617,421
17. Total increase or decrease of equity (AOP 011 to 016)	017	5,583,373	1,617,421
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		

Quarterly financial report of entrepreneur TFI-POD

Reporting period: 1/1/2016 to 12/31/2016

Appendix 1

Reporting period: 1/1/2016 to 12/31/2016

Quarterly financial report of entrepreneur TFI-POD

Registration number [MB]	3635112		
Identification number of subject [MBS]	05002378		
Personal identification number [OIB]	58828286397		
Issuer company:	ĐURO ĐAKOVIĆ Grupa d.d.		
Postal code and place	35000	SLAVONSKI BROD	
Street and number	Dr. MILE BUDAKA 1		
E-mail address:	uprava@duro-dakovic.com		
Internet address:	www.duro-dakovic.com		
Code and name of comune/town	396	SLAVONSKI BROD	
Code and county name	12	BRODSKO POSAVSKA	Number of employees [at quarter end] 974
Consolidated statement	YES	NKD/NWC code:	7010
Subsidiaries subject to consolidation [according to IFRS]:	Residence	Registration number:	
ĐURO ĐAKOVIĆ Specijalna vozila d.d.	Dr. Mile Budaka 1, Slavonski Brod	3386066	
ĐURO ĐAKOVIĆ Industrijska rješenja d.d.	Dr. Mile Budaka 1, Slavonski Brod	3411281	
ĐURO ĐAKOVIĆ Strojna obrada d.o.o.	Dr. Mile Budaka 1, Slavonski Brod	1648527	
ĐURO ĐAKOVIĆ Energetika i infrastruktura d.o.o.	Dr. Mile Budaka 1, Slavonski Brod	0288527	

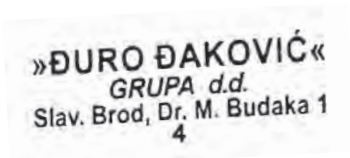
Book keeping service:

Contact person:	POSAVAC SLAVEN [fill in only surname and name of contact person]		
Phone number:	035/446 256	Fax:	035/444 108
E-mail address:	uprava @duro-dakovic.com		
Surname and name	MAZAL TOMISLAV [authorised person for representation]		

Disclosure documents:

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

M.P.



[signed by authorised person for representation]

CONSOLIDATED BALANCE SHEET

as on day December 31, 2016 / Company: ĐURO ĐAKOVIĆ Grupa d.d.

Position	AOP	Previous period	Current period
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	276,240,761	408,866,299
I INTANGIBLE ASSETS (004 do 009)	003	25,425,886	27,411,230
1. Expenditure for development	004	6,883,374	9,771,435
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	3,889,144	2,784,401
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	14,607,850	14,694,623
6. Other intangible assets	009	45,518	160,771
II PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	240,293,069	371,979,748
1. Land	011	15,472,391	103,133,264
2. Buildings	012	101,740,982	150,809,686
3. Plant and equipment	013	33,715,854	36,513,524
4. Tools, working inventory and transportation assets	014	20,038,054	68,834,167
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	434,698	10,400
7. Tangible assets in progress	017	65,242,278	9,122,664
8. Other tangible assets	018		
9. Investment in real-estate	019	3,648,812	3,556,043
III NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	1,455,795	1,983,225
1. Share in related parties	021		
2. Loans to related parties	022		
3. Participating interests (shares)	023	794,422	794,422
4. Loans to companies with participating interest	024		
5. Investments in securities	025	87,808	85,390
6. Loans, deposits, etc.	026	535,515	1,066,658
7. Other non-current financial assets	027	38,050	36,755
8. Equity-accounted investments	028		
IV RECEIVABLES (030 do 032)	029	9,066,011	7,492,096
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031	8,772,054	7,420,103
3. Other receivables	032	293,957	71,993
V DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	214,946,236	283,316,890
I INVENTORIES (036 do 042)	035	96,017,061	128,116,365
1. Raw materials and supplies	036	33,258,822	62,218,326
2. Production in progress	037	46,599,471	51,098,716
3. Finished products	038	11,700,238	11,829,482
4. Merchandise	039	1,817,068	499,845
5. Advances for inventories	040	2,641,462	2,469,996
6. Long term assets held for sale	041		
7. Biological assets	042		
II RECEIVABLES (044 do 049)	043	80,609,971	127,785,845
1. Receivables from related parties	044		
2. Receivables from end-customers	045	72,220,727	103,509,075
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	163,993	158,286
5. Receivables from government and other institutions	048	3,107,355	6,191,374
6. Other receivables	049	5,117,896	17,927,110
III CURRENT FINANCIAL ASSETS (051 do 057)	050	884,770	1,565,115
1. Share in related parties	051		
2. Loans to related parties	052		
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	754,770	1,435,115
7. Other financial assets	057	130,000	130,000
IV CASH AND CASH EQUIVALENTS	058	37,434,434	25,849,565
D) PREPAYMENTS AND ACCRUED INCOME	059	18,479,335	2,900,450
E) TOTAL ASSETS (001+002+034+059)	060	509,666,332	695,083,639
F) OFF BALANCE SHEET ITEMS	061	149,966,185	174,206,344

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	496,132	91,127,655
I SUBSCRIBED SHARE CAPITAL	063	151,933,680	151,933,680
II CAPITAL RESERVES	064	15,686,933	15,686,933
III RESERVES FROM PROFIT (066+067-068+069+070)	065	0	0
1. Legal reserves	066		
2. Reserve for own shares	067	939,960	939,960
3. Treasury shares and shares (deductible items)	068	939,960	939,960
4. Statutory reserves	069		
5. Other reserves	070		
IV REVALUATION RESERVES	071		110,877,242
V RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-95,048,722	-162,792,150
1. Retained earnings	073		
2. Loss carried forward	074	95,048,722	162,792,150
VI NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	-67,864,446	-19,863,351
1. Net profit for the period	076		
2. Net loss for the period	077	67,864,446	19,863,351
VII MINORITY INTEREST	078	-4,211,313	-4,714,699
B) PROVISIONS (080 do 082)	079	15,549,651	4,954,604
1. Provisions for pensions, severance pay and similar liabilities	080	2,409,776	2,608,062
2. Provisions for tax liabilities	081		
3. Other provisions	082	13,139,875	2,346,542
C) NON-CURRENT LIABILITIES (084 do 092)	083	239,700,129	232,613,132
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	227,773,962	196,876,086
4. Liabilities for advances	087		
5. Trade payables	088		
6. Commitments on securities	089		
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091	11,926,167	11,398,140
9. Deferred tax liabilities	092		24,338,906
D) CURRENT LIABILITIES (094 do 105)	093	249,289,114	331,752,197
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	74,610,730	148,542,131
4. Liabilities for advances	097	48,880,943	36,063,691
5. Trade payables	098	111,294,466	135,563,957
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	6,339,171	5,814,432
9. Taxes, contributions and similar liabilities	102	7,593,919	5,472,491
10. Liabilities arising from share in the result	103		
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	569,885	295,495
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	4,631,306	34,636,051
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	509,666,332	695,083,639
G) OFF BALANCE SHEET ITEMS	108	149,966,185	174,206,344
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109	4,707,445	95,842,354
2. Attributable to minority interest	110	-4,211,313	-4,714,699

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for period January 1, 2016 to December 31, 2016 / Company: ĐURO ĐAKOVIĆ Grupa d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
I OPERATING INCOME [112 do 113]	111	395,015,795	68,542,733	576,419,828	134,711,652
1. Rendering of services	112	377,143,779	62,912,636	554,303,612	127,935,828
2. Other operating income	113	17,872,016	5,630,097	22,116,216	6,775,824
II OPERATING COSTS [115+116+120+124+125+126+129+130]	114	444,922,681	87,272,290	584,030,625	139,110,316
1. Change in inventories of work in progress	115	3,206,619	-9,746,815	-9,898,385	-8,215,378
2. Material expenses [117 do 119]	116	281,394,650	59,643,407	396,354,208	105,572,885
a) Costs of raw materials	117	122,416,240	17,714,839	163,714,380	46,830,607
b) Cost of goods sold	118	113,872,438	28,923,825	151,120,015	28,907,908
c) Other material expenses	119	45,105,972	13,004,743	81,519,813	29,834,370
3. Employee benefits expenses [121 do 123]	120	99,149,701	22,856,213	95,128,378	25,155,997
a) Net salaries	121	64,511,327	15,028,646	60,905,292	16,547,414
b) Tax and contributions from salary expenses	122	21,091,249	4,543,556	20,461,203	4,978,145
c) Contributions on salary	123	13,547,125	3,284,011	13,761,883	3,630,438
4. Depreciation and amortisation	124	19,903,894	5,113,401	24,119,973	6,452,648
5. Other expenses	125	30,772,207	6,725,161	72,446,298	6,188,993
6. Write down of assets [127+128]	126	724,816	721,753	322,013	316,866
a) non-current assets [except financial assets]	127			252,118	252,118
b) current assets [except financial assets]	128	724,816	721,753	69,895	64,748
7. Provisions	129	1,992,391	787,360	1,907,510	1,907,510
8. Other operating costs	130	7,778,403	1,171,810	3,650,630	1,730,795
III FINANCIAL INCOME [132 do 136]	131	2,673,012	1,603,389	6,806,059	708,145
1. Interest, foreign exchange differences, dividends and similar income from related parties	132				
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	2,634,347	1,579,075	6,746,166	704,703
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains [income] from financial assets	135				
5. Other financial income	136	38,665	24,314	59,893	3,442
IV FINANCIAL EXPENSES [138 do 141]	137	16,629,723	5,883,002	19,440,985	6,097,106
1. Interest, foreign exchange differences, dividends and similar income from related parties	138				
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	16,616,599	5,871,663	19,440,835	6,097,106
3. Unrealised losses [expenses] from financial assets	140				
4. Other financial expenses	141	13,124	11,339	150	
V SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				
VI SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII EXTRAORDINARY - OTHER INCOME	144				
VIII EXTRAORDINARY - OTHER EXPENSES	145				
IX TOTAL INCOME [111+131+144]	146	397,688,807	70,146,122	583,225,887	135,419,797
X TOTAL EXPENSES [114+137+143+145]	147	461,552,404	93,155,292	603,471,610	145,207,422
XI PROFIT OR LOSS BEFORE TAXES [146-147]	148	-63,863,597	-23,009,170	-20,245,723	-9,787,625
1. Profit before taxes [146-147]	149				
2. Loss before taxes [147-146]	150	63,863,597	23,009,170	20,245,723	9,787,625
XII TAXATION	151				
XII PROFIT OR LOSS FOR THE PERIOD [148-151]	152	-63,863,597	-23,009,170	-20,245,723	-9,787,625
1. Profit for the period [149-151]	153				
2. Loss for the period [151-148]	154	63,863,597	23,009,170	20,245,723	9,787,625
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155	-62,533,250	-22,677,085	-19,863,351	-9,516,503
2. Attributable to minority interest	156	-1,330,347	-332,085	-382,368	-271,122
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I PROFIT OR LOSS FOR THE PERIOD (=152)	157	-63,863,597	-23,009,170	-20,245,723	-9,787,625
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES [159 TO 165]	158	0	0	0	0
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161				
4. Profit or loss from cash flow hedging	162				
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associated companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
III TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				
IV NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD [158 TO 166]	167	0	0	0	0
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD [157+167]	168	-63,863,597	-23,009,170	-20,245,723	-9,787,625
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	169	-62,533,250	-22,677,085	-19,863,351	-9,516,503
2. Attributable to minority interest	170	-1,330,347	-332,085	-382,368	-271,122

CONSOLIDATE CASH FLOW STATEMENT - Indirect method

for period January 1, 2016 to December 31, 2016 / Company: ĐURO ĐAKOVIĆ Grupa d.d.

Position	AOP	Previous period	Current period
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before taxes	001	-63,863,597	-20,245,719
2. Amortization	002	19,903,894	24,119,973
3. Increase of current liabilities	003		33,258,662
4. Decrease of receivables	004		
5. Decrease of inventories	005	3,206,619	
6. Other increase of cash flow	006	3,853,833	
I Total increase in cash flow from operating activities (001 to 006)	007	-36,899,251	37,132,916
1. Decrease of current liabilities	008	11,900,638	
2. Increase of receivables	009	10,297,817	116,455,387
3. Increase of inventories	010		34,768,586
4. Other decrease of cash flow	011	2,488,593	7,955,849
II Total decrease in cash flow from operating activities (008 to 011)	012	24,687,048	159,179,823
A1] NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	0	0
A2] NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	61,586,299	122,046,906
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	015	23,436,182	2,121,272
2. Cash inflows from sale of equity and debt financial instruments	016		154,600
3. Interest receipts	017		1,885
4. Dividend receipts	018		
5. Other cash inflows from investing activities	019		
III Total cash inflows from investing activities(015 to 019)	020	23,436,182	2,277,757
1. Cash outflows for purchase of long - term tangible and intangible assets	021	55,511,482	27,248,937
2. Cash outflows for purchase of equity and debt financial instruments	022		
3. Other cash outflows from investing activities	023		
IV Total cash outflows from investing activities (021 to 023)	024	55,511,482	27,248,937
B1] NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2] NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	32,075,300	24,971,180
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash receipts from issuance of equity and debt financial instruments	027		
2. Cash inflows from loans, debentures, credits and other borrowings	028	178,688,696	361,721,683
3. Other cash inflows from financing activities	029	89,144,369	571,639
V Total cash inflows from financing activities (027 to 029)	030	267,833,065	362,293,322
1. Cash outflows for repayment of loans and bonds	031	168,850,543	226,379,375
2. Dividends paid	032		
3. Cash outflows for finance lease	033	458,342	48,230
4. Cash outflows for purchase of own stocks	034		
5. Other cash outflows from financing activities	035	20,667,852	432,500
VI Total cash outflows from financing activities (031 to 035)	036	189,976,737	226,860,105
C1] NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	77,856,328	135,433,217
C2] NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	0
Total increases of cash flows (013-014 + 025-026 + 037-038)	039	0	0
Total decreases of cash flows (014-013 + 026-025 + 038-037)	040	15,805,271	11,584,869
Cash and cash equivalents at the beginning of period	041	53,239,705	37,434,434
Decrease in cash and cash equivalents	042	15,805,271	11,584,869
Increase in cash and cash equivalents	043		
Cash and cash equivalents at the end of period	044	37,434,434	25,849,565

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for period January 1, 2016 to December 31, 2016 / Company: ĐURO ĐAKOVIĆ Grupa d.d.

Position	AOP	Previous year	Current year
1. Subscribed share capital	001	151,933,680	151,933,680
2. Capital reserves	002	15,686,933	15,686,933
3. Reserves from profit	003		
4. Retained earnings or loss carried forward	004	-95,048,722	-162,792,150
5. Net profit or loss for the period	005	-72,075,759	-24,578,050
6. Revaluation of tangible assets	006		110,877,242
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008		
9. Other revaluation	009		
10. Total equity and reserves (AOP 001 to 009)	010	496,132	91,127,655
11. Foreign exchange differences from foreign investments	011		
12. Current and deferred taxes	012		
13. Cash flow hedge	013		
14. Change of accounting policies	014		
15. Correction of significant mistakes of prior period	015		
16. Other changes	016	-67,864,446	-19,863,351
17. Total increase or decrease of equity (AOP 011 to 016)	017	-67,864,446	-19,863,351
17 a. Attributable to majority owners	018	4,707,445	95,842,354
17 b. Attributable to minority interest	019	-4,211,313	-4,714,699

**STATEMENT OF PERSONS ACCOUNTABLE
FOR COMPOSING NON-CONSOLIDATING AND CONSOLIDATED
FINANCIAL REPORTS OF ĐURO ĐAKOVIĆ Group Plc.**

FOR THE PERIOD 1 January 2016 – 31 December 2016

In line with the Capital Market Act, Article 403 (Official Gazette no. 88/08; 146/08; 74/09; 54/13; 159/13; 18/15; 110/15) Management Board of ĐURO ĐAKOVIĆ Group Plc., Dr. Mile Budaka 1, Slavonski Brod states:

The Management Board of Đuro Đaković Group Plc. is obligated to secure that non-consolidated and consolidated financial reports for the period I - XII of 2016 are composed in line with the Accounting Act and also in line with international standards of financial reporting. The management boards of companies which are in the system of Đuro Đaković Group Plc. and which are subject to consolidation, are responsible for those companies' financial reports.

According to our best knowledge, the presented financial reports provide a wholesome and truthful display of assets and liabilities, profit and loss, financial position and business activities of Đuro Đaković Group Plc. and the companies included in the consolidation as a whole.

The financial reports for the period I - XII 2016 have not been revised.

Signed on behalf of the Management Board:

Tomislav Mazal, President of the Management Board

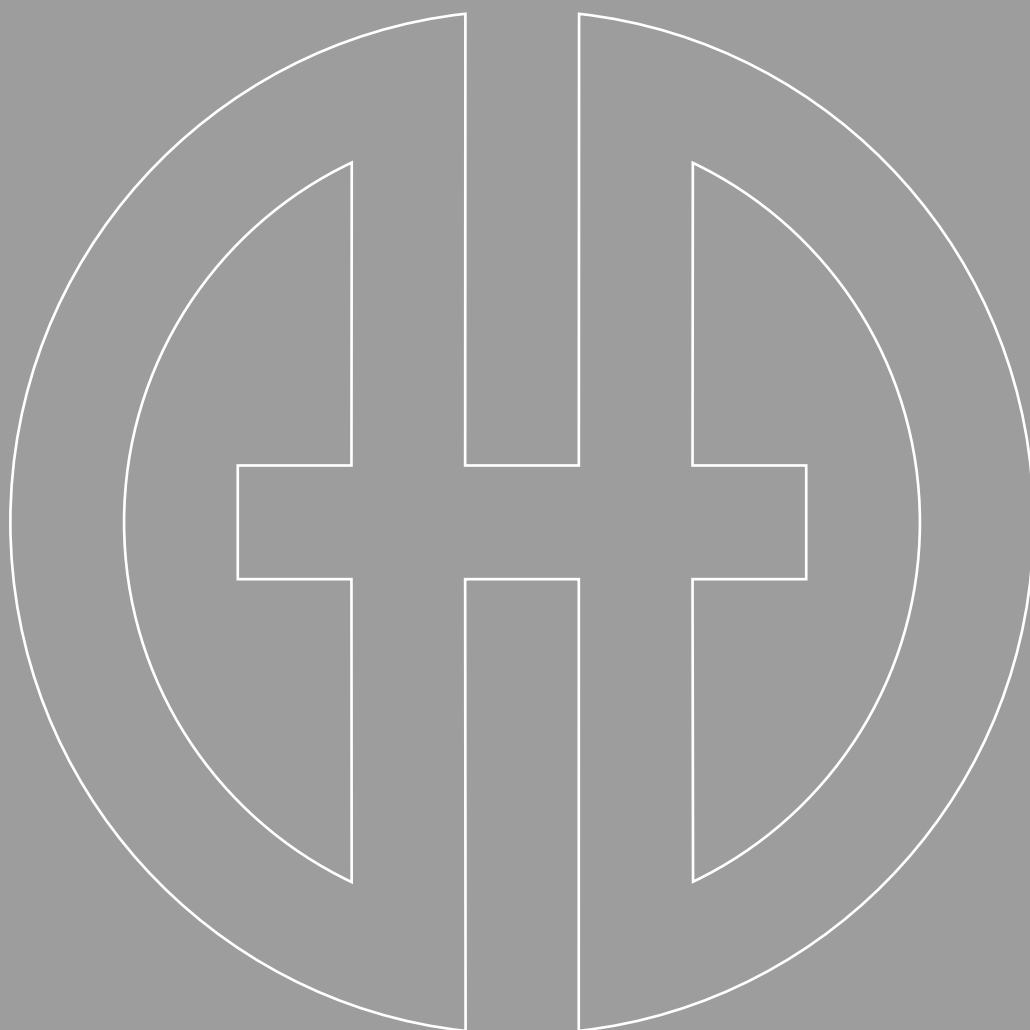


Marko Bogdanović, Member of the Management Board



In Slavonski Brod, on 30 January 2017

»ĐURO ĐAKOVIĆ«
GRUPA d.d.
Slav. Brod, Dr. M. Budaka 1
4



ĐURO ĐAKOVIĆ