



# QUARTERLY FINANCIAL REPORT

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

I - III 2017



**ĐURO ĐAKOVIĆ**

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QUARTERLY  
FINANCIAL  
REPORT OF  
THE GROUP  
ĐURO ĐAKOVIĆ  
AND COMPANY  
ĐURO ĐAKOVIĆ  
GROUP PLC.  
I – III 2017

On behalf of the  
Management Board

**Tomislav Mazal,**  
President of the  
Management Board

**Marko Bogdanović**  
Member of the  
Management Board

In Slavonski Brod,  
25 April 2017



Construction of the biomass cogeneration plant BE-TO Sisak



Foto: HEP d.d.

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Construction of crude  
oil storage tanks



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# | Management Report



Cargo wagon type Zacns



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# 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

The above composition of the Supervisory Committee was changed at the General Assembly of the Company held on 21 March 2017, and with the decision of the Restructuring and Sale Center [CERP] adopted on that same date.

The following members have been appointed after the first session of the Supervisory Committee held on 29 March 2017:

- **Igor Žonja**, Chairman
- **Hrvoje Knežević**, Deputy Chairman
- **Petar Mišević**, Member
- **Darija Jurica Vuković**, Member
- **Miroslav Karamarković**, Member
- **Ivan Samardžić**, Member
- **Blaženka Luketić**, Member

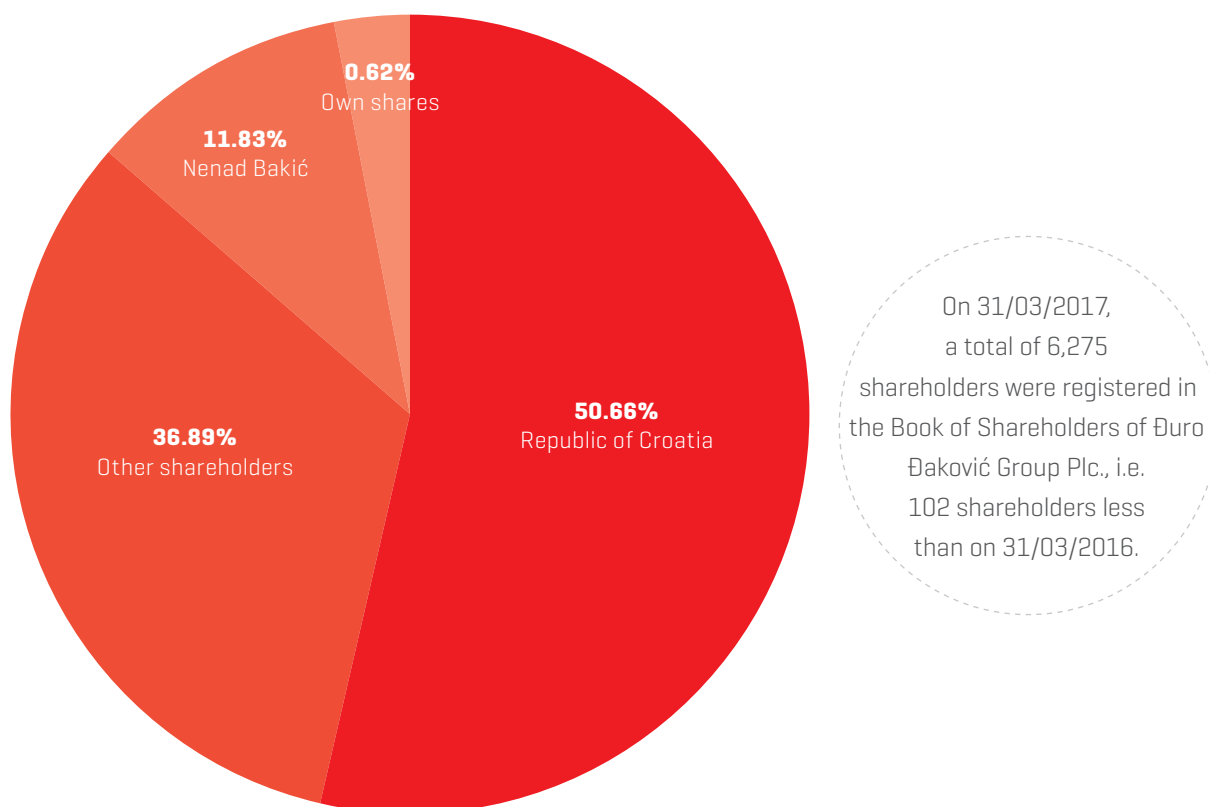
## 1.4. Share capital and ownership structure of Đuro Đaković Group Plc.

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 31/03/2017**

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	<b>40.53</b>
BAKIĆ NENAD [1/1]	862,670	17,253,400	<b>11.83</b>
STATE PROPERTY MINISTRY [0/1] / CROATIAN PENSION INSURANCE INSTITUTE[1/1]	660,000	13,200,000	<b>8.69</b>
ADDIKO BANK D.D./ PBZ CO OMF - B CATEGORY [1/1]	288,740	5,774,800	<b>3.80</b>
PBZ D.D./PBZ-SP	210,291	4,205,820	<b>2.77</b>
STATE PROPERTY MINISTRY [0/1] / STATE AGENCY FOR DEPOSIT INSURANCE AND BANK RESOLUTION [1/1]	104,771	2,095,420	<b>1.38</b>
INTERKAPITAL VRIJEDNOSNI PAPIRI D.O.O. / JOINT CUSTODY ACCOUNT FOR DF	85,910	1,718,200	<b>1.13</b>
ĐURO ĐAKOVIĆ GROUP PLC. [1/1]	46,993	939,860	<b>0.62</b>
ERSTE & STEIERMARKISCHE BANK D.D. / JOINT CUSTODY ACCOUNT FOR CROATIAN PHYSICAL PERSONS	43,094	861,880	<b>0.57</b>
PRIVREDNA BANKA ZAGREB D.D. / JOINT CUSTODY ACCOUNT FOR CLIENTS	27,847	556,940	<b>0.37</b>
ENVOX D.O.O. [1/1]	23,000	460,000	<b>0.30</b>
BAKIĆ RUJANA [1/1]	20,649	412,980	<b>0.27</b>
SHALL SHAREHOLDERS [OTHERS]	2,143,486	42,869,720	<b>28.00</b>
<b>Total</b>	<b>7,596,684</b>	<b>151,933,680</b>	<b>100</b>

**Ownership structure of Đuro Đaković Group Plc.:**



**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	100.00
ĐĐ Energetika i infrastruktura d.o.o.	31,728,000	30,952,200	97.55
<b>Total</b>	<b>234,157,100</b>	<b>232,180,600</b>	<b>99.16%</b>

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## 2. Description of products and services

Đuro Đaković Group is characterised by diversified industrial portfolio placed by the Group through the business market segments of Defence, Transport, Industry and Energetics.

### 2.1. Defence

The business segment Defence is the main Croatian supplier of tanks and combat vehicles, as well as a provider of complete support during the life cycle and all manners of maintenance for the products from its portfolio.

#### **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 systems of new generation, projected for the enhancement of the existing M-84/T-72 tanks and/or integration of 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

The business segment of Industry and energetics offers and performs engineering services: planning, designing and project management, procurement, construction and putting into operation plants, their maintenance and service, as well as making and mounting parts and components. We offer services and we perform works in the fields of:

- Industrial plants for oil and gas
- Chemical and petrochemical industry
- Energy plants



- Food industry
- Cement industry
- Metallurgy

Tank M-84

Apart from the stated above, Đuro Đaković participated in a significant number of projects in Croatia in terms of construction, provision of services and maintenance of metal bridge constructions, viaducts and overpasses, and with the development of the petrochemical industry, the company also participated in the construction of petrochemical plants in the region of South-eastern Europe (Sisak, Rijeka, Bosanski Brod).

Today Đuro Đaković offers services of installation of new equipment into oil refineries, as well as reconstruction of existing plants.

#### **Products and services**

- services of constructing and mounting electric power plants, petrochemical and industrial plants,
- construction of metal bridges, steel constructions and high rise objects (viaducts, overpasses etc.) and of accompanying infrastructure.

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### 3. Operation of Group Đuro Đaković in January–March 2017

**Group Đuro Đaković** generated HRK 6,957,024 of profit in the first quarter 2017.

This is the third quarter in which the Group realized a positive operating result since the beginning of 2016. The reasons for this shift in operation are:

- Improved production calculations: following extensive investments of the Group in machinery over the last two years, production calculations in all business segments markedly improved
- Market appearance: continuous efforts to expand the market for our products and new job contracting with positive calculations resulted in a substantial increase in revenue in the first quarter 2017
- Optimum capacity utilization: higher number of contracted jobs than in the previous years resulted in significantly improved capacity utilization, in turn considerably lowering fixed costs per product unit and contributing to positive operating results
- Appearance on foreign markets: orientation to foreign markets was successfully executed in the Transport segment, resulting in the conclusion of contracts for the sale of significant product quantities abroad. This goal was achieved by identifying new buyers from the European Union, and the resulting increase in total exports by 204.91% in comparison with the same period last year.
- Improved resource utilization in all business processes: owing to the conducted organizational, human resource, market and technological restructuring measures, the increase in expenses in all segments slightly exceeded the increase in revenue.

All the above resulted in a HRK 50.3 mn increase in the operating revenue of the Group [49.01% increase] and a HRK 43 mn increase [204.91%] in total exports, i.e. revenue from exports tripled.

The increase in revenue was accompanied by a much smaller increase in expenses. Total operating expenditure was HRK 35.2 mn higher [a 31.56% increase]. Hence, operating revenue increased by HRK 15.1 mn more than operating expenses.

Material expenses increased by HRK 46.9 mn [including stock value changes], i.e. 56.38%. The costs of human resources increased by HRK 3.9 mn, i.e. by 17.2%, while all other operating expenses decreased by HRK 16.8 mn, i.e. 65.88%. The reduction in these expenses can be attributed to considerably lower reservations under construction contracts in compliance with MRS 11.

**Please note that positive EBITDA in the amount of HRK 13.2 mn was realized in the first quarter, corresponding to an 8.62% EBITDA margin. EBITDA is HRK 16.4 mn higher than in the first quarter 2016.**

It is also worth noting that Group Đuro Đaković has room for further improvements. The above results were achieved in spite of the minimum share of the most profitable segment, Defence, in total revenues [4.32% share]. There is also room for considerable improvement in the Industry and Energetics segment, currently subject to additional restructuring measures anticipated to yield results in the next period.

Owing to the lower EUR to HRK exchange rates, the Group also benefited from significant positive exchange rate differentials [HRK 5.5 mn increase in financial revenue].

The Group's financial expenses increased considerably owing to reduced liquidity as consequence of previous years' losses. Financial expenses are HRK 2.3 mn, i.e. 74.3% higher than in the same period last year.

The first quarter 2017 is indicative of the successfulness of the restructuring program from late 2014 and may serve as a clear-cut guidance for future projects. The main goals for the next period are the improvement of the sources of funding through publication of a public invitation for the subscription of a new issue of shares and further focus on market appearance by broadening the present and expansion to new markets.

The realization of these goals will ensure continuous sustainable development of the entire Group Đuro Đaković.

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## 4. Significant events in the first quarter 2017

**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 NAFTAVOD 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.

**31/01/2017** Đuro Đaković Specijalna vozila d.d., member of the Group Đuro Đaković, signed the contract on the general overhaul of M-84 tanks worth HRK 8 mn with the Ministry of Defence on 30 January 2017. The tanks will be delivered for the general overhaul in the fourth quarter 2017.

**03/02/2017** Pursuant to Article 56 of the Articles of Incorporation of Đuro Đaković Group Plc. Slavonski Brod, Dr. Mile Budaka, and the Decision of the Management Board of the Company to convene the General Assembly, dated 3 February 2017, in connection with Article 277 of the Companies Act, the Management Board of the Company hereby publishes the invitation to the

### **GENERAL ASSEMBLY**

of ĐURO ĐAKOVIĆ GROUP Plc., Slavonski Brod, Dr. Mile Budaka 1.  
to be held at 1 p.m. on 21 March 2017

The proposed agenda of the General Assembly is as follows:

1. Report of the Supervisory Committee on Company operation supervision;
2. Report of the Management Board on reasons for the complete exclusion of the priority rights of the present shareholders during the subscription of new shares



of the Company;

3. Deciding on the complete exclusion of the priority rights of the present shareholders during the subscription of new shares of the Company
4. Deciding whether to increase the share capital of the Company by cash considerations and issuance of new shares with the complete exclusion of priority rights during the subscription of new shares in accordance with Article 308, paragraph 4 of the Companies Act, by way of exception from the previous publication of the prospectus pertaining to the securities offering referred to in Article 351, paragraph 1, item 3 of the Capital Market Act.
5. Deciding whether to grant permission for the acquisition of shares without the publication of a takeover offer, in accordance with the provisions of Article 14, paragraph 1, item 3 of the Act on the Takeover of Joint Stock Companies.

**06/02/2017** In a follow-up to the Agreement to activate the contractual option of additional deliveries of Zacns 45 series cistern wagons signed earlier this year, Đuro Đaković Specijalna vozila d.d. and French principal ATIR RAIL S.A. contracted the expansion of the scope of deliveries by additional HRK 15 mn on 6 February 2017. According to the plan, the additional wagons are scheduled for delivery in the third quarter 2017.

**17/02/2017** State Property Management Administration, with the ownership share of 50.7114%, corresponding to 3,852,383 shares of the Company, proposes the agenda of the General Assembly of Đuro Đaković Group Plc. to be supplemented with the following item:

6. Recall and appointment of Supervisory Committee members

**07/03/2017** Pursuant to Article 56 of the Articles of Incorporation of Đuro Đaković Group Plc. Slavonski Brod, Dr. Mile Budaka, and the Decision of the Management Board of the Company to convene the General Assembly, dated 3 February 2017, in connection with Article 277 of the Companies Act, the Management Board of the Company hereby publishes the invitation to the

#### **GENERAL ASSEMBLY**

of ĐURO ĐAKOVIĆ GROUP Plc., Slavonski Brod, Dr. Mile Budaka 1.  
to be held at 1 p.m. on 19 April 2017

The proposed agenda of the General Assembly is as follows:

1. Management report on the executed issuance of new shares based on the Decision of the General Assembly to increase the share capital of the Company, dated 21 March 2017.
2. Adoption of Decision to amend the Articles of Incorporation of the Company

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**20/03/2017** Đuro Đaković Specijalna vozila d.d., member of Group Đuro Đaković, and French principal ATIR RAIL S.A. signed a contract on the production and delivery of Zacsns series cistern wagons 45 m<sup>3</sup> worth HRK 39 mn. The contract ensures continued production for the same principal, with the wagons planned to be handed over to the end user in continuous deliveries in September and October 2017.

**21/03/2017** The General Assembly of the Company convened and adopted the following decisions:

1. Decision to completely exclude the priority rights of the present shareholders during the subscription of new shares of the Company
2. Decision to increase the share capital of the Company by cash considerations and issuance of new shares with the complete exclusion of priority rights of the present shareholders during the subscription of new shares in accordance with Article 308, paragraph 4 of the Companies Act, by way of exception from the previous publication of the prospectus pertaining to the securities offering referred to in Article 351, paragraph 1, item 3 of the Capital Market Act.
3. Decision to grant permission for the acquisition of shares without the publication of the takeover offer
4. Decision on the recall and appointment of Supervisory Committee members. Recalled members of the Supervisory Committee:
  - Domagoj Bartek, eng., Mirka Bogovića 4, 35 000 Slavonski Brod, tax ID no. 19075795928
  - Miroslav Karamarković, MBE, Ulica Grada Vukovara 62D, 10 000 Zagreb, tax ID no. 983027773072
  - PhD Vjekoslav Galzina, I.G. Kovačića 5; 35 000 Slavonski Brod; tax ID no. 25682874488
  - Milan Stanić, Ec.S., Vinogradska cesta 78, 35 000 Slavonski Brod; tax ID no. 01567983373

Appointed members of the Supervisory Committee:

- Hrvoje Knežević, M.Sc.Mech.Eng., A.M. Reljkovića 2a, 35 000 Slavonski Brod, tax ID no. 16405883521
- PhD Petar Mišević, prof. of geography, university specialist in quality management, Ivana pl. Zajca 13, Čakovec, tax ID no. 79089602597
- Ivan Samardžić, M.Sc.Mech.Eng., Ulica 30. svibnja 1990. br. 1, 35 000 Slavonski Brod, tax ID no. 79089602597
- Darija Jurica Vuković, MBE, Ulica Lavoslava Ružičke 32, 10 000 Zagreb, tax ID no. 06358508986

**23/03/2017** Change of Supervisory Committee members: in accordance with the provisions of the Articles of Incorporation of Đuro Đaković Group Plc. and in connection with the relevant provisions of the Government Asset Management and Disposal Act, one member of the Supervisory Committee is appointed by the Restructuring and Sale Center [CERP] as the legal representative of shareholder Republic of Croatia.

On 23 March 2017, Đuro Đaković Group Plc. received the Statement revoking the

appointed Supervisory Committee member Mr. Vjekoslav Leko. Based on the Statement of Supervisory Committee member appointment, Mr. Miroslav Karamarković was appointed new member of the Supervisory Committee.

**29/03/2017** Notification on the constituting session of the Supervisory Committee:

The first constituting session of the Supervisory Committee of Đuro Đaković Group Plc., held on 29 March 2017, confirmed the decisions of the General Assembly of Đuro Đaković Group Plc. held on 21 March 2017 on the revocation and appointment of Supervisory Committee members and the statements of the Restructuring and Sale Center on the revocation and appointment of Supervisory Committee member, dated 20 March 2017. Since the revoked members were the Chairman and Deputy Chairman of the Supervisory Committee, Supervisory Committee members appointed new Supervisory Committee Chairman, Mr. Igor Žonja and Deputy Chairman, Mr. Hrvoje Knežević.



Cargo wagon type Uachs

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## 5. Significant events following the end of the first quarter

**04/04/2017** The Management of Đuro Đaković Group Plc. published a public invitation for the subscription of a maximum of 7,600,000 new regular shares of Đuro Đaković Group Plc..

**04/04/2017** Notification on the postponement of the General Assembly:

Pursuant to Article 56 of the Articles of Incorporation of Đuro Đaković Group Plc. and the Decision of the Management Board of the Company dated 4 April 2017, in connection with Article 277 of the Companies Act, the Company notified its shareholders and the public of the postponement of the General Shareholder Assembly scheduled for 1 p.m. on 19 April 2017.

The new General Assembly is scheduled to take place in Company seat at 1 p.m. on Friday 19 May 2017, with identical agenda and proposed decisions as for the postponed General Assembly.

## 6. Share

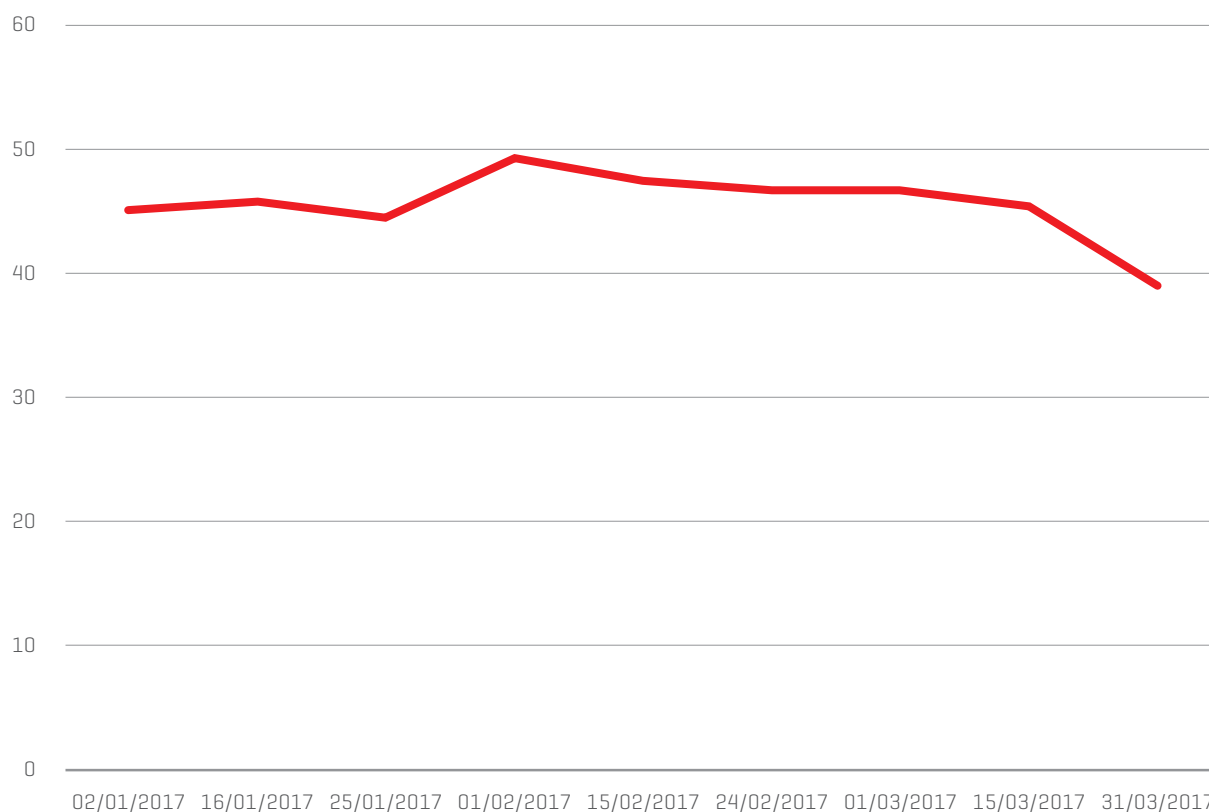
The shares of Đuro Đaković Group Plc. (designation DDJH-R-A) are listed on the Zagreb Stock Exchange (ZSE) and traded on a regular basis. A total of 7,596,684 shares with the nominal value of HRK 20.00 have been issued.

Trading in the shares of Đuro Đaković Group Plc. was more intensive in the first quarter 2017 than in late 2016. Total volume of trading was HRK 12,263,406, which is HRK 5.4 mn more than in the fourth quarter 2016 (79.2% increase). A total of 265,814 shares have been traded, corresponding to an increase of 87.16%.

In spite of the intensification of trading, the average share price was HRK 46.14, i.e. HRK 1 more than in the previous quarter.

The lowest average share price of HRK 38.76 was recorded on 30 March 2017, and the highest average share price of HRK 49.87 on 6 February 2017.

### Share price fluctuations



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## 7. Expectations until close of 2017

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The Management of Đuro Đaković Group Plc. expects the full effect of all restructuring measures conducted to be felt in 2017.

The Transport segment is anticipated to continue with the present operation and duplicate the results from the first quarter 2017. This business segment has optimum capacity utilization in the current business year, and good levels of contracted wagon deliveries.

The Defence segment is expected to continue generating profit and improve capacity utilization. The successful contracting of jobs in this segment would significantly improve operating results since this most profitable program did not as yet significantly contribute to the total revenue of the Group.

The process of redefinition of individual production programs and the elimination of the causes of negative results from a part of the production program is pending in the Industry and Energetics segment. The process is anticipated to be completed in the first half of the year and should improve the operating results of the segment. Capacity utilization in the segment is satisfactory and the Group is currently tendering for additional contracts, which would further improve capacity utilization.

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 31/03/2017, Group Đuro Đaković had HRK 561.7 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	218,690
TRANSPORT	freight wagons	233,100
INDUSTRY AND ENERGETICS	JANAF d.d. / "Omišalj" 1	10,800
INDUSTRY AND ENERGETICS	HEP d.d. / "BE TO Sisak"	8,285
INDUSTRY AND ENERGETICS	HEP d.d. / "BE-TO Osijek "	10,070
INDUSTRY AND ENERGETICS	JANAF d.d. / "Omišalj" 2	15,550
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
<b>TOTAL CONTRACTED</b>		<b>561,701</b>

## 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.

In early April, the Management of Group Đuro Đaković published a public invitation for the subscription of a new issue of shares. The process of generation of fresh capital should be completed in May. Apart from the improvement of the sources of funding, the success of the new issue of shares would also considerably reduce the current financial expenses of Group Đuro Đaković.

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

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## 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 31/03/2017 members of the group Đuro Đaković had a total of 971 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

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



Armoured wheeled vehicle Patria



# 1. Key indicators

In January–March 2017, Group Đuro Đaković generated HRK 158.9 mn of total revenue, HRK 153.2 mn of operating revenue and HRK 7,0 mn of operating profit. Positive EBITDA in the amount of HRK 13,2 mn, i.e. EBITDA margin of 8.62% and a 4.37% profit margin were also realized. It is worth noting that the EBITDA was HRK 16,4 mn higher than in 2016.

## Key indicators January–March 2017

### Considerable increase in operating revenue

**(by 49%).** Revenue higher by HRK 50,4 mn than in Q1 2016.

### Export volumes in Q1 2017 higher

by HRK 43 mn, i.e. **204.9%** or three times higher than in Q1 2016

### 41.9% share of export

in total operating revenue - main reason behind realized profit

### EBITDA positive

**HRK 13.2 mn**  
EBITDA margin 8.62%

### EBITDA in Q1 2017

**is HRK 16.4 mn**  
higher than last year

### Positive result

can mostly be attributed to good capacity utilization and achievements in the Transport segment

### Realized period profit HRK 7 mn

i.e. 4.38% profit margin

### High funding costs

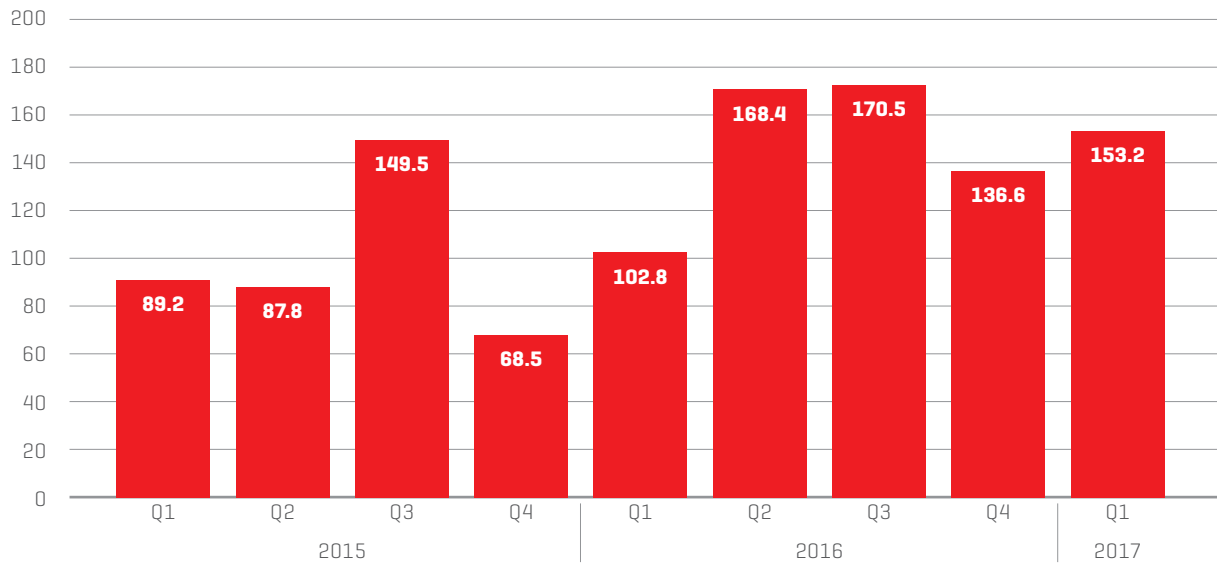
due to past losses

### Unfavourable sources of funding

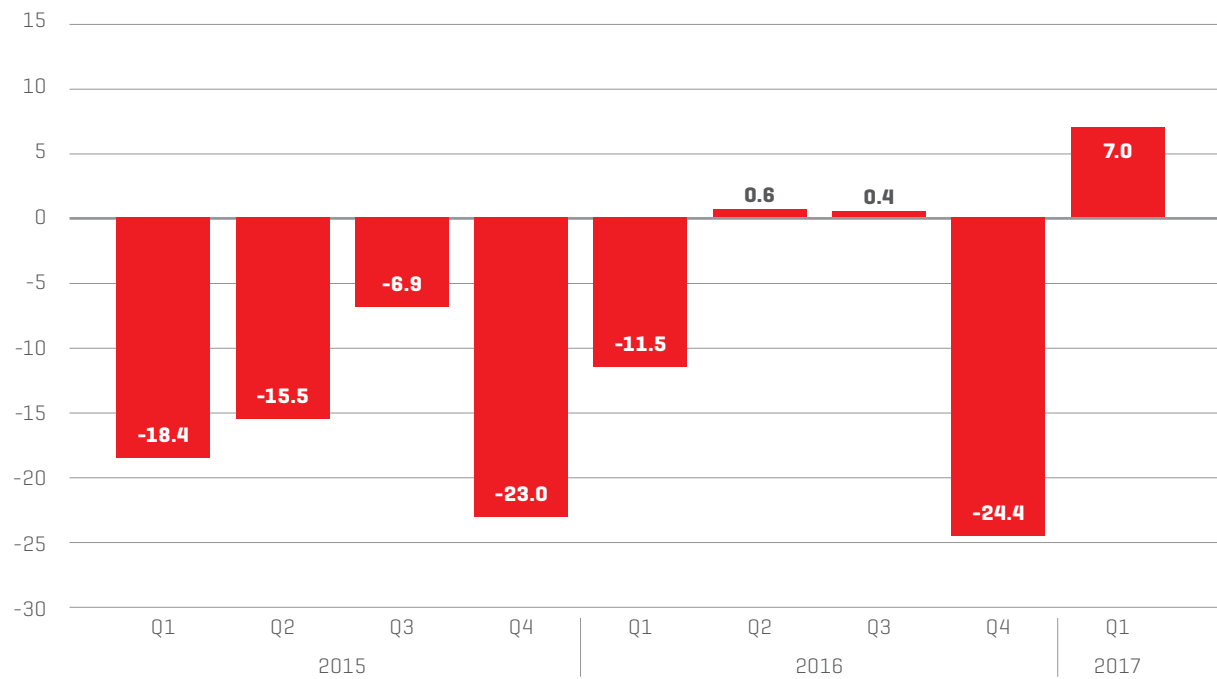
- net capital negative - HRK 45.6 mn, not including revalorization reserves - **improvement in comparison with 31 December 2016**

Overview of operating revenue, profit and EBITDA fluctuations by quarters for 2015, 2016 and Q1 2017.

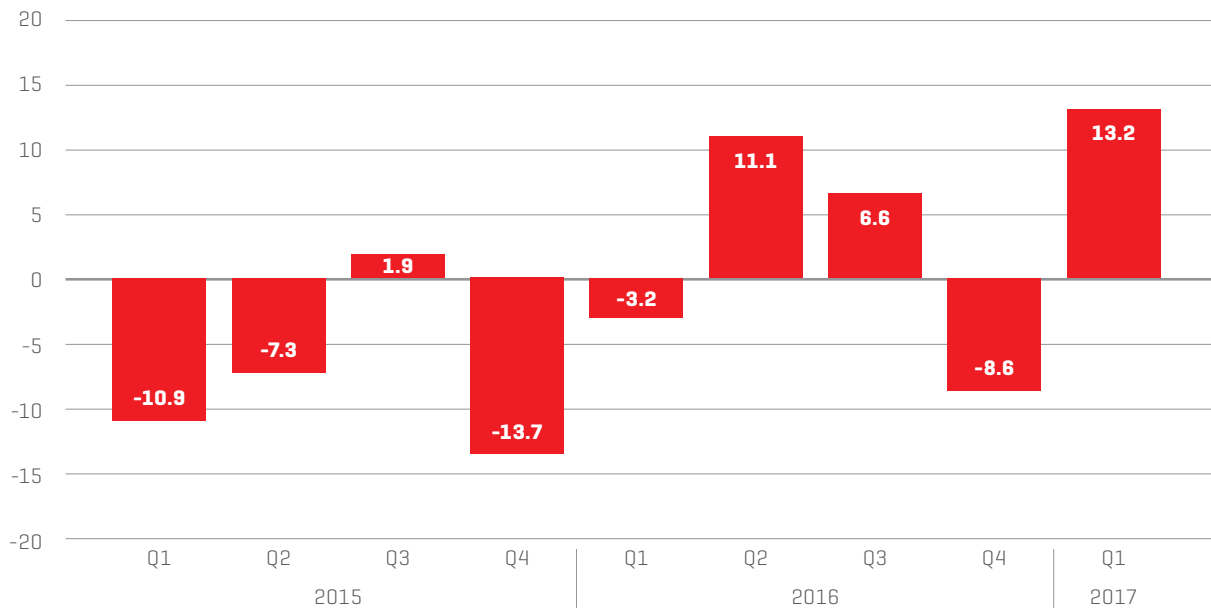
**Operating revenue fluctuations in mn HRK**



**Profit fluctuations in mn HRK**



### EBITDA fluctuations in mn HRK



The revenue realized by the Group in the first quarter exceeds the revenue generated in the previous years, with profit levels and EBITDA being the highest in the observed period.

Positive business result realized in third out of the latest five quarters. Similarly, the realized profit of HRK 7 mn corresponds to 4.38% of total revenue.

EBITDA levels are also unprecedented in the observed period and can be considered an indicator of successful implementation of the restructuring program.

## Key indicators January-March 2016 / January-March 2017

### Revenue, EBITDA, EBIT (in HRK mn)

GROUP ĐĐ	January-March 2016	January-March 2017
Operating revenue	102.8	153.2
EBITDA	-3.2	13.2
EBITDA [%]	-3.11%	8.62%
EBIT	-8.7	6.5
EBIT [%]	-8.46%	4.24%

### Equity ratio (in HRK mn)

	31/03/2016	31/03/2017
Own capital	-10,990	78,534
<b>Own sources</b>	<b>-2.01%</b>	<b>11.22%</b>
Long-term liabilities	269,496	231,588
Short-term liabilities	288,274	389,995
<b>External sources</b>	<b>102.01%</b>	<b>88.78%</b>
<b>Total liabilities</b>	<b>546,780</b>	<b>700,117</b>

### Working capital (in HRK mn)

	31/03/2016	31/03/2017
Stocks	101,999	135,896
Receivables from buyers	102,341	140,756
Cash	35,687	12,594
Liabilities towards suppliers	109,032	166,285
Short-term liabilities towards financial institutions	94,810	168,553
<b>Working capital</b>	<b>36,185</b>	<b>-45,592</b>
Other receivables	31,102	19,376
Other current assets	1,076	1,941
Other short-term liabilities	72,972	42,944
Accrued expenses and deferred revenue	11,460	12,212
<b>Net working capital</b>	<b>-16,069</b>	<b>-79,431</b>

---

The Group managed to reverse the negative trends of the last couple of years and now has positive EBITDA and EBIT. Losses from previous periods resulted in the low percentage of own sources of funding in operation. Planned recapitalization should resolve the issue.

The working capital of the Group is lower and likewise 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, past losses eroded liquidity and increased short-term liabilities towards banks. Growing obligations towards suppliers were accompanied by a commensurate increase in receivables from buyers, in line with higher revenue.



Delivery of the largest gear in the history of Đuro Đaković

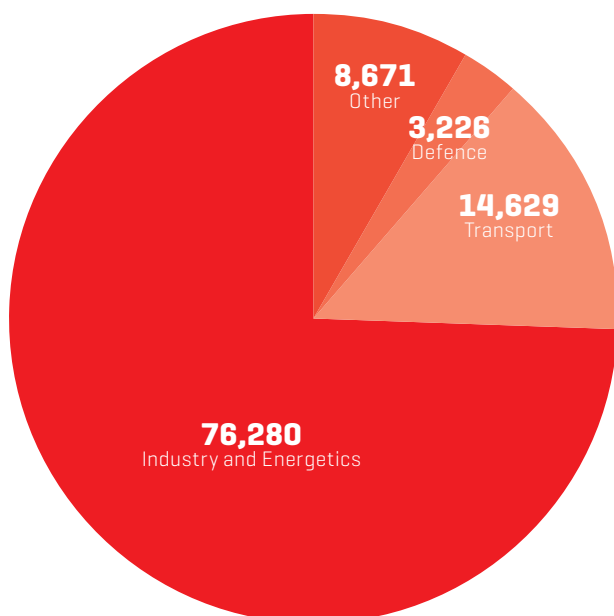


## 2. Revenue structure

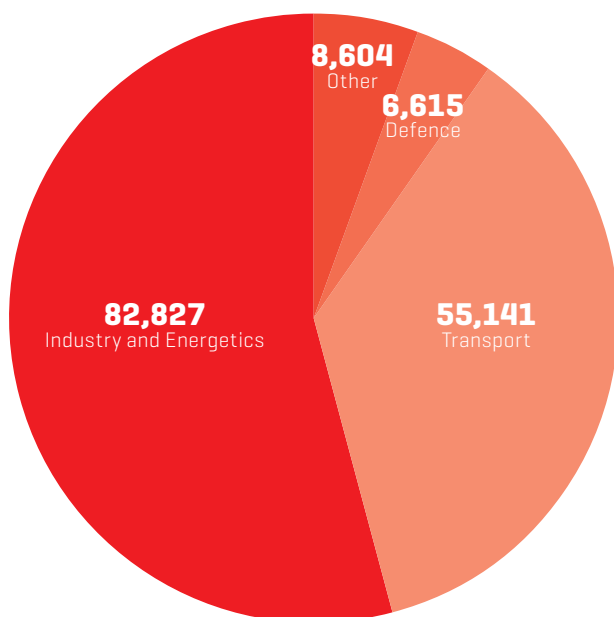
In Q1 2017, Group ĐĐ continued the trend of significant increase in revenue in comparison with the previous periods. The greatest increase in revenue was realized in the Transport [276.93%] and Defence segments [105.05%], which saw multiple increase in total revenue in comparison with the same quarter last year. The Industry and Energetics segment reported only a minor increase in revenue [8.58%], with the revenue of the segment of other activities remaining at the same level.

Overview of revenue and export structure in January-March 2016/2017

### Revenue structure I - III 2016 [in HRK 000]



### Revenue structure I - III 2017 [in HRK 000]



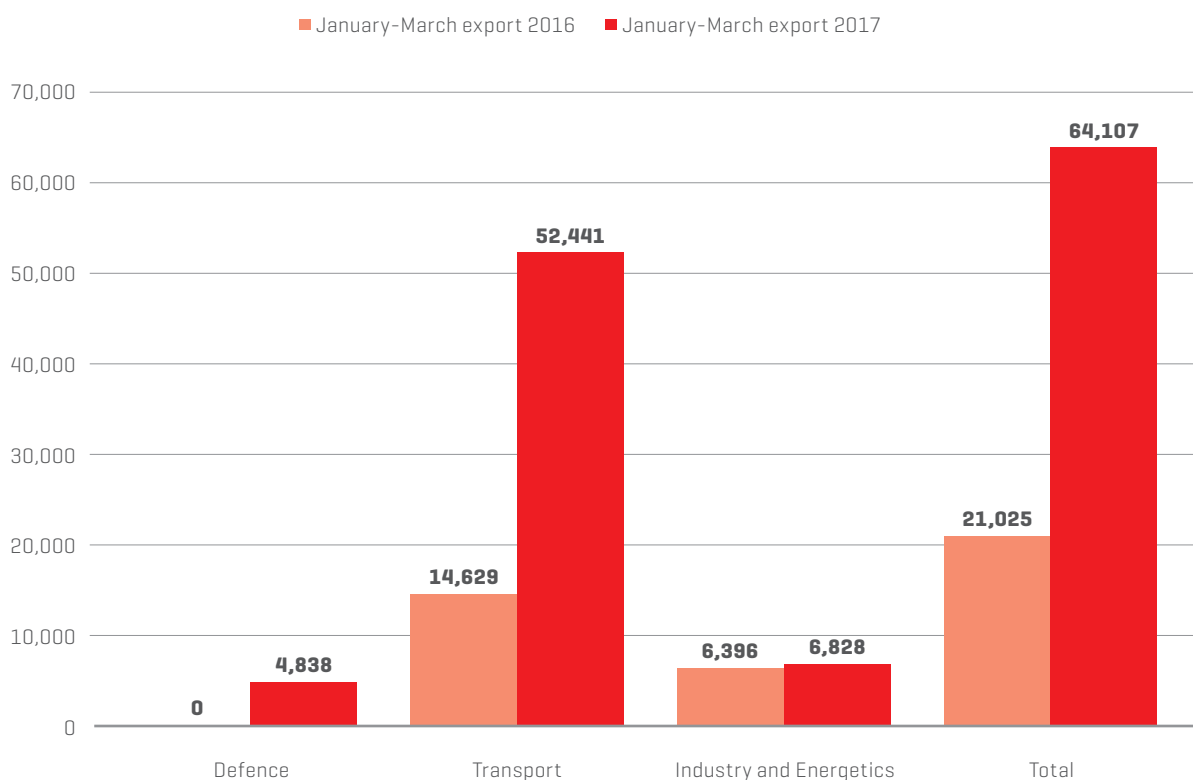
Revenue of the Defence segment accounts for a mere 4.32% of total revenue, which is still higher than last year when its share was 3.14%. There is room for major improvement in the segment based on potential jobs.

In Q1 2017, the Transport segment made the greatest breakthrough on the market, increasing its revenue by as many as HRK 40,5 mn. The fact that this increase in revenue was realized exclusively by export to EU markets only adds to the achievement. The share of revenue of the Transport segment in total revenue also saw a considerable increase, accounting for 36.00% of total operating revenue.

The total operating revenue of the Industry and Energetics segment likewise increased by 8.58%, owing to continued work on large-scale projects (investors HEP, INA, JANAF). The share of this segment in total operating revenue is 54.07%, which is lower than in the same quarter last year due to the significant increase in revenue of the Transport segment.

Total exports exceeded Q1 2016 levels by HRK 43 mn, i.e. 204.91%, mostly owing to jobs contracted in the Transport segment. Certain smaller export contracts were concluded in the Defence segment in cooperation with Patria and Konsberg, as the Group's strategic partners.

### Overview of export by market segments (in HRK 000)



## 3. Cash flow

Owing to considerable increase in revenue there was no significant reduction of cash flow from business activities. Negative cash flow from investment activities can be attributed to the end of an investment cycle, while higher cash flow from financial activities is due to poor liquidity.

### Cash flow [in HRK 000]

	January-March 2016	January-March 2017
Profit	-11,487	6,957
Change in cash flow from business activities	-26,497	-38,610
Net cash flow from business activities	-37,984	-31,653
Net cash flow from investments	-4,061	-5,805
Net cash flow from financial activities	40,296	24,111
<b>Total net cash flow</b>	<b>-1,749</b>	<b>-13,347</b>
Cash and equivalents at the beginning of the period	37,434	25,941
Total increase in cash flow	-1,749	-13,347
<b>Cash and equivalents at the end of the period</b>	<b>35,685</b>	<b>12,594</b>

## 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	31/03/2016	31/03/2017
Intangible assets	24,994	17,452
Tangible assets	230,247	353,982
Tangible assets in preparation	44,338	9,123
Other fixed assets	10,053	8,997
<b>Total fixed tangible assets</b>	<b>309,632</b>	<b>389,554</b>



Cargo wagon type Uacns

## 5. Human resources

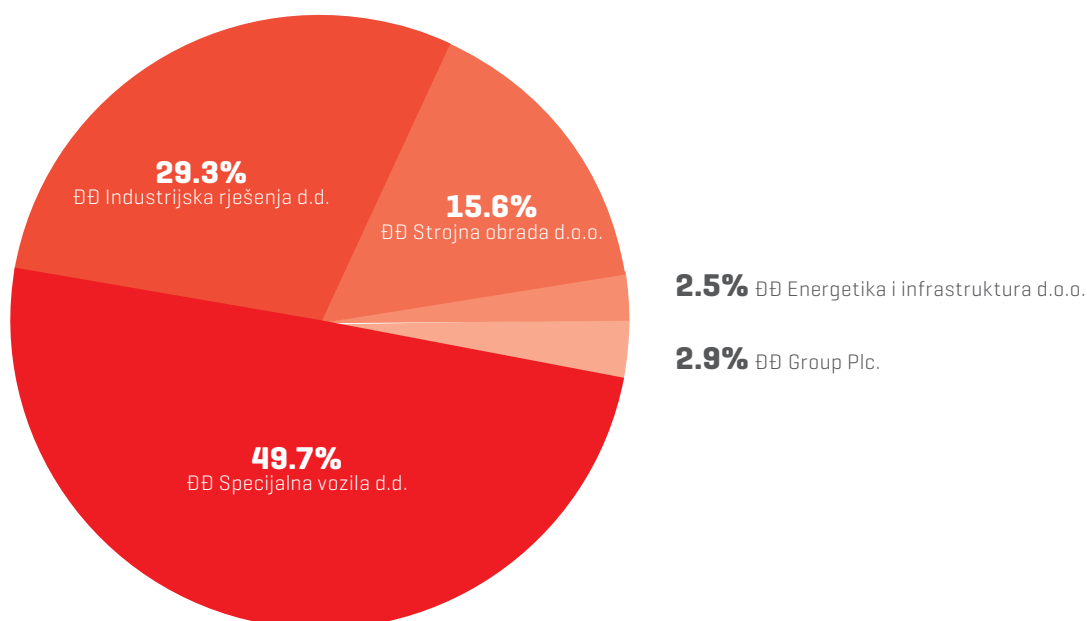
The total number of employees on 31/03/2017 was 1,007. The number of employees increased by 119 in comparison with the same period last year.

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 (49.8% of the Group's workforce).

### Structure and number of employees on 31/03/2016 31/03/2017

Company	Number of employees Q1 2016	Number of employees Q1 2017
ĐĐ Specijalna vozila d.d.	418	501
ĐĐ Industrijska rješenja d.d.	264	295
ĐĐ Strojna obrada d.o.o.	142	157
ĐĐ Energetika i infrastruktura d.o.o.	26	25
Slobodna zona ĐĐ Slavonski Brod d.o.o.	8	0
ĐĐ Group Plc.	30	29
<b>Total</b>	<b>888</b>	<b>1,007</b>



Pressure vessels  
-reactors for  
petrochemical  
industry



## 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 01/01 - 31/03/2017.

#### 6.1.1. Profit and loss account of Đuro Đaković Group Plc. [in HRK]

	Realized January-March 2016	Realized January-March 2017
Operating revenue	67,233,633	67,730,904
Operating expenses	66,409,037	66,641,042
<b>Results from business activities</b>	<b>824,596</b>	<b>1,089,862</b>
Financial revenue	2,215,214	5,030,378
Financial expenses	723,943	2,275,368
<b>Results from financial activities</b>	<b>1,491,271</b>	<b>2,755,010</b>
<b>Total revenue</b>	<b>69,448,847</b>	<b>72,761,282</b>
<b>Total expenses</b>	<b>67,132,980</b>	<b>68,916,410</b>
Profit before taxation	2,315,867	3,844,872
Loss before taxation		
Profit tax		
Profit after taxation	2,315,867	3,844,872
Loss after taxation		
<b>Profit / loss in fiscal year</b>	<b>2,315,867</b>	<b>3,844,872</b>

#### 6.1.2. Revenue

In January-March 2017, Đuro Đaković Group Plc. realized the total revenue of HRK 72,761,282, which is HRK 3,312,435 or 4.77% more than in the same period last year, when the total revenue was HRK 69,448,847.

**Operating revenue** realized in January- March 2017 is HRK 67,730,904, corresponding to 93.09% of total revenue. In comparison with the previous year, operating revenue decreased by 0.74% or HRK 497,271.

**Revenue from realization** amounts to HRK 65,106,293, while the remaining HRK 2,624,611 pertain to other revenue from the main line of business. In the same period last year, the total revenue from realization was HRK 62,798,964, while other revenue from the main line of business accounted for HRK 4,434,669.

**Financial revenue** realized in January- March 2017 amounted to HRK 5,030,378, corresponding to 6.91% of total revenue. Financial revenue consists of interests and exchange rate differentials, and is by HRK 2,815,164, i.e. 127.08% higher than in the same period last year.

### 6.1.3. Expenses

**Total expenses** generated in January- March 2017 amount to HRK 68,916,410, which is HRK 1,783,430, i.e. 2.66% more than in the same period last year.

**Operating expenses** generated in January- March 2017 amount to HRK 66,409,037, which is HRK 232,005, i.e. 0.35% more than in the same period last year. Operating expenses account for 96.70% of total expenses.

**Financial expenses** amount to HRK 2,275,368, which is HRK 1,551,425 or 214.30% more than in the same period last year. Financial expenses account for 3.30% 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]

	<b>Realized January-March 2016</b>	<b>Realized January-March 2017</b>
Operating revenue	102,805,896	153,186,628
Operating expenses	111,468,129	146,653,279
<b>Results from business activities</b>	<b>-8,662,233</b>	<b>6,533,349</b>
Financial revenue	224,549	5,738,981
Financial expenses	3,048,934	5,315,306
<b>Results from financial activities</b>	<b>-2,824,385</b>	<b>423,675</b>
<b>Total revenue</b>	<b>103,030,445</b>	<b>158,925,609</b>
<b>Total expenses</b>	<b>114,517,063</b>	<b>151,968,585</b>
Profit before taxation		6,957,024
Loss before taxation	-11,486,618	
Profit tax		
Profit after taxation		6,957,024
Loss after taxation	-11,486,618	
<b>Profit / loss in fiscal year</b>	<b>-11,486,618</b>	<b>6,957,024</b>



### 6.1.5. Revenue

Total consolidated revenue of companies forming Group Đuro Đaković realized in January-March 2017 the total revenue of HRK 158,925,609, which is HRK 55,895,164 or 54.25% more than in the same period last year, when the total revenue was HRK 103,030,445.

**Operating revenue** realized in January- March 2017 is HRK 153,186,628, corresponding to 96.39% of total revenue. In comparison with the previous year, operating revenue increased by 49.01% or HRK 50,380,732.

**Revenue from realization** amounts to HRK 151,063,419, while the remaining HRK 2,123,209 pertain to other revenue from the main line of business. In the same period last year, the total revenue from realization was HRK 99,650,912, while other revenue from the main line of business accounted for HRK 3,154,984.

In January- March 2017, revenue from sale on the Croatian market totalled to HRK 86,956,153, i.e. 57.56% of the revenue from sale. 42.44%, i.e. HRK 64,107,266 of revenue from realization was realized abroad.

**Financial revenue** realized in January- March 2017 amount to HRK 5,738,981, i.e. 3.61% of total revenue, which is HRK 5,514,432, i.e. 2,455.78% more than last year. Financial revenue consists of interests and exchange rate differentials.

### 6.1.6. Expenses

Total consolidated expenses realized in January-March 2017 amount to HRK 151,968,585, which is HRK 37,451,522, i.e. 32.70% more than in the same period last year.

**Operating expenses** generated in January-March 2017 amount to HRK 146,653,279, which is HRK 35,185,150, i.e. 31.57% more than in the same period last year. Operating expenses account for 96.50% of total expenses.

**Financial expenses** generated in January-March 2017 amount to HRK 5,315,306, which is HRK 2,266,372 or 74.33% more than in the same period last year. Financial expenses account for 3.50% 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 31/03/2017, 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 545,682,430 on 31/03/2017, which is HRK 5,799,390 more than on 31/12/2016.

#### **Assets are structured as follows:**

<b>ĐĐ Group Plc.</b>	<b>31/12/2016</b>		<b>31/03/2017</b>	
<b>Fixed assets</b>	<b>262,280,055</b>	<b>48.58%</b>	<b>258,197,142</b>	<b>47.32%</b>
- Tangible and intangible assets	190,720,375	72.72%	188,259,798	72.91%
- Financial assets and receivables	71,559,680	27.28%	69,937,344	27.09%
Current assets	274,730,998	50.89%	285,675,798	52.35%
Paid deferred expenses and calculated revenue	2,871,987	0.53%	1,809,490	0.33%
<b>Total</b>	<b>539,883,040</b>	<b>100.00%</b>	<b>545,682,430</b>	<b>100.00%</b>

**Fixed assets** were worth HRK 258,197,142 on 31/03/2017, accounting for 47.32% of total assets, which is HRK 4,082,913 or 1.56% less than last year.

**Current assets** account for 52,835 of total assets and were worth HRK 285,675,798 on 31/03/2017, which is HRK 10,944,800 or 3.98% more than in the same period last year.

### Liabilities of Đuro Đaković Group Plc.

Total liabilities of ĐURO ĐAKOVIĆ Group Plc. were worth HRK 545,682,430 on 31/03/2017, which is HRK 5,799,390 more than on 31/12/2016.

#### Liabilities are structured as follows:

ĐĐ Group Plc.	31/12/2016		31/03/2017	
Capital and reserves	243,709,819	45.14%	247,554,691	45.37%
Long-term reservations	20,709	0.00%	20,709	0.00%
Long-term liabilities	128,984,880	23.89%	127,131,726	23.30%
Short-term liabilities	141,379,454	26.19%	163,732,569	30.01%
Accrued expenses and deferred revenue	25,788,178	4.78%	7,242,735	1.33%
<b>Total</b>	<b>539,883,040</b>	<b>100.00%</b>	<b>545,682,430</b>	<b>100.00%</b>

**Capital and reserves** amounted to HRK 247,554,691 on 31/03/2017, accounting for 45.37% 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 68,364,875 of revalorization reserves, HRK 11,154,229 of retained profit/loss brought forward, and HRK 3,884,872 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 127,131,726 on 31/03/2017, accounting for 23.30% of total liabilities, which is HRK 1,183,154 or 1.44% less than last year.

**Short-term liabilities** stated in the balance sheet were worth HRK 163,732,569 on 31/03/2017, accounting for 30.01% of total liabilities, which is HRK 22,353,115 or 15.81% 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 700,117,272 on 31/03/2017, which is HRK 17,909,781 or 2.63% more than on 31/12/2016.

### **Assets are structured as follows:**

<b>Group ĐĐ</b>	<b>31/12/2016</b>		<b>31/03/2017</b>	
<b>Fixed assets</b>	<b>393,447,000</b>	<b>57.67%</b>	<b>389,553,878</b>	<b>55.64%</b>
- Tangible and intangible assets	384,033,728	97.61%	380,557,202	97.69%
- Financial assets and receivables	9,413,272	2.39%	8,996,676	2.31%
Current assets	285,621,174	41.87%	308,645,582	44.08%
Paid deferred expenses and calculated revenue	3,139,117	0.46%	1,917,812	0.27%
<b>Total</b>	<b>682,207,291</b>	<b>100.00%</b>	<b>700,117,272</b>	<b>100.00%</b>

**Fixed assets** were worth HRK 389,553,878 on 31/03/2017, accounting for 55.64% of total assets, which is HRK 3,893,122 or 0.99% more than last year.

**Current assets** account for 44.08% of total assets and were worth HRK 308,645,582 on 31/03/2017, which is HRK 23,024,408 or 8.06% more than last year.

### **Pasiva grupacije Đuro Đaković**

Total liabilities of Group Đuro Đaković were worth HRK 700,117,272 on 31/03/2017, which is HRK 17,909,781 or 2.63% more than on 31/12/2016.

#### **Liabilities are structured as follows:**

<b>Group ĐĐ</b>	<b>31/12/2016</b>		<b>31/03/2017</b>	
Capital and reserves	71,576,974	10.49%	78,533,998	11.22%
Long-term reservations	4,954,604	0.73%	4,954,604	0.71%
Long-term liabilities	231,449,985	33.93%	226,633,366	32.37%
Short-term liabilities	341,512,116	50.06%	377,783,194	53.96%
Accrued expenses and deferred revenue	32,713,612	4.80%	12,212,110	1.74%
<b>Total</b>	<b>682,207,291</b>	<b>100.00%</b>	<b>700,117,272</b>	<b>100.00%</b>

**Capital and reserves** amounted to HRK 78,533,998 on 31/03/2017, accounting for 11.22% 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 105,714,447 of revalorization reserves, HRK 197,121,289 of loss brought forward, and HRK 6,889,317 of profit. Minority interest in capital, reserves, profit and loss is -HRK 4,569,090.

**Long-term reservations** amount to HRK 4,954,604, i.e. 0.71% of total liabilities on 31/03/2017 and pertain to old-age pension, severance pay and similar reservations.

**Long-term liabilities** amounted to HRK 226,633,366 on 31/03/2017, accounting for 32.37% of total liabilities, which is HRK 4,816,619 or 2.08% less than last year.

**Short-term liabilities** stated in the balance sheet were worth HRK 377,783,194 on 31/03/2017, accounting for 53.96% of total liabilities, which is HRK 36,271,078 or 10.62% more than last year.

**Accrued expenses and deferred revenue** stated in the balance sheet amounted to HRK 12,212,110 or 1.74% of total liabilities on 31/03/2017, which is HRK 20,501,502 or 62.67% less than last year.

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



**Quarterly financial report of entrepreneur TFI-POD**

Reporting period: 01/01/2017 to 31/03/2017

Appendix 1

Reporting period: 01.01.2017. to 31.03.2017.

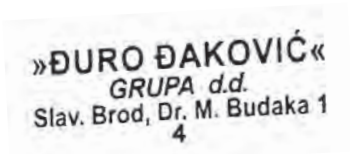
**Quarterly financial report of entrepreneur TFI-POD**

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 29 [at quarter end]
Consolidated statement	NO	NKD/NWC code:	7010
Subsidiaries subject to consolidation [according to IFRS]:	Residence	Registration number:	
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]

## BALANCE SHEET

as on day March 31, 2017 / 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	262,280,055	258,197,142
I INTANGIBLE ASSETS (004 do 009)	003	153,276	147,883
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	153,276	147,883
II PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	190,567,099	188,111,915
1. Land	011	70,287,490	70,287,490
2. Buildings	012	50,977,729	50,818,599
3. Plant and equipment	013		
4. Tools, working inventory and transportation assets	014	65,919,214	63,602,755
5. Biological assets	015		
6. Advances for purchase of tangible assets	016		
7. Tangible assets in progress	017	3,327,156	3,347,561
8. Other tangible assets	018		
9. Investment in real-estate	019	55,510	55,510
III NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	68,483,678	66,962,843
1. Share in related parties	021	49,068,721	49,068,721
2. Loans to related parties	022	18,605,636	17,105,636
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	266,704	246,074
7. Other non-current financial assets	027	36,755	36,550
8. Equity-accounted investments	028		
IV RECEIVABLES (030 do 032)	029	3,076,002	2,974,501
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031	3,076,002	2,974,501
3. Other receivables	032		
V DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	274,730,998	285,675,798
I INVENTORIES (036 do 042)	035	1,886	1,886
1. Raw materials and supplies	036	1,886	1,886
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039		
5. Advances for inventories	040		
6. Long term assets held for sale	041		
7. Biological assets	042		
II RECEIVABLES (044 do 049)	043	136,162,950	142,196,215
1. Receivables from related parties	044	50,598,541	55,750,565
2. Receivables from end-customers	045	65,703,157	75,820,022
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	1,111	1,726
5. Receivables from government and other institutions	048	1,299,855	927,800
6. Other receivables	049	18,560,286	9,696,102
III CURRENT FINANCIAL ASSETS (051 do 057)	050	128,160,594	136,125,595
1. Share in related parties	051		
2. Loans to related parties	052	127,460,594	135,225,595
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	700,000	900,000
7. Other financial assets	057		
IV CASH AND CASH EQUIVALENTS	058	10,405,568	7,352,102
D) PREPAYMENTS AND ACCRUED INCOME	059	2,871,987	1,809,490
E) TOTAL ASSETS (001+002+034+059)	060	539,883,040	545,682,430
F) OFF BALANCE SHEET ITEMS	061		



EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	243,709,819	247,554,691
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	68,471,482	68,364,875
V RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	9,237,425	11,154,229
1. Retained earnings	073	9,237,425	11,154,229
2. Loss carried forward	074		
VI NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	1,810,197	3,844,872
1. Net profit for the period	076	1,810,197	3,844,872
2. Net loss for the period	077		
VII MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	20,709	20,709
1. Provisions for pensions, severance pay and similar liabilities	080	20,709	20,709
2. Provisions for tax liabilities	081		
3. Other provisions	082		
C) NON-CURRENT LIABILITIES (084 do 092)	083	128,984,880	127,131,726
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	108,441,533	106,666,498
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	5,513,022	5,458,304
9. Deferred tax liabilities	092	15,030,325	15,006,924
D) CURRENT LIABILITIES (094 do 105)	093	141,379,454	163,732,569
1. Liabilities to related parties	094	21,213,424	31,610,033
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	56,617,979	61,066,324
4. Liabilities for advances	097	7,922,778	4,941,754
5. Trade payables	098	54,924,593	65,358,349
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	283,800	291,186
9. Taxes, contributions and similar liabilities	102	388,250	416,011
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	28,630	48,912
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	25,788,178	7,242,735
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	539,883,040	545,682,430
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, 2017 to March 31, 2017 / Company: ĐURO ĐAKOVIĆ Grupa d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
I OPERATING INCOME [112 do 113]	111	67,233,633	67,233,633	67,730,904	67,730,904
1. Rendering of services	112	62,798,964	62,798,964	65,106,293	65,106,293
2. Other operating income	113	4,434,669	4,434,669	2,624,611	2,624,611
II OPERATING COSTS [115+116+120+124+125+126+129+130]	114	66,409,037	66,409,037	66,641,042	66,641,042
1. Change in inventories of work in progress	115				
2. Material expenses [117 do 119]	116	43,664,397	43,664,397	60,517,732	60,517,732
a) Costs of raw materials	117	544,738	544,738	513,157	513,157
b) Cost of goods sold	118	42,175,320	42,175,320	59,240,840	59,240,840
c) Other material expenses	119	944,338	944,338	763,735	763,735
3. Employee benefits expenses [121 do 123]	120	1,531,371	1,531,371	1,424,786	1,424,786
a) Net salaries	121	843,231	843,231	784,012	784,012
b) Tax and contributions from salary expenses	122	454,048	454,048	422,160	422,160
c) Contributions on salary	123	234,092	234,092	218,614	218,614
4. Depreciation and amortisation	124	1,332,384	1,332,384	2,480,984	2,480,984
5. Other expenses	125	19,755,270	19,755,270	2,210,839	2,210,839
6. Write down of assets [127+128]	126	0	0	0	0
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128				
7. Provisions	129				
8. Other operating costs	130	125,615	125,615	6,701	6,701
III FINANCIAL INCOME [132 do 136]	131	2,215,214	2,215,214	5,030,378	5,030,378
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	2,035,365	2,035,365	2,650,924	2,650,924
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	179,849	179,849	2,379,454	2,379,454
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	723,943	723,943	2,275,368	2,275,368
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	27	27		
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	723,916	723,916	2,275,368	2,275,368
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	69,448,847	69,448,847	72,761,282	72,761,282
X TOTAL EXPENSES [114+137+143+145]	147	67,132,980	67,132,980	68,916,410	68,916,410
XI PROFIT OR LOSS BEFORE TAXES [146-147]	148	2,315,866	2,315,866	3,844,872	3,844,872
1. Profit before taxes [146-147]	149	2,315,866	2,315,866	3,844,872	3,844,872
2. Loss before taxes [147-146]	150				
XII TAXATION	151				
XII PROFIT OR LOSS FOR THE PERIOD [148-151]	152	2,315,866	2,315,866	3,844,872	3,844,872
1. Profit for the period [149-151]	153	2,315,866	2,315,866	3,844,872	3,844,872
2. Loss for the period [151-148]	154			0	0
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I PROFIT OR LOSS FOR THE PERIOD (=152)	157	2,315,866	2,315,866	3,844,872	3,844,872
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	2,315,866	2,315,866	3,844,872	3,844,872
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, 2017 to March 31, 2017 / Company: ĐURO ĐAKOVIĆ Grupa d.d.

Position	AOP	Previous period	Current period
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before taxes	001	1,810,197	3,844,872
2. Amortization	002	7,225,356	2,480,984
3. Increase of current liabilities	003	47,939,758	149,330
4. Decrease of receivables	004		
5. Decrease of inventories	005		
6. Other increase of cash flow	006	333,104	49,683
I Total increase in cash flow from operating activities (001 to 006)	007	57,308,415	6,524,869
1. Decrease of current liabilities	008		
2. Increase of receivables	009	1,409,044	4,967,098
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	1,409,044	4,967,098
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	55,899,371	1,557,771
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	0
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	015	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	4,673,881	0
1. Cash outflows for purchase of long - term tangible and intangible assets	021	7,037,781	20,405
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	7,037,781	20,405
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	2,363,900	20,405
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Cash receipts from issuance of equity and debt financial instruments	027		
2. Cash inflows from loans, debentures, credits and other borrowings	028	145,487,661	33,804,508
3. Other cash inflows from financing activities	029		
V Total cash inflows from financing activities (027 to 029)	030	145,487,661	33,804,508
1. Cash outflows for repayment of loans and bonds	031	180,586,890	38,395,340
2. Dividends paid	032		
3. Cash outflows for finance lease	033		
4. Cash outflows for purchase of own stocks	034		
5. Other cash outflows from financing activities	035	14,769,513	
VI Total cash outflows from financing activities (031 to 035)	036	195,356,403	38,395,340
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	49,868,742	4,590,832
Total increases of cash flows (013-014 + 025-026 + 037-038)	039	3,666,729	0
Total decreases of cash flows (014-013 + 026-025 + 038-037)	040	0	3,053,466
Cash and cash equivalents at the beginning of period	041	6,738,839	10,405,568
Decrease in cash and cash equivalents	042		3,053,466
Increase in cash and cash equivalents	043	3,666,729	
Cash and cash equivalents at the end of period	044	10,405,568	7,352,102

## STATEMENT OF CHANGES IN EQUITY

for period January 1, 2017 to March 31, 2017 / 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	9,237,425	11,154,229
5. Net profit or loss for the period	005	1,810,197	3,844,872
6. Revaluation of tangible assets	006	68,471,482	68,364,875
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	243,709,819	247,554,691
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	1,810,197	3,844,872
17. Total increase or decrease of equity (AOP 011 to 016)	017	1,810,197	3,844,872
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		

**Quarterly financial report of entrepreneur TFI-POD**

Reporting period: 01/01/2017 to 31/03/2017

Appendix 1

Reporting period: 01.01.2017. to 31.03.2017.

**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] 1007
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

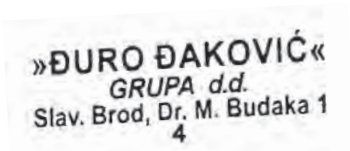
Surname and name MAZAL TOMISLAV

[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 March 31, 2017 / 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	393,447,000	389,553,878
I INTANGIBLE ASSETS (004 do 009)	003	18,052,297	17,452,336
1. Expenditure for development	004	9,771,435	9,598,628
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	2,786,881	2,471,702
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	5,333,210	5,227,325
6. Other intangible assets	009	160,771	154,681
II PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	365,981,431	363,104,866
1. Land	011	97,434,350	97,434,350
2. Buildings	012	150,483,367	149,225,484
3. Plant and equipment	013	36,513,524	37,185,821
4. Tools, working inventory and transportation assets	014	68,925,618	66,591,943
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	10,400	10,400
7. Tangible assets in progress	017	9,058,129	9,123,400
8. Other tangible assets	018		
9. Investment in real-estate	019	3,556,043	3,533,468
III NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	1,983,225	1,874,476
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	85,390	85,390
6. Loans, deposits, etc.	026	1,066,658	958,114
7. Other non-current financial assets	027	36,755	36,550
8. Equity-accounted investments	028		
IV RECEIVABLES (030 do 032)	029	7,430,047	7,122,200
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031	7,358,054	7,077,417
3. Other receivables	032	71,993	44,783
V DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	285,621,174	308,645,582
I INVENTORIES (036 do 042)	035	128,052,471	135,896,081
1. Raw materials and supplies	036	62,167,355	58,981,911
2. Production in progress	037	51,085,793	61,980,155
3. Finished products	038	11,829,482	11,435,103
4. Merchandise	039	499,845	506,253
5. Advances for inventories	040	2,469,996	2,992,659
6. Long term assets held for sale	041		
7. Biological assets	042		
II RECEIVABLES (044 do 049)	043	130,007,374	158,214,692
1. Receivables from related parties	044		
2. Receivables from end-customers	045	105,751,403	140,756,479
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	49,619	48,069
5. Receivables from government and other institutions	048	5,949,046	6,362,434
6. Other receivables	049	18,257,306	11,047,710
III CURRENT FINANCIAL ASSETS (051 do 057)	050	1,620,179	1,941,221
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	1,490,179	1,811,221
7. Other financial assets	057	130,000	130,000
IV CASH AND CASH EQUIVALENTS	058	25,941,150	12,593,588
D) PREPAYMENTS AND ACCRUED INCOME	059	3,139,117	1,917,812
E) TOTAL ASSETS (001+002+034+059)	060	682,207,291	700,117,272
F) OFF BALANCE SHEET ITEMS	061	180,180,775	177,042,901

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	71,576,974	78,533,998
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	939,860	939,860
3. Treasury shares and shares (deductible items)	068	939,860	939,860
4. Statutory reserves	069		
5. Other reserves	070		
IV REVALUATION RESERVES	071	105,930,149	105,714,447
V RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	-162,913,168	-197,121,289
1. Retained earnings	073		
2. Loss carried forward	074	162,913,168	197,121,289
VI NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	-34,208,121	6,889,317
1. Net profit for the period	076		6,889,317
2. Net loss for the period	077	34,208,121	
VII MINORITY INTEREST	078	-4,852,499	-4,569,090
B) PROVISIONS (080 do 082)	079	4,954,604	4,954,604
1. Provisions for pensions, severance pay and similar liabilities	080	2,608,062	2,608,062
2. Provisions for tax liabilities	081		
3. Other provisions	082	2,346,542	2,346,542
C) NON-CURRENT LIABILITIES (084 do 092)	083	231,449,985	226,633,366
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	196,867,746	192,234,171
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	11,329,279	11,193,585
9. Deferred tax liabilities	092	23,252,960	23,205,610
D) CURRENT LIABILITIES (094 do 105)	093	341,512,116	377,783,194
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	148,609,262	168,553,467
4. Liabilities for advances	097	36,309,761	30,531,387
5. Trade payables	098	145,103,760	166,284,920
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	5,825,975	6,263,283
9. Taxes, contributions and similar liabilities	102	5,387,055	5,785,655
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	276,303	364,482
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	32,713,612	12,212,110
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	682,207,291	700,117,272
G) OFF BALANCE SHEET ITEMS	108	180,180,775	177,042,901
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109	76,429,473	83,103,088
2. Attributable to minority interest	110	-4,852,499	-4,569,090

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for period January 1, 2017 to March 31, 2017 / Company: ĐURO ĐAKOVIĆ Grupa d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
I OPERATING INCOME [112 do 113]	111	102,805,896	102,805,896	153,186,628	153,186,628
1. Rendering of services	112	99,650,912	99,650,912	151,063,419	151,063,419
2. Other operating income	113	3,154,984	3,154,984	2,123,209	2,123,209
II OPERATING COSTS [115+116+120+124+125+126+129+130]	114	111,468,129	111,468,129	146,653,279	146,653,279
1. Change in inventories of work in progress	115	-3,507,495	-3,507,495	-10,499,985	-10,499,985
2. Material expenses [117 do 119]	116	61,442,833	61,442,833	115,347,256	115,347,256
a) Costs of raw materials	117	21,764,414	21,764,414	50,463,255	50,463,255
b) Cost of goods sold	118	32,330,843	32,330,843	32,147,497	32,147,497
c) Other material expenses	119	7,347,576	7,347,576	32,736,504	32,736,504
3. Employee benefits expenses [121 do 123]	120	22,577,532	22,577,532	26,473,879	26,473,879
a) Net salaries	121	14,230,284	14,230,284	16,997,050	16,997,050
b) Tax and contributions from salary expenses	122	5,111,004	5,111,004	5,666,683	5,666,683
c) Contributions on salary	123	3,236,244	3,236,244	3,810,146	3,810,146
4. Depreciation and amortisation	124	5,484,277	5,484,277	6,625,331	6,625,331
5. Other expenses	125	24,893,065	24,893,065	7,072,573	7,072,573
6. Write down of assets [127+128]	126	1,859	1,859	0	0
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	1,859	1,859		
7. Provisions	129				
8. Other operating costs	130	576,058	576,058	1,634,225	1,634,225
III FINANCIAL INCOME [132 do 136]	131	224,549	224,549	5,738,981	5,738,981
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	218,178	218,178	5,735,655	5,735,655
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136	6,371	6,371	3,326	3,326
IV FINANCIAL EXPENSES [138 do 141]	137	3,048,934	3,048,934	5,315,306	5,315,306
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	3,048,934	3,048,934	5,315,306	5,315,306
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	103,030,445	103,030,445	158,925,609	158,925,609
X TOTAL EXPENSES [114+137+143+145]	147	114,517,063	114,517,063	151,968,585	151,968,585
XI PROFIT OR LOSS BEFORE TAXES [146-147]	148	-11,486,618	-11,486,618	6,957,024	6,957,024
1. Profit before taxes [146-147]	149	0	0	6,957,024	6,957,024
2. Loss before taxes [147-146]	150	11,486,618	11,486,618	0	0
XII TAXATION	151				
XII PROFIT OR LOSS FOR THE PERIOD [148-151]	152	-11,486,618	-11,486,618	6,957,024	6,957,024
1. Profit for the period [149-151]	153	0	0	6,957,024	6,957,024
2. Loss for the period [151-148]	154	11,486,618	11,486,618	0	0
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155	-11,409,254	-11,409,254	7,024,731	7,024,731
2. Attributable to minority interest	156	-77,364	-77,364	-67,707	-67,707
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I PROFIT OR LOSS FOR THE PERIOD (=152)	157	-11,486,618	-11,486,618	6,957,024	6,957,024
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	-11,486,618	-11,486,618	6,957,024	6,957,024
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	-11,409,254	-11,409,254	7,024,731	7,024,731
2. Attributable to minority interest	170	-77,364	-77,364	-67,707	-67,707



## CONSOLIDATE CASH FLOW STATEMENT - Indirect method

for period January 1, 2017 to March 31, 2017 / Company: ĐURO ĐAKOVIĆ Grupa d.d.

Position	AOP	Previous period	Current period
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before taxes	001	-34,849,307	6,957,024
2. Amortization	002	24,121,451	6,625,331
3. Increase of current liabilities	003	51,489,053	9,826,109
4. Decrease of receivables	004		
5. Decrease of inventories	005		
6. Other increase of cash flow	006		1,066,687
I Total increase in cash flow from operating activities (001 to 006)	007	40,761,197	24,475,151
1. Decrease of current liabilities	008		
2. Increase of receivables	009	60,362,461	48,294,882
3. Increase of inventories	010	34,848,950	7,833,032
4. Other decrease of cash flow	011	8,672,599	
II Total decrease in cash flow from operating activities (008 to 011)	012	103,884,010	56,127,914
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	0	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	63,122,813	31,652,763
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	015	2,413,570	828,215
2. Cash inflows from sale of equity and debt financial instruments	016		
3. Interest receipts	017	1,885	30
4. Dividend receipts	018		
5. Other cash inflows from investing activities	019		
III Total cash inflows from investing activities (015 to 019)	020	2,415,455	828,245
1. Cash outflows for purchase of long - term tangible and intangible assets	021	24,005,118	6,633,846
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	24,005,118	6,633,846
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	21,589,663	5,805,601
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Cash receipts from issuance of equity and debt financial instruments	027		
2. Cash inflows from loans, debentures, credits and other borrowings	028	235,732,900	85,234,356
3. Other cash inflows from financing activities	029	738,993	69,785
V Total cash inflows from financing activities (027 to 029)	030	236,471,893	85,304,141
1. Cash outflows for repayment of loans and bonds	031	162,689,825	59,551,782
2. Dividends paid	032		
3. Cash outflows for finance lease	033	162,875	1,633,236
4. Cash outflows for purchase of own stocks	034		
5. Other cash outflows from financing activities	035	400,001	8,321
VI Total cash outflows from financing activities (031 to 035)	036	163,252,701	61,193,339
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	73,219,192	24,110,802
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	11,493,284	13,347,562
Cash and cash equivalents at the beginning of period	041	37,434,434	25,941,150
Decrease in cash and cash equivalents	042	11,493,284	13,347,562
Increase in cash and cash equivalents	043		
Cash and cash equivalents at the end of period	044	25,941,150	12,593,588

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for period January 1, 2017 to March 31, 2017 / 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	-166,925,092	-201,758,086
5. Net profit or loss for the period	005	-35,048,696	6,957,024
6. Revaluation of tangible assets	006	105,930,149	105,714,447
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	71,576,974	78,533,998
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	-35,048,696	6,957,024
17. Total increase or decrease of equity (AOP 011 to 016)	017	-35,048,696	6,957,024
17 a. Attributable to majority owners	018	76,429,473	83,103,088
17 b. Attributable to minority interest	019	-4,852,499	-4,569,090

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

FOR THE PERIOD 1 January 2017 – 31 March 2017

**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 -III of 2017 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 - III 2017 have not been revised.

**Signed on behalf of the Management Board:**

Tomislav Mazal, President of the Management Board

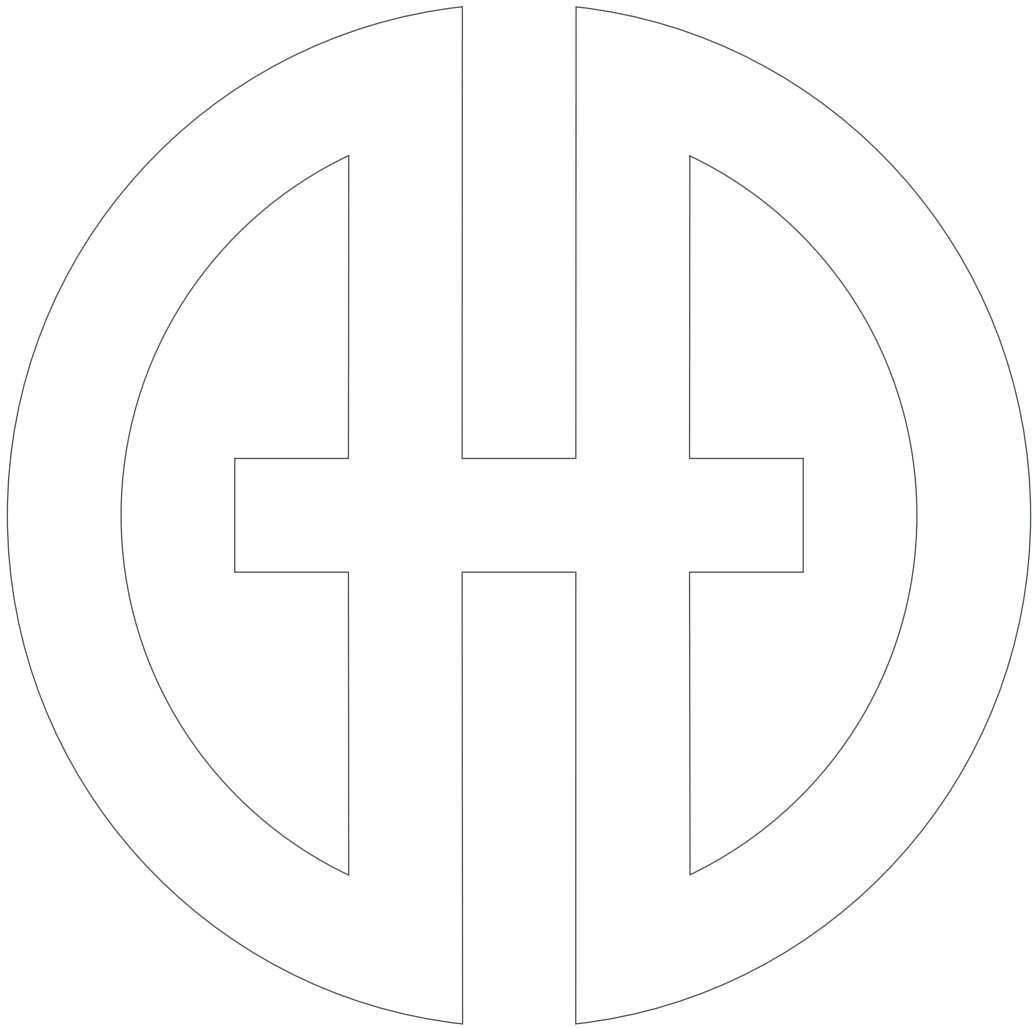


Marko Bogdanović, Member of the Management Board



In Slavonski Brod, on 25 April 2017

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