Granolio d.d.

Unconsolidated Financial Statements and Annual Report for the year 2014, together with the Independent Auditor's Report

This version of the report is a translation from the original, which was prepared in Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over translation.

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Annual Management Report for 2014

General information about Granolio d.d.

GRANOLIO d.d. ("The Company") is a joint-stock company registered with the Commercial Court of Zagreb, Croatia. The Company's tax number (OIB) is 59064993527, and its registration number (MBS) 080111595.

The Company's registered seat is located in Zagreb at Budmanijeva 5.

The Company has a General Assembly, Supervisory Board and Management Board.

Members of the Management Board: Hrvoje Filipović, President
Tomislav Kalafatić, Member
Drago Šurina, Member
Vladimir Kalčić, Member

Members of the Supervisory Board: Franjo Filipović, President
Jurij Detiček, Vice-president
Braslav Jadrešić, Member
Davor Štefan, Member since 16 January 2015
Josip Lasić, Member since 16 January 2015

On 31/12/2014, the Company's total share capital amounted to HRK 19,016,430 and was divided into 1,901,643 ordinary shares with a par value of HRK 10.00. The shares have been traded under the ticker symbol GRNL and listed on the official market of the Zagreb Stock Exchange since 23 March 2015.

The Company's majority shareholder is Hrvoje Filipović, who holds 60.74% of the equity.

The 10 major shareholders of the Granolio company as at 30 March 2015 are listed in the table below.

The ten major shareholders of Granolio d.d.

No.	Shareholder	Equity share
1	Filipović Hrvoje	60.74%
2	Hypo alpe-adria-bank d.d./PBZ CO OMF - B category - custody account	7.89%
3	Societe Generale-Splitska banka d.d./Erste plavi OMF B category - custody account	7.85%
4	Prima ulaganja d.o.o.	5.89%
5	HOK- osiguranje d.d.	3.93%
6	Agrokor d.d.	2.75%
7	Hypo alpe-adria-bank d.d./SZAIF d.d. - custody account	1.58%
8	PBZ d.d. - custody account	1.47%
9	Primorska banka d.d. Rijeka - custody account	1.44%
10	Erste & Steiermarkische bank d.d. - custody account	0.79%
		94.33%

The Company's main activities are the production and trade in agricultural products and livestock. On 31/12/2014 the Company´s business system consisted of seven business units, four of which are production centres: the Farina, Kopanica, Belje (Beli Manastir) and Vinkovci mills in charge of production, packing, storage and dispatch of mill products. The Belje and Vinkovci business units are production plants under lease until May 2015. The production on these locations was suspended in March 2015, and the total flour production from those mills was allocated to the Company´s mills on the Farina and Kopanica mills locations.

The Bjeliš business unit is a silo used for cereal drying and storage.

The Osijek business unit is used for storage, sale and dispatch of planting material, sale of grains and oil crops and management of the operations of selling points.

The Granolio business unit located in Zagreb provides logistics, management, accounting and IT support to the Company's business operations.

The Farina mill is compliant with IFS, allowing the Company to export flour to the EU Member States.

As it is focused on the quality of products and delivery, as well as on building long-term customer relations, Granolio produces private label products for the majority of the leading retailers in Croatia. The Company is currently producing flour under 16 private labels.

The production capacities of the Company's mills as at 31/12/2014 are presented in the table below.

The production capacities of mills as at 31/12/2014:

Mill	ton/year
Farina	108,900
Kopanica	79,200
Vinkovci*	33,000
Beli Manastir*	39,600
	260,700

* mills under lease

Subsidiaries

The Company holds 100% of the shares in the Zdenačka farma d.o.o. and Prerada Žitarica d.o.o. companies.

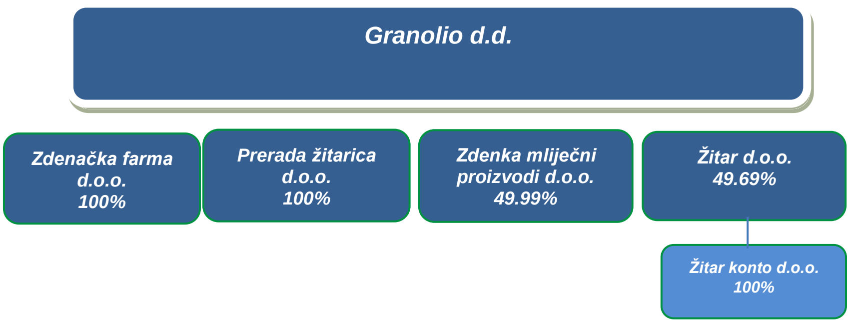
It has a controlling influence in the decision-making process in the Zdenka mliječni proizvodi d.o.o. and Žitar d.o.o companies. The above companies have been consolidated in the Granolio Group since 2011.

Žitar d.o.o. has founded another company, Žitar konto d.o.o., which is fully owned by it. Žitar konto d.o.o. financial statements are part of the 2014 consolidated financial statements.

The Company also holds minority interests in Žitozajednica d.o.o., Zagrebačke pekarne Klara d.o.o. and Prehrana trgovina d.d.

The Granolio shares in its subsidiaries are presented in the organizational chart below:

Granolio Group Organisational Structure



Significant business events in the accounting period

In the first half of 2014, Granolio d.d. acquired a milling business from the Agrokor Group.

The key reasons for Granolio's acquisition of the milling business from the Agrokor Group are:

- *the strong market position of the Mlineta and Belje flour brands. Granolio took over a milling business with a strong position on the Croatian market, especially in the bakery and confectionery sector and in Konzum's retail and wholesale network. It is important to stress that up to the moment of the acquisition of the milling business from the Agrokor Group, Granolio's share in the sale of flour in Konzum through the Farina brand was almost insignificant. By making the acquisition and taking over existing contracts and concluding new contracts, the Company acquired the ability to sell its products through Konzum's retail and wholesale network to an amount correlating with the Company's market share, and to sell corn meal to members of the Agrokor Group*
- *synergy effects - by merging the acquired production into the buyer's existing portfolio and by optimising production capacities, the share of fixed costs per unit of measurement of the product decreases and makes production more competitive*
- *strong and stable cash flow - based on sustainable profit margins derived from an efficient cost structure and selling prices in line with the competition*
- *potential for growth – the possibility of additional market consolidation and exports*
- *co-operation with the Agrokor Group in the area of procurement of raw materials, warehousing, sales, logistics and distribution*
- *the tradition of quality of the purchased brands of Mlineta flour and Belje flour*

The investment amounted to a total of HRK 204.2 million and included the following:

	HRK million
"Mlineta" and "Belje brašno" brands	120.0
Compensation for the transfer of the milling business	60.4
Contract with the buyer Konzum d.d.	10.0
Annual lease of mills	2.0
Purchase of equipment	3.3
Purchase of inventories of raw materials and finished goods	8.5
	204.2

This acquisition is expected to increase the Granolio milling segment by almost 90%, and the sale of flour should rise from approximately 100,000 tons to 190,000 tons per year.

The contract with Konzum d.d. as a buyer was concluded for a period of 3 years with the possibility of extension for additional 3 years.

In March 2015, the Company completed the process of business rationalisation and reorganisation in the production, development and technology segment, which resulted in the cancellation of flour production in the Vinkovci and Belje mills for the purpose of business optimisation and the increased cost-efficiency of flour production. The total flour production of these mills was allocated to other Group mills: the Farina and Kopanica mills.

The acquisition was partly financed through a bank loan, and partly through recapitalisation of the company. With a view to recapitalisation, in the second half of 2014 the company conducted an IPO of 701,643 ordinary shares with a par value of HRK 10 per share. The shares were sold at HRK 134 each, thus reaching a share premium amounting to HRK 87 million. Recapitalisation costs to the amount of HRK 1.6 million were deducted from the share premium. Costs to the amount of an additional HRK 1 million are expected to be incurred in 2015. Their value will be deducted from the share premium.

A bridge loan for financing the acquisition was granted by Zagrebačka banka and partly repaid through recapitalisation. In 2014, the company increased its number of purchasing and selling stations by renting three new ones. The only investment made in respect of these three stations was the acquisition of goods scales that were subsequently sold to the sole traders who were the owners of the stations.

A decision to lower salaries of employees in managerial positions in late 2013 lead to a reduction in salary costs in 2014.

Operating results in 2014

For the purpose of preparing the Offering Memorandum for an IPO, the Company has restated its historical financial statements. The presented statement of comprehensive income shows the comparable period with restated values. A clarification of the restated values is contained in Note 7 to the Company´s unconsolidated financial statements.

The total revenue from sale of products and services generated in 2014 is higher than the revenue generated the year before by approximately 10% as a result of the acquisition of the milling business from the Agrokor Group.

Material costs covering the costs of raw materials and energy, but also contracted services, such as transport, quality control, etc., increased by over 16% in comparison to 2013.

In relation to the year before, in 2014 the production of flour increased by nearly 40%, which was the main reason for higher raw material and energy costs.

Transport costs were higher partly as a result of the production in the Vinkovci and Beli Manastir mills and an increased production in Kopanica, leading to the increase in transport costs in comparison to 2013 when the majority of products were produced in the Farina mill.

Some transport costs were further invoiced to buyers.

Personnel costs were lower in comparison to the year before. The reason for that were the salary cuts for key managers at the end of 2013. However, the costs were higher than planned due to the personnel cost at the Belje and Vinkovci mills. In 2014, they amounted to HRK 1.3 million, half of a million more than planned. The costs also rose due to additional employment and salary costs in co-operating businesses which were higher than planned.

Furthermore, health-insurance contributions rose from 13% to 15% in April 2014, leading to an increase in total salary costs.

Depreciation costs fell in comparison to 2013 because a part of the assets in mills were fully depreciated at the end of 2013.

In 2014, the Company adjusted its trade receivables and receivables under loans for sowing outstanding more than 360 days.

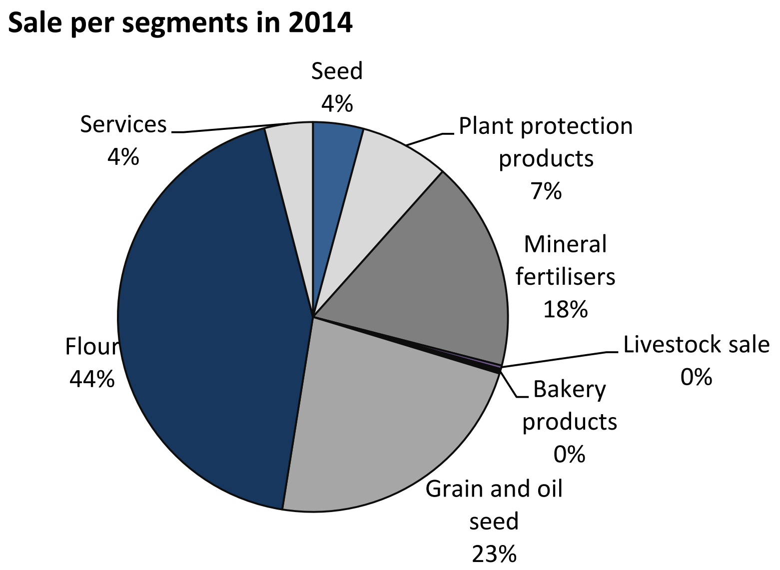
The value adjustment of trade receivables conducted in 2014 amounted to HRK 13 million. Out of the total receivables written off in 2014, HRK 323 thousand were collected. The value adjustment of receivables under loans given for sowing amounted to HRK 5.4 million. Out of the total written off receivables, HRK 1.2 million were collected by the end of 2014.

Financial costs include value adjustments of assets to the total amount of HRK 16.5 million. Value adjustments cover the following:

- *Impairment of commodity loans (HRK 5.4 million, out of which HRK 1.2 million were collected subsequently),*
- *Impairment of loans granted to affiliated companies (HRK 2.3 million) and other loans granted (HRK 0.3 million),*
- *Impairment of investments in Zagrebačke pekarne Klara d.d. (HRK 4.3 million), and in Prehrana (1.3 million),*
- *Decrease in the value of bills of exchange from commercial dealings (HRK 2 million) and share portfolio (HRK 0.8 million).*

Flour production analysis

Most of the revenues generated in 2014 were derived from flour sales (around 44%).



Average flour selling prices in 2014 were lower in comparison to the year before by 9% on average. This was a result of a reduction in the average selling prices of flour on the market, as shown in the data provided by Žitozajednica/TISSUP.

Significant business events following the accounting period and Company's strategic objectives

The strongest competitors in the milling segment are the following: Žito d.d., Čakovečki mlinovi d.d., Podravka d.d.

In the Company's accounts, items of property are recognized under the revaluation model, as required under IAS 16. The valuation of buildings and land started in February 2015.

Business development and investment plan

The company is planning to purchase two goods vehicles and upgrade the ERP system to the total amount of HRK 1 million. The investment should be equally financed from EU funds (Measure 4 – Investments in Physical Assets) and a loan. Documentation for the application for EU funds is currently being prepared.

The production in the Beli Manastir and Vinkovci mills was suspended in March 2015. The redundant employee severance procedure was conducted in line with all the legal regulations. Severance pay was disbursed to the amount of HRK 2 million.

In 2012, when stations were constructed in Bijelo Brdo, Čeminec and Suza, the Company started introducing collection stations for grains and oil crops in its business operations for the purpose of intensifying the trade in grains and oil crops and improving its co-operation with agricultural producers. By bringing the location for delivery of the yield closer to the location of agricultural production, the end producers are provided with the possibility of increasing the harvest efficiency owing to a faster handover of the yield and lower transport costs. The collection of grains and oil crops is currently conducted at 8 locations. The company is planning to increase the number of locations, but only by means of leasing.

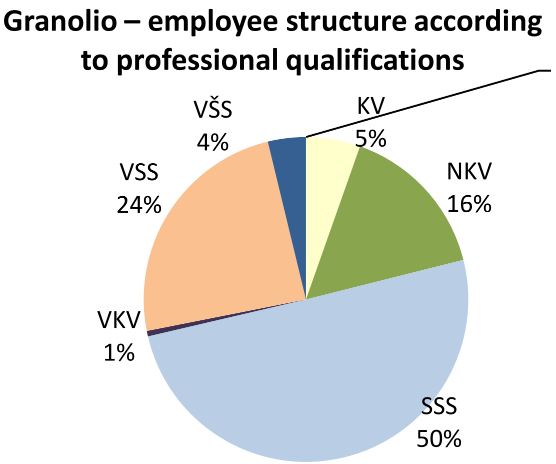
In 2012, the Company started to (re)define its key business processes and controls. The sales process and procedures for managing exposure to customers were implemented in the Company´s operations on 1 January 2013.
On 1 January 2013, the Company redefined its accounting controls for business changes in order to facilitate the monitoring of operations in several business segments, and the monitoring of operating costs with respect to responsibility centres in line with the organisational chart of the Company shown in Annex 1.

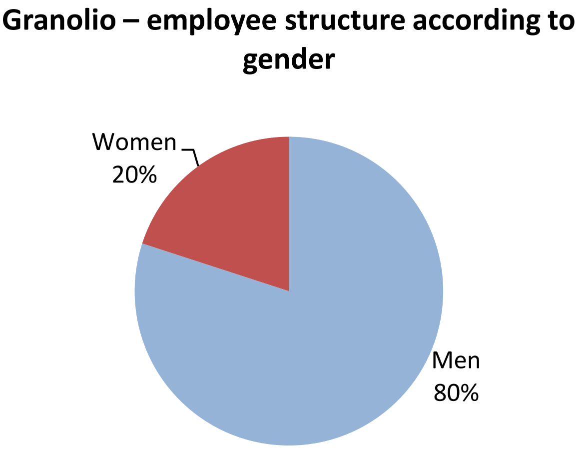
The following activities are also planned: the installation of a system for monitoring the efficacy of the production process and enhancing the efficiency thereof, the identification and implementation of procurement processes, and the setting up of internal controls for the operational efficiency of business processes.

The identification, implementation and control of the operational efficiency of business processes are planned to be implemented in all Granolio Group companies in the near future.

Employees

In 2014, the Company employed 185 persons on a man-hour basis (in 2013: 144 employees). The structure according to their professional qualifications and gender is illustrated in the figures below:





The number of employees at the Company increased due to the acquisition of the milling business and a higher number of production sites.

Research and development

In the observed period, the Company did not undertake any R&D projects.

Redemption of treasury shares

In the period up to the publication of the Management's Annual Report, the Company had not engaged in the repurchase of own shares.

Environment

As regards the environment, the Company has implemented comprehensive and systematic solutions and established environment-friendly production processes.

Risks

Risks faced by the Company are explained in detail in the notes to the annual financial statements.

The Code of Corporate Governance (annual questionnaire) and the Company´s organizational chart are contained in the Annex to the Annual Report.

Statement of the Management's Responsibility for the preparation and approval of annual financial statements

Based on the current Croatian Accounting Act, the Management Board is required to ensure that the financial statements of Granolio d.d. (hereinafter "the Company") for each financial year are prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and that they give a true and fair view of the financial position and results of the Company's operations in the given period.

The Management Board reasonably expects the Company to have adequate resources to continue its operational existence in the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing financial statements.

When preparing financial statements, the Management Board is responsible for:

- selecting and applying consistently suitable accounting policies;
- making judgements and estimates that are reasonable and prudent;
- applying applicable accounting standards, the publication and explanation of any deviation in financial statements; and
- preparing financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Management Board is responsible for maintaining proper accounting records which give a true and fair view of the financial position of the Company at any time, as well as their compliance with the applicable Accounting Act. The Management Board is also responsible for safeguarding the assets of the Company and undertaking reasonable measures to prevent and detect fraud and other irregularities.

The financial statements were authorised for publication on 20 April 2015.

Hrvoje Filipović, M.Econ.
President of the Management Board

Tomislav Kalafatić, M.Econ.
Member of the Management Board

Granolio
d.d., Budmanijeva 5
Zagreb
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BAKER TILLY

Revizorska tvrtka d.o.o.
Ulica grada Vukovara 269G
10000 Zagreb
Croatia

Independent Auditor's report

To the Management Board and the Shareholders of Granolio d.d.

1. Introduction

We have audited the accompanying financial statements of Granolio d.d. ("the Company"), which comprise the unconsolidated statement of financial position as at 31 December 2014, 31 December 2013 and 31 December 2012, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

3. Auditor´s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor´s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity´s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity´s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In addition, we have reviewed the Annual Report of the Company for the year ended 31 December 2014, as presented on pages 1 to 7, in order to express an opinion on the compliance of the Annual Report with the unconsolidated financial statements of the Company as of and for the year ended 31 December 2014.

4. Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2014, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Reporting on other legal requirements

In accordance with the legal and regulatory requirements, the Management Board prepared the Annual Report as presented on pages 1 to 7. The Board is responsible for the preparation and content of the Annual Report in accordance with the Article 18 of the Accounting Act. Our responsibility is to express an opinion on the compliance of the Annual Report with the audited unconsolidated financial statements based on the implementation of the procedures we consider appropriate in accordance with the Article 17 of the Accounting Act. In our opinion, the information presented in the enclosed Annual Report for the financial year for which the unconsolidated financial statements have been prepared, are in line with the unconsolidated financial statements.

5. Emphasis of Matter

We draw attention to the Note 6 to the unconsolidated financial statements which describes uncertainty related to the outcome of the lawsuit filed against the Company by the Osatina Group. Our opinion is not qualified in respect of this matter.

Zagreb, 20 April 2015

Baker Tilly d.o.o.
Vukovarska 269G
10000 Zagreb
Croatia

BAKER TILLY
Revizorska tvrtka d.o.o.
Ulica grada Vukovara 269G
10000 Zagreb

For and on behalf of Baker Tilly d.o.o.:

Olivio Discordia
Director (Croatian Certified Auditor)

Unconsolidated Statement of Comprehensive Income

For the year ended 31 December 2014

in thousands of HRK

	Note	2012 restated	2013 restated	2014
Revenues				
Sales revenue	8	603,841	542,150	597,087
Other operating income	9	7,585	8,648	8,055
Total operating income		**611,426**	**550,798**	**605,142**
Change in inventories of finished goods and work in progress		(265)	(725)	3,980
Material costs	10	(555,540)	(485,433)	(563,914)
Staff costs	11	(20,662)	(18,896)	(16,529)
Depreciation and amortisation	16	(11,211)	(9,918)	(9,252)
Other costs	13	(5,420)	(4,233)	(5,036)
Value adjustment costs	12	(32)	(6,249)	(13,001)
Other operating expenses	14	(6,560)	(11,548)	(6,451)
Total operating costs		**(599,690)**	**(537,002)**	**(610,203)**
Operating profit		**11,736**	**13,796**	**(5,061)**
EBITDA		**22,979**	**29,963**	**17,192**
Financial income	15	10,481	7,188	6,777
Financial expenses	15	(29,244)	(22,423)	(44,575)
Net financial result		**(18,763)**	**(15,235)**	**(37,798)**
Result before tax		**(7,027)**	**(1,439)**	**(42,859)**
Income tax		(1,590)	(1,647)	-
Profit/(loss) after tax		**(8,617)**	**(3,086)**	**(42,859)**
Other comprehensive income				
Financial assets held for sale, reclassified to profit or loss		-	(3,205)	3,205
Total comprehensive income		**(8,617)**	**(6,291)**	**(39,654)**
Earnings per share	31	**(7)**	**(3)**	**(35)**

*EBITDA = Operating (Loss)/profit + depreciation and amortisation + value adjustment costs

Approved on behalf of the Company as of 20 April 2015.

Hrvoje Filipović, M.Econ.
President of the Management Board

Tomislav Kalafatić, M.Econ.
Member of the Management Board

Granolio
d.d., Budmanijeva 5
Zagreb
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Unconsolidated Statement of Financial Position

As at 31 December 2014

in thousands of HRK

	Note	1 January 2012	31 December 2012 restated	31 December 2013 restated	31 December 2014
I NON-CURRENT ASSETS					
Intangible Assets					
1. Goodwill		-	-	-	60,379
2. Trade and service marks, concessions, licences		-	-	-	120,000
3. Customers' list		-	-	-	9,028
4. Software and other intangible assets		78	97	141	94
	16	**78**	**97**	**141**	**189,501**
Tangible Assets					
1. Land		8,001	8,182	8,182	8,182
2. Buildings		121,733	122,860	119,061	116,824
3. Plant and equipment		28,327	22,912	18,482	21,755
4. Other tangible assets		61	48	50	81
5. Investment in progress		91	282	245	1,591
	17	**158,213**	**154,284**	**146,020**	**148,433**
Financial Assets					
1. Investments (shares) in related parties	18a	100,115	97,891	98,420	98,953
1. Participating interest (shares)	18b	26,110	26,110	22,905	20,462
2. Loans, deposits and similar assets	18c	2,164	1,201	733	745
		128,389	**125,202**	**122,058**	**120,160**
Long-term Receivables	**19**	**15**	**15**	**15**	**1,363**
II CURRENT ASSETS					
Inventories	**20**	**53,262**	**80,468**	**85,432**	**97,912**
Receivables					
1. Receivables from related parties	30	7,427	230	5,295	5,138
2. Trade receivables	21a	79,589	75,980	87,119	100,832
3. Receivables from government and other institutions	21b	1,474	1,193	13,877	1,811
4. Other receivables	21c	3,195	1,289	7,407	3,602
		91,685	**78,692**	**113,698**	**111,383**
Financial Assets					
1. Loans to related parties	30	45,107	48,032	51,785	51,316
1. Investments in securities	22a	6,481	4,184	4,458	876
2. Loans, deposits and similar assets	22b	46,349	65,878	54,721	48,752
		97,937	**118,094**	**110,964**	**100,944**
Cash and cash equivalents	23	**2,485**	**7,037**	**6,910**	**1,214**
III PREPAYMENTS AND ACCRUED INCOME		95	470	861	1,374
TOTAL ASSETS		532,159	564,359	586,099	772,284

Unconsolidated Statement of Financial Position

As at 31 December 2014 (continued)

in thousands of HRK

	Note	1 January 2012	31 December 2012 restated	31 December 2013 restated	31 December 2014
I CAPITAL AND RESERVES					
1. Subscribed capital		12,000	12,000	12,000	19,016
2. Share premium		-	-	-	85,379
3. Revaluation reserves		92,528	89,620	83,504	67,384
4. Legal reserves		-	116	161	183
5. Retained earnings		20,616	18,418	13,395	32,143
6. Result for the current year		2,324	(8,617)	(3,086)	(42,859)
	24	**127,468**	**111,537**	**105,974**	**161,246**
II NON-CURRENT LIABILITIES					
1. Deferred tax liability	25	23,132	22,405	21,677	16,846
2. Amounts owed to banks and other financial institutions	26	54,014	52,676	84,502	51,663
3. Liabilities towards related parties	30	20,916	15,719	13,365	10,853
		98,062	**90,800**	**119,544**	**79,362**
III CURRENT LIABILITIES					
1. Liabilities towards related parties	30	2,564	3,390	3,333	5,304
2. Loans and deposits and similar	27	-	3,200	2,880	-
3. Amounts owed to banks and other financial institutions	26	240,277	262,855	228,297	288,337
4. Advance payments received		572	2,866	3,760	2,714
5. Trade payables	28a	55,254	72,273	105,639	115,321
6. Securities payable	28b	2,400	6,908	13,044	109,802
7. Liabilities for taxes, contributions, etc.	28c	2,287	5,855	686	4,301
8. Other current liabilities	28d	3,275	4,437	2,932	5,897
		306,629	**361,784**	**360,571**	**531,676**
IV ACCRUED EXPENSES AND DEFERRED INCOME		-	238	10	-
TOTAL EQUITY AND LIABILITIES		**532,159**	**564,359**	**586,099**	**772,284**

Approved on behalf of the Company as of 20 April 2015.

Hrvoje Filipović, M.Econ.
President of the Management Board

Tomislav Kalafatić, M.Econ.
Member of the Management Board

Granolio d.d. Budmanijeva 5 Zagreb 2

* The accompanying notes are an integral part of these unconsolidated financial statements.

Unconsolidated Statement of Changes in Shareholders' Equity for the years ended 31 December 2012 and 31 December 2013

	Subscribed capital	Capital reserves	Legal reserves	Revaluation reserves	Retained earnings	Profit/(Loss) of the current year	Total
Balance as at 31 December 2011	**12,000**	-	-	**115,660**	**20,616**	**2,324**	**150,600**
Adjustments (Note 7)				(23,132)			(23,132)
Balance as at 31 December 2011 (restated)	**12,000**	-	-	**92,528**	**20,616**	**2,324**	**127,468**
Adjustments for 2012 (Note 7)						(9,511)	(9,511)
Profit for 2012						894	894
Other comprehensive income, net of tax (depreciation of revaluation and unrealised loss per portfolio available for sale)				*(3,635)*	*3,635*	-	-
Total comprehensive income for the year	-	-	-	**(3,635)**	**3,635**	**(8,617)**	**(8,617)**
Adjustment for 2012 – deferred tax	-	-	-	727	-	-	727
Dividends paid	-	-	-	-	(8,041)	-	(8,041)
Allocation of 2011 result	-	-	116	-	2,208	(2,324)	-
Balance as at 31 December 2012 (restated)	**12,000**	-	**116**	**89,620**	**18,418**	**(8,617)**	**111,537**
Adjustments for 2013 (Note 7)	-	-	-			(3,537)	(3,537)
Profit for 2013	-	-	-			451	451
Other comprehensive income, net of tax (depreciation of revaluation and unrealised loss per portfolio available for sale)	-	-	-	(6,844)	3,639	-	(3,205)
Total comprehensive income for the year	-	-	-	**(6,844)**	**3,639**	**(3,086)**	**(6,291)**
Adjustment for 2013 – deferred tax				**728**			**728**
Allocation of 2012 result	-	-	45	-	(8,662)	8,617	-
Balance as at 31 December 2013 (restated)	**12,000**		**161**	**83,504**	**13,395**	**(3,086)**	**105,974**

Unconsolidated Statement of Changes in Shareholders' Equity for the year ended 31 December 2014

	Subscribed capital	Capital reserves	Legal reserves	Revaluation reserves	Retained earnings	Profit/(Loss) of the current year	Total
Balance as at 31 December 2013 (restated)	**12,000**	-	**161**	**83,504**	**13,395**	**(3,086)**	**105,974**
Loss for 2014	-	-	-	-	-	*(42,859)*	*(42,859)*
Revaluation reserve Farina d.o.o.	-	-	-	(16,414)	16,414	-	-
Reversal of fair value reserve for financial asset available for sale	-	-	-	3,205	-	-	*3,205*
Other comprehensive income, net of tax (depreciation of revaluation and unrealised loss per portfolio available for sale)	-	-	-	(2,911)	2,911	-	-
Total comprehensive income for the year	-	-	-	**(16,120)**	**19,325**	-	***3,205***
Income tax transfer	-	-	-	-	99	-	*99*
Decrease of deferred tax liability	-	-	-	-	4,831	-	4,831
Share premium on IPO	-	87,004	-	-	-	-	87,004
Allocation of capital gains on IPO	7,016	-	-	-	-	-	7,016
Dividends paid	-	-	-	-	(2,399)	-	(2,399)
Decrease of capital reserves for capitalisation costs		(1,625)					(1,625)
Allocation of 2013 result			22		(3,108)	3,086	-
Balance as at 31 December 2014	**19,016**	**85,379**	**183**	**67,384**	**32,143**	**(42,859)**	**161,246**

Approved on behalf of the Company as of 20 April 2015.

Hrvoje Filipović, M.Econ.
President of the Management Board

Granolio
d.d., Budmanijeva 5
Zagreb

Tomislav Kalafatić, M.Econ.
Member of the Management Board

* The accompanying notes are an integral part of these unconsolidated financial statements.

Unconsolidated Statement of Cash Flows

in thousands of HRK

	2012 restated	2013 restated	2014
Cash flow from operating activities			
1. Loss/ Profit before income tax	(8,617)	(3,086)	(42,859)
2. Depreciation of non-current tangible assets	11,085	9,792	8,118
3. Amortisation of non-current intangible assets	126	126	1,134
4. Increase/ decrease of prepayments and accrued income	(374)	(391)	(513)
5. Increase/ decrease of accrued expenses and deferred income	235	(228)	(10)
6. Loss on disposal of non-current tangible assets	-	5	38
7. Value adjustment of financial assets	32	35	13,001
Impairment of financial assets	-	-	13,088
7. Other cash inflow/ outflow	-	-	3,304
8. Increase/ decrase in inventories	(27,206)	(4,963)	(12,480)
9. Increase/ decrease in current liabilities	18,847	25,173	13,871
10. Decrease/ increase in current receivables	(8,122)	(20,482)	(5,251)
A Net cash flow from operating activities	**(13,994)**	**5,981**	**(8,559)**
Cash flow from investing activities			
1. Proceeds from sale of tangible assets	89	1,361	-
2. Purchases of tangible and intangible assets	(7,390)	(3,063)	(140,684)
3. Goodwill acquisition	-	-	(60,379)
4. Cash outflow per loans given	(10,427)	134,498	460,972
5. Proceeds from loans given	12,243	(141,186)	(468,924)
B Net cash flow from investing activities	**(5,485)**	**(8,390)**	**(209,015)**
Cash flow from financial activities			
1. Proceeds from loans, borrowings granted	918,040	776,297	1,015,876
2. Repayment of borrowings	(892,912)	(780,586)	(991,744)
3. Repayment of earning from previous periods	(8,040)	-	(2,399)
4. Proceeds from IPO	-	-	94,020
5. Cash outflow for IPO costs	-	-	(1,625)
4. Other cash inflow/ outflow from financing activities	6,943	6,571	97,750
C Net cash flow from financing activities	**24,031**	**2,282**	**211,878**
Net increase/ decrease of cash and cash equivalents	**4,552**	**(127)**	**(5,696)**
Cash and cash equivalents at the beginning of the year	2,485	7,037	6,910
Cash and cash equivalents at the end of the year	**7,037**	**6,910**	**1,214**

Approved on behalf of the Company as of 20 April 2015.

Hrvoje Filipović, M.Econ.
President of the Management Board

Tomislav Kalafatić, M.Econ.
Member of the Management Board

Granolio d.d., Budmanijeva 5 Zagreb

* The accompanying notes are an integral part of these unconsolidated financial statements.

Notes to the financial statements

1. GENERAL INFORMATION

Granolio d.d. was founded as a limited liability company in December 1996. The company seat is in Zagreb, and the Company's business units are located in Gornji Draganac, Slavonski Brod, Velika Kopanica, Osijek, Vinkovci and Belje.
Dependent companies of the Granolio Group are:

Zdenka - mliječni proizvodi d.o.o., Veliki Zdenci,
Žitar d.o.o., Donji Miholjac,
Žitar konto d.o.o., Donji Miholjac,
Zdenačka farma d.o.o., Veliki Zdenci,
Prerada žitarica d.o.o., Grubišno Polje.

The principal activities of Granolia d.d. and its subsidiaries include the production of food products, agricultural production, storage of agricultural products and trade in bakery products, agricultural products and production materials for agricultural production.

In mid 2007, 100% of shares in the company Zdenačka farma d.o.o., Veliki Zdenci were bought for the amount of HRK 2,820 thousand. The company produces high quality milk derived from dairy cows of excellent genetic potential.

Based on the General Assembly decision as of 16 March 2015, the share capital of Zdenačka Farma was increased by issuing new shares from the amount of HRK 13,520,000 by the amount of HRK 16,000,000 to the amount of HRK 29,520,000.

In mid 2008, 100% of shares in the company Prerada žitarica d.o.o., Grubišno Polje, were bought for the amount of HRK 5,206 thousand. The company is engaged in the storage and drying of grains.

In 2011, Granolio d.d. acquired a controlling interest enabling it to monitor the decision-making process regarding business operations of its subsidiaries and to make decisions on financial and business policies, on appointing members of the Management Board or to ensure the majority of votes of the members of the Management Board in Zdenka mliječni proizvodi d.o.o. and Žitar d.o.o.

On 31 December 2014 the members of the Management Board of the company Granolio d.o.o. were:
Hrvoje Filipović - President,
Vladimir Kalčić - Member,
Drago Šurina - Member and
Tomislav Kalafatić - Member.

On 31 December 2014 members of the Supervisory Board of the company Granolio d.o.o. were:
Franjo Filipović - President,
Jurij Detiček - Member,
Braslav Jadrešić - Member.

2. BASIS OF PREPARATION

(i) Statement of compliance

The unconsolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

These unconsolidated financial statements have been prepared for the Company. Unconsolidated financial statements of the Company and its dependent companies, which have to be prepared by the Company in line with IFRS standards and Croatian law, have been issued separately.

These financial statements were authorised by the Management Board on 20 April 2015.

(ii) Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis, except for land and building sites expressed based on an estimate, financial assets and liabilities at fair value through profit or loss and derivatives measured at fair value.

(iii) Functional and presentation currency

These financial statements are prepared in Croatian kuna (HRK), which is also the functional currency, rounded to the nearest thousand.

Business events and transactions in foreign currency are translated into HRK according to the exchange rate applicable on the day of the business event or transaction. Assets and liabilities expressed in foreign currency are translated based on the exchange rate applicable on the date of statements. Profit or loss from exchange differences from the day of transaction to the date of financial statements are recognized in the comprehensive profit statement.

(iv) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the Management Board to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about estimates on the value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The revision to accounting estimates is recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by the Management Board in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material judgements in the next year are discussed in note 5.

3. SUMMARY OF BASIC ACCOUNTING POLICIES

The Company's principal accounting policies adopted in the preparation of these financial statements are set out below. These accounting policies have been applied consistently by the Company and all subsidiaries for all the periods included in these financial statements.

3.1 Revenue recognition

The revenue comprises the fair value of the consideration received or receivable for the sale of products, goods or services in the ordinary course of the Company's activities. The revenue is shown in the amounts which are decreased by value added tax, volume rebates and sale discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the Company and specific criteria have been met for all the Company's activities as described below.

(i) Revenue from wholesale sale of products and merchandise

The Company manufactures and sells its own products and goods of third parties in the wholesale. Revenue from wholesale is recognized when the Company has delivered the products to the wholesaler, there is no continuing management involvement over the goods and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products.

The delivery is completed when the products have been shipped to the specified location, the risks of loss have been transferred to the wholesaler and either of the following has occurred: the wholesaler has accepted the products in accordance with the contract, or the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied.

Products are sold with volume discounts and customers have a right to return products in case of defect. Revenue from sale is recorded based on the price specified in the sale contract, decreased by estimated volume rebates and trade discounts and returns. Accumulated experience is used to estimate volume rebates and returns. Volume discounts are assessed based on anticipated annual purchase. The sale containing elements of financing, i.e. with a credit term longer that 60 days, is classified in short-term financial assets.

(ii) Revenue from retail sale of products and merchandise

Revenue from retail sale of products and merchandise is recognised when the Company sells the merchandise to the customer. Revenue from retail sale is realized in cash. The Company does not operate any customer loyalty programmes.

(iii) Revenue from services

Revenue from services is recognised in the accounting period in which the services are rendered, by reference to stage of completion, on the basis of actual service provided as a proportion of the total services to be provided.

(iv) Finance income

Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised when the right to receive payment is established.

3. SUMMARY OF BASIC ACCOUNTING POLICIES (CONTINUED)

3.2 Leases

The Company leases certain property, plant and equipment. The lease of property, plant and equipment where the Company has substantially all the risks and rewards from the ownership are classified as finance leases. Finance leases are capitalized at the inception over the lower of lease at fair value of the leased property and the present value of minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the finance costs is charged to the comprehensive income statement over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Leases where the significant portion of risks and rewards of ownership are not retained by the Company are classified as operating leases. Payments made under operating leases are shown in the statement of comprehensive income on a straight-line basis over the period of the lease.

3.3 Foreign currencies

Transactions and balances in foreign currencies

Transactions in foreign currencies are expressed in functional currency at the foreign exchange rate valid at the date of transaction. Monetary assets and liabilities denominated in a foreign currency at the reporting date are translated into the functional currency at the foreign exchange rate valid at the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transaction of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Non-monetary assets and items that are measured in terms of historical cost of a foreign currency are not retranslated.

Non-monetary assets and liabilities denominated in a foreign currency, which are stated at historical cost are translated into functional currency at the foreign exchange rate valid at the date of transaction.

As of 31 December 2014, the official exchange rate for 1 EUR was 7.661471 HRK, on 31 December 2013 for 1 EUR it was 7.637643 HRK.

3.4 Dividends

Dividend distribution to the Company's shareholders is recognised as liability in the financial statements in the period in which the dividends are approved by the General Meeting of the Company.

3.5 Segment reporting

A segment is a distinguishable component of the Company that is engaged either in manufacturing products or providing services (business segment) or manufacturing products or providing services within a particular economic environment (geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Company internally monitors and reports the following segments:

- Milling
- Wholesale
- Cattle breeding
- Services

The Company identifies operating segments on the basis of internal reports about components of the Company are regularly reviewed by the chief operating decision maker (the Management Board of the Company) in order to allocate resources to the segments and to assess their performance. Details on the operating segments are disclosed in note 8 to the unconsolidated financial statements. Comparative information is presented using the comparability principle.

3. SUMMARY OF BASIC ACCOUNTING POLICIES (CONTINUED)

3.6 Taxation

(i) Corporate income tax

Corporate income tax expense comprises current and deferred tax. Corporate income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity in which case it is recognised in other comprehensible income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax assets and liabilities

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and the differences pertaining to investments into subsidiaries and jointly controlled entities where it is probable that the situation will not change in the near future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws in force on the reporting date.

(iii) Tax exposure

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgements regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period in which such a decision is made.

(iv) Value added tax (VAT)

The Tax Administration requires the settlement of VAT on a net basis. VAT related to sales and purchases is recognised and disclosed in the unconsolidated statement of financial position on a net basis. Where a provision has been made for impairment of receivables, impairment loss is recorded for the gross amount receivable, including VAT.

3.7 Intangible assets

Intangible assets may be acquired in exchange for non-cash asset or assets, or a combination of cash and non-cash assets, whereby the cost of such intangible asset is determined at fair value unless the exchange transaction lacks commercial substance or the fair value of items received or assets disposed of cannot be reliably measured, in which case the carrying value is determined as the carrying amount of the asset disposed of.

(i) Brands and customer agreements

Customer agreements have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated using the straight-line method over their estimated useful life of 6 years.

Rights to acquired trademarks are carried at cost and have an indefinite useful life since, because based on an analysis of all the relevant factors at the reporting date, there is no foreseeable limit to the period of time over which identified rights are expected to generate net cash flows. Intangible assets with indefinite useful lives are tested annually for impairment and are stated at cost less accumulated impairment loss.

3. SUMMARY OF BASIC ACCOUNTING POLICIES (CONTINUED)

3.7 Intangible assets (continued)

(ii) Computer software

Software licences are capitalised on the basis of costs incurred to acquire and bring the software to use. These costs are amortised over their estimated useful life of 5 years.

(iii) Goodwill

Goodwill and excess of fair value of acquired assets over the acquisition cost represent the difference of acquisition cost and acquirer share in the total fair value of assets and liabilities on the day of acquisition.
Goodwill is subject to the impairment test on any reporting date of statement, as defined in the note *Intangible assets impairment test.*

3.8 Impairment of property, plant and equipment intangibles

At each reporting date, the Company reviews the carrying amounts of its property, plant, equipment and intangibles to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units or, otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with definite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease in accordance with the relevant Standard containing requirements for revaluation of the underlying assets.

Where impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is credited immediately to income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase in accordance with the relevant Standard containing requirements for revaluation of the underlying asset.

3.9 Inventories

Inventories of raw material and spare parts are stated at the lower of acquisition cost and net realisable value. The cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The cost of work-in-progress and finished goods comprises raw material, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Trade goods are carried at the lower of purchase cost and selling price (less applicable taxes and margins).

Low valued inventory and tools are expensed when put into use.

3. SUMMARY OF BASIC ACCOUNTING POLICIES (CONTINUED)

3.10 Trade receivables

Trade receivables are recognised initially at cost which is equal to the fair value at the moment of recognition and subsequently measured at amortised cost using the effective interest method, if significant, if not , based on the face amount, less an allowance for impairment. An impairment allowance for trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the allowance is the difference between the asset's carrying amount and recoverable receivables account.

3.11 Cash and cash equivalents

Cash and cash equivalents include bank accounts and petty cash. In the unconsolidated statement of financial position, bank overdrafts are included within current liabilities.

3.12 Share capital

Share capital consists of ordinary shares. Incremental costs directly attributable to the issue of new shares or options are shown net of the proceeds of those transactions and corporate income tax. Any excess of the fair value of the consideration received over the fair value of the shares issued is recognised as capital gain.

3.13 Employee benefits

(i) Pension obligations and post-employee benefits

In the normal course of business through salary deductions, the Company makes payments to mandatory pension funds on behalf of its employees as required by law. All contributions made to the mandatory pension funds are recorded as salary expense when incurred. The Company is not obliged to provide any other post-employment benefits.

(ii) Long-term employee benefits

The Company does not recognise the liability for long-term employee benefits (jubilee awards) due to the fact that jubilee award payment is neither included in the work contracts nor determined by other legal acts.

(iii) Short-term employee benefits

The Company recognizes a provision for employee bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Share-based compensation

The Company does not operate a share-based compensation plan.

3.14 Financial assets

Financial assets are recognised and de-recognised on the trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through the statement on comprehensive income, which are initially measured at fair value.

Financial assets are classified into the following categories: "financial assets at fair value through profit or loss" (FVTPL), "available-for-sale financial assets" (AFS) and "loans and receivables". Classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3. SUMMARY OF BASIC ACCOUNTING POLICIES (CONTINUED)

3.14 Financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

Financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future, or
- it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking, or
- it is a derivative that is not designated and effective as hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis, or,
- it forms a part of a contract containing one or more embedded derivatives and IAS 39 "Financial instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL. .

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognized in a unconsolidated statement of comprehensive income. The net gain or loss recognised in the unconsolidated statement of comprehensive income incorporated any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 5.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale financial assets or are classified as a) loans and receivables, b) held-to-maturity investments or c) financial assets at fair value through profit or loss.

Dividends on available-for-sale financial assets equity instruments are recognised in the unconsolidated statement of comprehensive income when the Company's right to receive the dividends is established.

Fair value of available-for-sale financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. Change in fair value related to foreign exchange differences arising from changes in amortised cost of the asset is recognised in the unconsolidated statement of comprehensive income, and other changes are recognised in the principal

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables, based on loans, and other receivables with fixed or determinable payments are measured at amortised cost using the effective interest method, less any cumulative impairment losses.

Income from interest is recognised by applying the effective interest rate except for short-term receivables where the recognition of interest is not material.

3. SUMMARY OF BASIC ACCOUNTING POLICIES (CONTINUED)

3.14 Financial assets (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For securities classified as available for sale, significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include

- significant financial difficulty of the Company or a counterparty or
- breach of contract, such as a default or delinquency in interest or principal payments or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 360 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When the trade receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment loss previously recognised in profit or loss are not reversed through profit or loss and any increase in fair value subsequent to an impairment loss is recognised as investment revaluation reserve. In respect of available-for-sale debt securities, impairment loss are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SUMMARY OF BASIC ACCOUNTING POLICIES (CONTINUED)

3.14 Financial assets (continued)

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire or if it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. It the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, it recognises its retained interest in the asset and an associated liability for amounts it may have to pay. It the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

During the year, the Company has adopted the following new and amended IFRSs and guidelines of the Committee on International Financial Reporting Interpretations (IFRIC) approved by the EU. If the application of standards or guidelines has had an impact on the financial statements or performance of the Company, the impact is given below.

IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)

IFRS 12 includes the disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet investments. The application of IFRS 12 had no impact on the financial statements. *IAS 28 (revised 2011) Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014)*
IAS 28 (revised 2011) includes the requirements for joint ventures and associates to be equity accounted following the issue of IFRS 11. The application of IAS 28 had no impact on the financial statements.

Amendments to IFRSs 10, 11 and 12 on transitional provisions (effective for annual periods beginning on or after 1 January 2014)

These amendments provide additional exemptions in the application of IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information for only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before the first application of IFRS 12. The adoption of these amendments did not have any impact on the financial statements.

Amendment to IAS 32 Financial Instruments: Disclosures related to the offsetting of assets and liabilities (issued in December 2012 and effective for annual periods beginning on or after 1 January 2014)

The amendments serve as guidelines for the application of IAS 32 Financial Instruments: Presentation and clarification of some of the requirements for offsetting financial assets and financial liabilities in the statement of financial position. The adoption of the amendment did not have any impact on the financial statements.

The amendment to IAS 36 Disclosures related to the impairment of assets to the recoverable amount (published on 29 May 2013, effective for annual periods beginning on 1 January 2014)

The amendment outlines the information required to be disclosed in connection with the recoverable amount of impaired assets if the amount is based on fair value less costs of disposal. The amendment affects disclosure only and has no impact on the measurement and recognition of assets in the financial position or performance of the Company. The adoption of the amendment did not have any impact on the financial statements.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONTINUED)

IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2015)

IFRS 9 is the first standard issued as part of a wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of the classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The Company does not expect IFRS 9 to have an impact on financial statements and plans to adopt the new standard on the date it comes into effect and after its approval by the EU.

IFRIC 21 Levies (published on 20 May 2013, effective for annual periods beginning on 1 January 2014)

The interpretation relates to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 establishes the criteria for the recognition of a liability, one of which is the requirement that the entity has a present obligation as a result of a past event (binding event). The Interpretation clarifies that the binding event that creates the obligation to pay the levy represents the activity described in the relevant law which requires the payment of levies. Management does not expect IFRIC 21 to have an impact on financial statements and plans to adopt the new standard on the date it comes into effect and after its approval by the EU.

Amendments to IAS 19 - Defined employee benefits: Contributions for employees (published in November 2013, effective for annual periods beginning on 1 July 2014)

The amendment allows entities to recognise the contributions of employees as a reduction in labour costs in the period in which the employees performed the work, instead of recognising the contributions based on the years of work, in the event that the amount of contributions does not depend on the number of years of work. The amendment is not relevant to the Company's operations.

The Company has not previously applied any International Financial Reporting Standard whose application was not mandatory on the reporting date. Where the standards' transitional provisions allow for the choice between the prospective or retrospective application, the Company has chosen the prospective application as of effective date.

5. KEY ACCOUNTING JUDGEMENTS AND ESTIMATES

Key judgements in applying accounting policies

The preparation of financial statements in conformity with IFRS requires the Management Board to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Consequences of certain court proceedings

Individual companies within the Company are parties in disputes and proceedings which have arisen from the regular course of their operations. The Management Board makes estimates of probable outcomes of the legal actions and the provisions for the Company's obligations arising from these legal actions are recognised on a consistent basis.

(ii) Recoverability of trade and other receivables

The recoverable amount of trade and other receivables is estimated at present value of future cash flows discounted at the market interest rate at the measurement date. Short-term receivables with no stated interest rate are measured by the amount of original invoice if the effect of discounting is not significant.

5. KEY ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(iii) Impairment of intangible assets, including goodwill

The Company tests goodwill, brands and rights for impairment on an annual basis. They have been allocated to cash generating units within the milling segment at their carrying amount at the reporting date as follows:

	in thousands of HRK
	31 December 2014
Registered trademarks	120,000
Goodwill	60,379
Client list	9,028
Software and other intangible assets	94
	189,501

The recoverable amount of cash generating units is determined based on value-in-use calculation based on cash flow projections from financial budgets approved by the Management Board and cover a period of five years.
Intangible assets other than software and other intangible assets were created as a result of acquisitions in the milling segment. On 31 December 2014, the Company conducted a test for the impairment of goodwill and registered trademarks.
The conducted test has not identified any indications of impairment of intangible assets.

6. CONTINGENT LIABILITIES

There is an ongoing dispute with Osatina Group Ltd., in which the Company is a defendant, for payment of the amount of 5,020 thousand kuna along with the associated default interest.
The Management believes that the factual and legal basis do not provide the plaintiff with the legal standing to conduct these proceedings, and that the claim of the plaintiff, Osatina Group Ltd., will be rejected. It should be emphasised that on 26 March 2015, the Company received an official letter from Osatina Group Ltd. which acknowledged the above objection based on the lack of legal standing and announced the withdrawal of the complaint in the case but also an official letter from AC Osatina (another legal entity) which requires payment of the same debt under the threat of the initiation of enforced collection.

Notes to the financial statements (continued)

7. PARALLEL DATA AND OPENING BALANCE ADJUSTMENT

in thousands of HRK

		31 December 2013 published	Correction	31 December 2013 restated
I NON-CURRENT ASSETS				
1. Intangible Assets		141	-	141
2. Tangible Assets		146,020	-	146,020
3. Long-term financial assets		122,058	-	122,058
4. Long-term receivables		15	-	15
II CURRENT ASSETS				
Inventories	(f)	95,463	(10,031)	85,432
1. Short-term receivables		113,698	-	113,698
2. Short-term financial assets		110,964	-	110,964
3. Cash and cash equivalents		6,910	-	6,910
Prepayments and accrued income	(d)	5,100	(4,239)	861
TOTAL ASSETS		**600,369**	**(14,270)**	**586,099**
I CAPITAL AND RESERVES				
1. Subscribed capital		12,000	-	12,000
2. Legal reserves		161	-	161
3. Revaluation reserves	(c)	105,181	(21,677)	83,504
4. Retained earnings	(b)	22,907	(9,512)	13,395
5. Result for the current year		451	(3,537)	(3,086)
II NON-CURRENT LIABILITIES				
1. Deferred tax liability	(c)	-	21,677	21,677
2. Loans and deposits and similar	(e)	446	(446)	-
3. Amounts owed to banks and other financial institutions	(e)	84,056	446	84,502
4. Liabilities towards related parties		13,365	-	13,365
III CURRENT LIABILITIES				
1. Liabilities towards related parties	(e)	3,333	-	3,333
2. Loans and deposits and similar	(e)	16,407	(13,527)	2,880
3. Amounts owed to banks and other financial institutions	(e)	214,770	13,527	228,297
4. Advance payments received		3,760	-	3,760
5. Trade payables	(e)	105,639	-	105,639
6. Securities payable		13,044	-	13,044
7. Liabilities for taxes, contributions, etc.		686	-	686
8. Other current liabilities		2,932	-	2,932
Accrued expenses and deferred income	(d)	1,231	(1,221)	10
TOTAL EQUITY AND LIABILITIES		**600,369**	**(14,270)**	**586,099**

7. PARALLEL DATA AND OPENING BALANCE ADJUSTMENT (CONTINUED)

in thousands of HRK

		31 December 2012 published	Correction	31 December 2012 restated
I NON-CURRENT ASSETS				
1. Intangible Assets		97	-	97
2. Tangible Assets		154,284	-	154,284
3. Long-term financial assets		125,202	-	125,202
4. Long-term receivables		15	-	15
II CURRENT ASSETS				
Inventories	(f)	89,980	(9,512)	80,468
1. Short-term receivables		78,880	(188)	78,692
2. Short-term financial assets		117,906	188	118,094
3. Cash and cash equivalents		7,037	-	7,037
Prepayments and accrued income		470	-	470
TOTAL ASSETS		**573,871**	**(9,512)**	**564,359**
I CAPITAL AND RESERVES				
1. Subscribed capital		12,000		12,000
2. Legal reserves		116		116
3. Revaluation reserves	(c)	112,025	(22,405)	89,620
4. Retained earnings		18,418		18,418
5. Result for the current year		895	(9,512)	(8,617)
II NON-CURRENT LIABILITIES				
1. Deferred tax liability	(c)		22,405	22,405
2. Loans and deposits and similar		15,719		15,719
3. Amounts owed to banks and other financial institutions	(e)	680	(680)	-
4. Liabilities towards related parties	(e)	51,996	680	52,676
III CURRENT LIABILITIES				
1. Liabilities towards related parties		3,390		3,390
2. Loans and deposits and similar	(e)	21,349	(18,149)	3,200
3. Amounts owed to banks and other financial institutions	(e)	244,706	18,149	262,855
4. Advance payments received		2,866		2,866
5. Trade payables		72,273		72,273
6. Securities payable		6,908		6,908
7. Liabilities for taxes, contributions, etc.		5.855		5,855
8. Other current liabilities		4,437		4,437
Accrued expenses and deferred income		238		238
TOTAL EQUITY AND LIABILITIES		**573,871**	**(9,512)**	**564,359**

Notes to the financial statements (continued)

7. PARALLEL DATA AND OPENING BALANCE ADJUSTMENT (CONTINUED)

	Note	2013 published	Correction	2013 restated
Sales revenue	(a)	540,476	1,674	542,150
Other operating income	(a) (b)	14,139	(5,491)	8,648
Total operating income		**554,615**	**(3,817)**	**550,798**
Change in inventories of finished goods and work in progress		(725)	-	(725)
Material costs	(b)	(174,377)	9,512	(164,865)
Cost of goods sold		(290,394)	-	(290,394)
Other external costs		(30,174)	-	(30,174)
Staff costs		(18,896)	-	(18,896)
Depreciation and amortisation		(9,918)	-	(9,918)
Value adjustment of current assets	(f)	(34)	(6,215)	(6,249)
Other costs		(4,233)	-	(4,233)
Other operating expenses	(d)	(8,531)	(3,017)	(11,548)
Total operating costs		**(537,282)**	**280**	**(537,002)**
Net financial result		**(15,235)**	-	**(15,235)**
Result before tax		**2,098**	**(3,527)**	**(1,439)**
Income tax		(1,647)	-	(1,647)
Profit/(loss) after tax		**451**	**(3,527)**	**(3,086)**

	Note	2012 published	Correction	2012 restated
Sales revenue	(a)	603,841	-	603,841
Other operating income	(a) (b)	17,097	(9,512)	7,585
Total operating income		**620,938**		**611,426**
Change in inventories of finished goods and work in progress		(265)	-	(265)
Material costs	(b)	(168,822)	(303)	(169,125)
Cost of goods sold		(362,690)	-	(362,690)
Other external costs		(23,725)	-	(23,725)
Staff costs		(20,662)	-	(20,662)
Depreciation and amortisation		(11,211)	-	(11,211)
Value adjustment of current assets	(f)	(5,420)	-	(5,420)
Other costs		(32)	-	(32)
Other operating expenses	(d)	(6,863)	303	(6,560)
Total operating costs		**(599,690)**	**-**	**(599,690)**
Net financial result		**(18,763)**	**-**	**(18,763)**
Result before tax		**(2,485)**	**(9,512)**	**(7,027)**
Income tax		(1,590)	-	(1,590)
Profit/(loss) after tax		**895**	**(9,512)**	**(8,617)**

7. PARALLEL DATA AND OPENING BALANCE ADJUSTMENT (CONTINUED)

For the purpose of issuing financial statements for the year that ended on 31 December 2014, the Company has restated reports for the previous years of 2013 and 2012 for the sake of transparency, comparability and the complete display of information in accordance with IFRS 8 as follows:

(a) Reclassification of income from provision of transport services from the position of "Other operating income" to "Revenue from sales" was made.

(b) In the years 2012 and 2013, resources were corrected in accordance with IFRS 2 for the revaluation of the same and results reduced by the amount of 9,512,000 kuna in 2012 and 3,817,000 kuna in 2013, and in 2013 increased by 9,512,000 kuna, as the resources were sold.

(c) A deferred tax liability was detached from the revaluation reserves in accordance with IFRS 12.

(d) In 2013, the positions of "Prepaid expenses and accrued income" and "Accrued expenses and deferred income" were corrected by the amount of compensation for damages in accordance with a court ruling related to the dispute with the Osatina Agricultural Co-operative, and the result for the period was reduced by the amount of 3,017,000 kuna.

(e) Reclassification of long-term and short-term liabilities was carried out for financial leasing, factoring companies and other financial institutions from the position of "Liabilities for loans, deposits and other" to the position of "Liabilities to banks and other financial institutions" to the amount of 18,149 thousand kuna in 2012 and 13,527,000 kuna in 2013.

(f) The Company corrected its resources by a total value of 10,031,000 kuna in 2013, and 9,512,000 kuna in 2012. Of the total listed value in 2013, the warehouse resources of AC Osatina amounted to 6,214,000 kuna and were written off in accordance with the court ruling. The rest of the impairment of resources in 2013 and the full amount in 2012 represent the value of the revaluation of resources, described in point (b), which has in the statement of comprehensive income been expressed as a decrease in other operating incomes.

8. SALES INCOME

in thousands of HRK

	2012	2013	2014
Domestic sales revenue	510,302	369,650	525,967
Revenue from sales abroad	86,683	164,131	47,208
Revenues from services	6,856	8,369	23,912
	603,841	**542,150**	**597,087**

Reporting segments form an integral part of internal financial statements. Internal financial statements are regularly reviewed by the Management Board of the Company which also makes all the most important business decisions and which then evaluates the business operations effectiveness and makes its business decisions accordingly.

The Group follows its business activities through the following segments:

- Milling
- Dairy production
- Wholesale
- Other

Analysis of revenues by type of activity

Set out below is an analysis of the Group's revenue and results by its reportable segments presented in accordance with IFRS 8 and a reconciliation of segment profits to profit or loss before tax as presented in the consolidated statement of comprehensive income.

in thousands of HRK

	2012	2013	2014
Milling	204,882	211,567	259,531
Wholesale	387,828	319,329	311,937
Cattle breeding	4,275	2,884	1,707
Services	6,856	8,370	23,912
	603,841	**542,150**	**597,087**

Territorial analysis of revenue from sales

in thousands of HRK

	2012	2013	2014
Croatia	517,158	377,985	550,867
Italy	20,290	63,761	11,402
Slovenia	192	1,576	10,390
BIH	26,280	9,576	7,237
Serbia	12,693	11,791	6,984
Switzerland	8,166	33,531	6,155
Romania	-	5,875	3,164
Hungary	260	5,612	835
Slovakia	-	-	53
Austria	-	5,588	-
France	2,249	5,913	-
Kosovo	-	41	-
The Netherlands	7,536	16,160	-
Germany	9,017	4,741	-
	603,841	**542,150**	**597,087**

9. OTHER OPERATING INCOME

in thousands of HRK

	2012 restated	2013 restated	2014
Subsequent approvals from suppliers	4,052	3,608	4,326
Subsequently determined revenue	674	62	1,576
Inventory surplus	1,203	476	1,352
Revenues from subventions	73	173	286
Other operating income	1,583	4,329	515
	7,585	**8,648**	**8,055**

The item "other operating income" mostly relates to the income from sale of non-current tangible assets (2013: 3.043 thousands of HRK; 2014: 88 thousands of HRK).

In accordance to IFRS 2 in 2012 and 2013 other operating income and inventories were corrected for the value of their revaluation; other operating income were decreased in 2012 in the amount of 9,512 thousands of HRK, and in 2013 in the amount of 3,817 thousands of HRK.

10. MATERIAL COSTS

The structure of material costs is as follows:

in thousands of HRK

	2012 restated	2013 restated	2014
Raw material and material costs	156,843	150,763	199,002
Consumed energy	5,825	8,000	16,385
Ullage, spillage, breakage and inventory defect	2,604	2,605	3,149
Inventory cost of sold livestock	3,010	3,045	1,662
Small inventory	607	153	301
Other material costs	235	299	272
Raw material and material costs	**169,124**	**164,865**	**220,771**
Cost of goods sold	**362,690**	**290,394**	**301,388**
Telephone, postal and transport services	11,029	14,770	19,363
Rent services	3,216	2,861	7,787
Maintenance and security services	2,211	2,433	2,658
Cost of milling sevices	-	-	2,033
Intellectual services	1,461	1,509	1,568
Quality control services	735	1,117	1,310
Other reinvoiced costs	964	1,002	1,244
Marketing and sponsorship services	1,624	1,296	782
Other selling costs (shipping agent, goods manipulation etc.)	355	3,551	2,882
Other external costs	2,131	1,634	2,128
Other external costs	**23,726**	**30,174**	**41,755**
	555,540	**485,433**	**563,914**

Notes to the financial statements (continued)

11. STAFF COSTS

in thousands of HRK

	2012	2013	2014
Net salaries	11,417	10,643	10,107
Expenses for taxes and contributions from salaries	6,445	5,769	4,069
Contributions on salaries	2,800	2,484	2,353
	20,662	**18,896**	**16,529**

12. VALUE ADJUSTMENT OF CURRENT ASSETS

in thousands of HRK

	2012	2013	2014
Trade receivables	32	35	13,001
Inventories	-	6,214	-
	32	**6,249**	**13,001**

In 2014 trade receivables were value adjusted due to their uncollectability, while in 2013 inventories in the warehouse PZ Osatina were value adjusted in the amount of 6,214 thousands of HRK, and were written off in accordance with the court decision.

13. OTHER COSTS

in thousands of HRK

	2012	2013	2014
Bank charges and costs of payment operations	2,770	1,918	2,004
Employee reimbursements, gifts, help	703	734	924
Insurance premiums	487	514	715
Contributions, membership fees and other fees	601	533	512
Taxes non dependant on the result	283	106	298
Per diem for business trips	238	116	210
Other costs	338	312	373
	5,420	**4,233**	**5,036**

14. OTHER OPERATING EXPENSES

in thousands of HRK

	2012	2013 restated	2014
Subsequently approved cassa sconto	4,014	6,134	4,867
Fines, penalties, indemnification	311	4,181	486
Shortage and goods damage	1,008	665	430
Entertainment expenses and gifts	728	335	315
Subsequently determined operating expenses	134	38	199
Donations and Sponsorships	246	147	101
Other operating expenses	119	48	53
	6,560	**11,548**	**6,451**

In 2013 other operating expenses were corrected for the amount of 3,018 thousands of HRK for the value of dispute with Poljoprivredna zadruga Osatina. Expenses increase was included in the line „Fines, penalties, indemnification”.

15. FINANCIAL INCOME AND EXPENSES

Financial income

in thousands of HRK

	2012	2013	2014
Interests on granted loans	2,838	2,951	3,388
Penalty interests	2,144	3,333	1,784
Foreign exchange gains	3,097	687	1,288
Stock exchange gains	-	104	251
Profit of participating interests	12	17	11
Other financial income	1,390	96	55
	10,481	**7,188**	**6,777**

Financial expenses

in thousands of HRK

	2012	2013	2014
Interests on loans	20,533	17,013	19,264
Loss from value adjustment of financial assets	-	-	16,453
Discounted interests on bills of exchange	4,710	2,132	6,649
Foreign exchange loss	3,282	2,227	1,613
Penalty interests	712	1,049	583
Other financial expenses	7	2	13
	29,244	**22,423**	**44,575**

Loss from value adjustment of financial assets for the year ended 31 Deecember 2014 includes value adjustement cost of financial assets, and relates to the following:

		in thousands of HRK
Value adjustment of trade loans		5,417
Value adjustment of granted loans	(a)	2,611
Investments in participating intereests	(b)	5,648
Investment in securities	(c)	2,777
		16,453

(a) Impairment of granted loans to related parties (Tepih galerija d.o.o. and Fives d.o.o.) amounts to 2,322 thousands of HRK.

(b) Impairment of investment in the company Zagrebačke pekarne Klara d.d. Shares of the company Klara are reclassified to the assets classified at fair value through profit or loss based on IAS 39, whereas the reserve formed by application of value of shares in previous years and due to constant loss being realised by the company Klara zagrebačke pekarne d.d. debited the current year result.

At the end of the period the Company has tested its investments for impairment, and has additionally value adjusted investment in the shares of the companies Klara zagrebačke pekarne d.d. and Prehrana trgovina d.o.o. for the amount of 2,443 thousands of HRK.

(c) Decrease of bill of exchange value in commercial operations (2,003 thousands of HRK) and portfolio (774 thousands HRK).

16. INTANGIBLE ASSETS

Movements in intangible assets in 2013

	Software	Total intangible assets
Purchase value		
As on 01.01.2013	1,128	1,128
Direct increase over the year	170	170
As on 31.12.2013	**1,298**	**1,298**
Value adjustment		
As on 01.01.2013	1,031	1,031
Amortisation for 2013	126	126
As on 31.12.2013	**1,157**	**1,157**
Current value		
As on 01.01.2013	**97**	**97**
As on 31.12.2013	**141**	**141**

Movements in intangible assets in 2014

in thousands of HRK

	Goodwill	Trademarks, concessions, liceneces	Customers' lists	Software	TOTAL
Purchase value					
As on 01.01.2014	-	-	-	1,331	**1,331**
Direct increase over the year	60,379	120,000	10,000	115	**190,494**
Transfer from investments	-	-	-	-	**-**
As on 31.12.2014	**60,379**	**120,000**	**10,000**	**1,446**	**191,825**
Value adjustment					
As on 01.01.2014	-	-	-	1,190	**1,190**
Amortisation for 2014	-	-	972	162	**1,134**
As on 31.12.2014	**-**	**-**	**972**	**1,352**	**2,324**
Current value as on 01.01.2014	**-**	**-**	**-**	**141**	**141**
Current value as on 31.12.2014	**60,379**	**120,000**	**9,028**	**94**	**189,501**

17. TANGIBLE ASSETS

Movements in tangible assets in 2013

	Land	Buildings	Plant and equipment	Other tangible assets	Property investment	Investment in progress	TOTAL
Purchase value							
As on 01.01.2013	8,182	160,375	78,807	133	-	282	247,779
Direct increase over the year	-	-	1,319	10	1,361	203	2,893
Transfer from investments	-	40	200	-	-	(240)	-
Sale	-	-	(19)	-	(1,361)	-	(1,380)
Write-off		-	(4)	-	-	-	(4)
As on 31.12.2013	**8,182**	**160,415**	**80,303**	**143**	**-**	**245**	**249,288**
Ispravak vrijednosti							
As on 01.01.2013	-	37,515	55,895	85	-	-	93,495
Depreciation for 2013	-	1,674	4,471	8	-	-	6,153
Sale	-	-	-	-	-	-	0
Write-off and shortage	-	-	(19)	-	-	-	(19)
Depreciation of revaluation	-	2,165	1,474	-	-	-	3,639
As on 31.12.2013	**-**	**41,354**	**61,821**	**93**	**-**	**-**	**103,268**
Current value as on 01.01.2013	**8,182**	**122,860**	**22,912**	**48**	**-**	**282**	**154,284**
Current value as on 31.12.2013	**8,182**	**119,061**	**18,482**	**50**	**-**	**245**	**146,020**

Notes to the financial statements (continued)

17. TANGIBLE ASSETS (CONTINUED)

Movements in tangible assets in 2014

	Land	Buildings	Plant and equipment	Other tangible assets	Property investment	Investment in progress
Purchase value						
As on 01.01.2014	8,182	160,415	80,303	143	245	249,288
Direct increase over the year	-	163	3,542	32	6,832	10,569
Transfer from investments	-	1,448	4,038	-	(5,486)	-
Sale	-	-	(250)	-	-	(250)
As on 31.12.2014	**8,182**	**162,026**	**87,633**	**175**	**1,591**	**259,607**
Ispravak vrijednosti						
As on 01.01.2014	-	41,354	61,821	93	-	103,268
Depreciation of revaluation.	-	2,165	1,474	-	-	3,639
Depreciation for 2014	-	1,683	2,795	1	-	4,479
Sale	-	-	(212)	-	-	(212)
As on 31.12.2014	**-**	**45,202**	**65,878**	**94**	**-**	**111,174**
Current value as on 01.01.2014	**8,182**	**119,061**	**18,482**	**50**	**245**	**146,020**
Current value as on 31.12.2014	**8,182**	**116,824**	**21,755**	**81**	**1,591**	**148,433**

18. NON-CURRENT FINANCIAL ASSETS

(a) Investments (shares) in related parties

in thousands of HRK

	31 December 2012	31 December 2013	31 December 2014
Zdenka mliječni proizvodi	42,754	42,754	42,754
Žitar	38,270	38,799	39,332
Zdenačka farma	11,661	11,661	11,661
Prerada žitarica d.o.o.	5,206	5,206	5,206
	97,891	**98,420**	**98,953**

(b) Participating interests (shares)

in thousands of HRK

	31 December 2012	31 December 2013	31 December 2014
Zagrebačke pekarne Klara d.d.	24,182	20,977	19,925
Prehrana trgovina d.d.	1,927	1,927	536
Žitozajednica d.o.o.	1	1	1
	26,110	**22,905**	**20,462**

Participation in ownership structure

	31 December 2012	31 December 2013	31 December 2014
Zdenačka farma	100.00%	100.00%	100.00%
Prerada žitarica d.o.o.	100.00%	100.00%	100.00%
Zdenka mliječni proizvodi	49.99%	49.99%	49.99%
Žitar	49.69%	49.69%	49.69%
Zagrebačke pekarne Klara d.d.	18.25%	18.25%	18.25%
Prehrana trgovina d.d.	11.48%	11.48%	11.48%
Žitozajednica d.o.o.	1.28%	1.28%	1.28%

(c) Loans, deposits and similar assets

in thousands of HRK

	31 December 2012	31 December 2013	31 December 2014
Guarantee deposits	933	433	416
Loans to natural persons	268	300	329
	1,201	**733**	**745**

Guarantee deposits relate to paid deposits per finance lease agreements.

19. LONG-TERM RECEIVABLES

in thousands of HRK

	31 December 2012	31 December 2013	31 December 2014
Long-term receivables	15	15	1,363

Long-term receivables as at 31.12.2014 relate to part of receivables which, according to the Trade Court Decision on the preliquidation agreement, will due in the period longer than one year. The Company has discounted the value of the stated receivables.

20. INVENTORIES

in thousands of HRK

	31 December 2012 restated	31 December 2013 restated	31 December 2014
Raw material	62,713	18,674	11,433
Work in progress	2,596	1,221	857
Nefakturirana roba	-	382	391
Finished goods	2,901	2,043	3,170
Commodities	12,258	63,112	82,061
	80,468	**85,432**	**97,912**

21. TRADE RECEIVABLES, RECEIVABLES FROM GOVERNMENT AND OTHER INSTITUTIONS, AND OTHER RECEIVABLES

a) Trade receivables

in thousands of HRK

	31 December 2012	31 December 2013	31 December 2014
Domestic trade receivables	79,081	81,695	111,182
Foreign trade receivables	4,007	12,470	9,374
Value adjustments of trade receivables	(7,108)	(7,046)	(19,724)
	75,980	**87,119**	**100,832**

Value adjustment of trade receivables

in thousands of HRK

	2012	2013	2014
As on 1.1.	7,861	7,108	7,046
Increase	-	35	13,001
Collection of adjusted claims	(753)	(97)	(323)
Closing balance	**7,108**	**7,046**	**19,724**

Aging structure of due trade receivables for which value adjustment has not been performed has been shown in the following table:

in thousands of HRK

	31 December 2012	31 December 2013	31 December 2014
Not due	36,710	44,991	54,791
0 - 90 days	23,132	28,789	38,350
91 - 180 days	3,524	2,088	5,253
181 - 360 days	2,206	3,675	772
> 360 days	10,408	7,576	1,666
	75,980	**87,119**	**100,832**

The Company has tested all trade receivables for impairment, and has assessed that trade receivables, which are comprised in the category „due more than 360 days“ as on 31 December 2014, are all collectible.

21. TRADE RECEIVABLES, RECEIVABLES FROM GOVERNMENT AND OTHER INSTITUTIONS, AND OTHER RECEIVABLES (CONTINUED)

b) Receivables from government and other institutions

in thousands of HRK

	31 December 2012	31 December 2013	31 December 2014
Advances for corporate income tax	-	-	1,466
Receivables for VAT	1,093	13,853	193
Other receivables from the government and other institutions	100	24	152
	1,193	**13,877**	**1,811**

c) Other receivables

in thousands of HRK

	31 December 2012	31 December 2013	31 December 2014
Receivables for cessions and compensations	3	2,690	1,626
Given advances	621	4,105	1,087
Receivables for interests	658	552	819
Other receivables	7	60	70
	1,289	**7,407**	**3,602**

22. CURRENT FINANCIAL ASSETS

a) Investment in securities

in thousands of HRK

	31 December 2012	31 December 2013	31 December 2014
Investment in shares	1,300	1,300	494
Investment in bills of exchange	2,884	2,821	309
Investment in options	-	337	73
	4,184	**4,458**	**876**

b) Loans, deposits and similar assets

in thousands of HRK

	31 December 2012	31 December 2013	31 December 2014
Granted short-term loans	974	4,147	4,346
Loans for sowing	64,880	50,321	44,343
Granted deposits	24	253	63
	65,878	**54,721**	**48,752**

Loans for sowing

in thousands of HRK

	31 December 2012	31 December 2013	31 December 2014
Loans for sowing			
Granted loans	64,880	50,321	48,507
Value adjustment of given loans for sowing	-	-	(4,164)
	64,880	**50,321**	**44,343**

22. CURRENT FINANCIAL ASSETS (CONTINUED)

Movement of value adjustment – loans for sowing	in thousands of HRK
As on 1 January 2014	-
Increase	5,417
Collection of adjusted claims	(1,253)
Closing balance as on 31 December 2014	**4,164**

Loans for sowing relate to granted trade loans in fertilizers and seed to the agriculturers, which are Company's suppliers in the same time. The majority part of the balance as on 31.12.2014 relates to the following agriculturers: PZ Napredak, Amarilis,Jošavac doo, Adnovas obrt za proizvodne usluge, Kutjevo d.d., and the others.

Aging structure oft he loans for sowing

	in thousands of HRK **31 December 2014**
Not due	25,642
0 - 90 days	15,391
91 - 180 days	1,315
181 - 360 days	-
> 360 days	1,995
	44,343

The Company has tested all trade receivables for impairment, and has assessed that trade receivables, which are comprised in the category „due more than 360 days" as on 31 December 2014, are all collectible.

Granted short-term loans

in thousands of HRK

	31 December 2012	**31 December 2013**	**31 December 2014**
Loans to individuals	894	4,067	4,346
OPG Prodanović Dubravko	69	69	-
Sjemeservis Agro	11	11	-
	974	**4,147**	**4,346**

During 2014 the Company has tested for impairment the value of granted loans, and has value adjusted their value (Note 15).

23. CASH AND CASH EQUIVALENTS

in thousands of HRK

	31 December 2012	**31 December 2013**	**31 December 2014**
Bank accounts - in HRK	6,840	1,830	858
Bank accounts - in foreign currencies	197	5,079	355
Petty cash	-	1	1
	7,037	**6,910**	**1,214**

24. CAPITAL AND RESERVES

Capital represents own permanent working capital. It includes basic shareholder's equity, including legal reserves, revaluation reserves, retained earnings and the current year loss.

Based on the decision of the General Assembly, Granolio d.o.o. was in 2012 conversed into a joint-stock company by issuance of ordinary shares. The share capital in the amount of HRK 5,000,000 was divided into 500,000 common shares of the series "A", with the nominal value of HRK 10 per share.

The company conversion was inscribed in the registry of the Commercial Court in Zagreb on 20 February 2012.

Based on the General Assembly decision the Company's share capital was increased by conversion of retained earnings from the amount of HRK 5,000,000 by the amount of HRK 7,000,000 to the amount of HRK 12,000,000. The share capital was increased by issuing ordinary shares of the nominal value of HRK 10 each, which are taken over by shareholders proportional to their share in the Company's share capital up to that moment. The share capital increase was inscribed in the registry of the Commercial Court in Zagreb on 28 September 2011.

Based on the General Assembly decision as of 2 September 2014 the Company's share capital was increased from the amount of HRK 12.000.000 for the amount of HRK 7.016.430 to the amount of HRK 19.016.430. Based on the call for initial public offering share capital was increased in cash by issuance of 701,643 new ordinary shares on name, nominal value of HRK 10 each, in the intangible form at final unique issue price for every new share of HRK 134. The Company has performed the call for initial public offering (IPO) to register new shares, at least 671,642 to 789,157 of them. IPO was performed in the period 25-27 November 2014.

As on 31 December 2014 the Company's share capital amounts to HRK 19,016,430. Total number of shares amounts to 1,901,643. Nominal value of one share amounts to HRK 10.

The result of IPO was also capital gain in the amount of 87,003 thousands of HRK, which was decreased by the capitalisation costs incurred in the amount of 1,625 thousands of HRK.

As at 31 December 2014 ownership structure of share capital was as follows, while the first 10 shareholders as at 31 December 2014 holds 94.29% of the Company's shares:

	In thousands **Number of shares**	**% ownership**
Hrvoje Filipović	1,155.00	60.74%
Hypo Alpe-adria-bank d.d./PBZ.CO. Obvezni mirovinski fond- kategorija B	150	7.89%
Societe Generale-Splitska banka d.d./Erste plavi OMF kategorija B	149.3	7.85%
Prima ulaganja d.o.o.	111.9	5.89%
HOK - osiguranje d.d.	44.8	2.35%
Agrokor d.d.	52.2	2.75%
Hypo Alpe-adria-bank d.d./SZAIF d.d.	30	1.58%
PBZ d.d.	28	1.47%
Primorska banka d.d. Rijeka	27.1	1.42%
Zagrebačka banka d.d./ZB GLOBAL	22.5	1.18%
Othersi	130.8	6.88%
	1,901.60	**100.00%**

25. DEFERRED TAX LIABILITY

	31 December 2012	31 December 2013	31 December 2014
			in thousands of HRK
Balance as on 1 January	23,132	22,405	21,677
Decrease	(727)	(728)	(4,831)
	22,405	**21,677**	**16,846**

26. AMOUNTS OWED TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2012	31 December 2013	31 December 2014
			in thousands of HRK
Long-term liabilities			
Bank loans	51,996	84,056	50,434
Finance lease	680	446	1,229
	52,676	**84,502**	**51,663**
Short-term liabilities			
Bank loans	244,705	214,770	287,136
Finance lease	282	640	1,201
Factoring	15,815	12,204	-
Other short-term borrowings	2,053	683	-
	262,855	**228,297**	**288,337**
	315,531	**312,799**	**340,000**

Long-term loans are granted in euros and Croatian kuna and are intended for financing the purchase of shares and permanent working capital. Long-term liabilities to lending institutions refer to commercial banks' loans and loans from IBRD and HBOR programmes.

The amount of long-term loans (including financial lease) due on 31 December 2015 is HRK 54,886 thousands and it is recorded in the position of short-term liabilities. Short-term loans of Erste Steiermärkische Bank d.d.i HBOR d.d. in the amount of 20 million HRK are prolonged untill 30 September 2017, and therefore transferred to the category of long-term loans.

Remaining liabilities in the balance are due in the period from 1 January 2016 to the end of October 2019.

Interest rates on long-term loans are related to the treasury bills of the Ministry of Finance of the Republic of Croatia, EURIBOR and LIBOR and, increased by the margin, range from 3.0% to 5.95% per annum.

Received short-term loans are intended for financing liquidity, export credit financing, financing spring sowing and wheat purchase and bridge financing up to closing the acquisition financial arrangement. Liabilities in the balance are due within a year and have fixed interest rates and floating interest rates based on EURIBOR and ZIBOR and treasury bills of the Ministry of Finance of the Republic of Croatia and they range from 4.4% to 9.0% per annum.

Fixed assets value under mortgage for borrowings from banks on 31 December 2014 amounted to HRK 133,385 thousand (on 31 December 2013: HRK 140.345 thousands).

Bank loans are insured by shares in subsidiaries Žitar d.o.o. and Zdenka - mliječni proizvodi d.o.o.

In the middle of April 2014 the Company has entered into new short-term bridge financing for the acquisition of the milling bussiness int he amount of HRK 153 thousands, out of which as at 31 December 2014 was repayed HRK 94,020 thousands.

26. AMOUNTS OWED TO BANKS AND OTHER FINANCIAL INSTITUTIONS (CONTINUED)

Movement of amounts owed to banks and other financial institutions in 2013:

	As on 1.1.2013	Increase of loan liabilities	Repayment of loan principal	Transfer from long-term to short-term portion	Foreign exchange differences	Closing balance 31.12.2013
Long-term loans						
Long-term bank loans	51,996	90,000	-	(58,330)	390	84,056
Long-term finance lease liabilities	680	798	(400)	(640)	8	446
Total	**52,676**	**90,798**	**(400)**	**(58,970)**	**398**	**84,502**
						-
Short-term loans						-
Short-term bank loans	244,705	133,319	(222,375)	58,330	791	214,770
Liabilities towards card companies	2,053	1,852	(3,268)	-	46	683
Liabilities for taken over payment liabilities based on cession, asignation or similar agreement	15,815	50,651	(54,262)	-	-	12,204
Short-term portion of lease agreements	282	-	(282)	640	-	640
Total	**262,855**	**185,822**	**(280,187)**	**58,970**	**837**	**228,297**

Movement of amounts owed to banks and other financial institutions in 2014:

	As on 1.1.2014	Increase of loan liabilities	Repayment of loan principal	Transfer from long-term to short-term portion	Foreign exchange differences	Closing balance 31.12.2014
Long-term loans						
Long-term bank loans	84,056	-	-	(33,685)	63	50,434
Long-term finance lease liabilities	446	2,833	(836)	(1,201)	(13)	1,229
Total	**84,502**	**2,833**	**(836)**	**(34,886)**	**50**	**51,663**
Short-term loans						
Short-term bank loans	214,770	365,384	(326,843)	33,685	140	287,136
Liabilities towards card companies	683	-	(682)	-	(1)	-
Liabilities for taken over payment liabilities based on cession, asignation or similar agreement	12,204	5,259	(17,463)	-	-	-
Short-term portion of lease agreements	640	-	(640)	1,201	-	**1,201**
Total	**228,297**	**370,643**	**(345,628)**	**34,886**	**139**	**288,337**

26. . AMOUNTS OWED TO BANKS AND OTHER FINANCIAL INSTITUTIONS (CONTINUED)

Maturity of bank loans and finance lease liabilities is as follows:

in thousands of HRK

	balance 31.12.2014	2015	2016	2017	2018	2019+
Banks	337,570	287,136	23,470	24,087	2,877	-
Finance lease	2,430	1,201	512	438	174	105
	340,000	**288,337**	**23,982**	**24,525**	**3,051**	**105**

Loan balance in currency (EUR) is presented in the following table::

	31 December 2012	31 December 2013	31 December 2014
Total value of liabilities towards finance institutions state din thousands of EUR	15,139	12,471	9,139

27. LOANS AND DEPOSITS NAD SIMILAR

in thousands of HRK

	31 December 2012	31 December 2013	31 December 2014
Loans from other companies	3,200	2,880	-
	3,200	**2,880**	**-**

28. CURRENT LIABILITIES

(a) Trade payables

in thousands of HRK

	31 December 2012	31 December 2013	31 December 2014
Domestic trade payables	57,837	104,453	106,898
Foreign trade payables	14,436	804	8,032
Liabilities for non-invoiced goods	-	382	391
	72,273	**105,639**	**115,321**

Aging structure of trade payables as at 31 December 2014 was as follows:

in thousands of HRK

	31 December 2014
Not due	69,626
0 - 90 days	40,150
91 - 180 days	4,149
181 - 360 days	588
> 360 days	808
	115,321

28. CURRENT LIABILITIES (CONTINUED)

(b) Securities payable

Securities payable fully relate to liabilities for issued billes of exchange.

(c) Liabilities for taxes, contributions, etc.

in thousands of HRK

	31 December 2012	31 December 2013	31 December 2014
VAT payables	4,556	-	3,550
Taxes and contributions from and on salaries	715	514	567
Other liabilities for taxes and contributions	584	172	184
	5,855	**686**	**4,301**

(d) Other current liabilities

in thousands of HRK

	31 December 2012	31 December 2013	31 December 2014
Liabilities for interests on loans from financial institutions	3,455	2,093	4,879
Liabilities towards employees	941	804	996
Other current liabilities	41	35	22
	4,437	**2,932**	**5,897**

29. ASSUMED LIABILITIES

On 31 December 2014 the Company has liabilities arising from agreements on operating lease for long-term fixed assets acquisition in the total amount of HRK 2,180,000, that have not yet been realised and are not recorded in the consolidated financial position statement.

The contracted payment of liabilities for operating lease for transportation means and production equipment use is as follows:

in thousands of HRK

	31.12.2014	2015	2016	2017	2018	2019+
Operating lease	2,180	808	552	425	267	128
Rent	3,835	1,554	709	546	513	513
	6,015	**2,362**	**1,261**	**971**	**780**	**641**

30. TRANSACTIONS WITH RELATED PARTIES

in thousands of HRK

31 December 2012

	Assets		**Liabilities**	
	Trade receivables	**Loans**	**Long-term liabilities**	**Short-term liabilities**
Žitar d.o.o.	1	1,173	15,719	3,370
Zdenačka farma d.o.o.	41	32,773	-	-
Zdenka- mliječni proizvodi d.o.o.	176	-	-	
Prerada žitarica d.o.o.	-	-	-	20
Stanarka d.o.o.	4	9,553	-	-
Tepih galerija d.o.o.	8	1,148	-	-
F.I.V.E.S. d.o.o.	-	1,173	-	-
Key management	-	2,211	-	-
	230	**48,032**	**15,719**	**3,390**

in thousands of HRK

31 December 2013

	Assets		**Liabilities**	
	Trade receivables	**Loans**	**Trade receivables**	**Loans**
Žitar d.o.o.	-	1,477	13,365	3,253
Zdenačka farma d.o.o.	529	34,906	-	
Zdenka- mliječni proizvodi d.o.o.	-	-	-	32
Prerada žitarica d.o.o.	-	-	-	48
Stanarka d.o.o.	4,392	10,604	-	-
Tepih galerija d.o.o.	8	1,148	-	-
F.I.V.E.S. d.o.o.	366	1,173	-	-
Key management		2,477	-	-
	5,295	**51,785**	**13,365**	**3,333**

in thousands of HRK

31 December 2014

	Assets		**Liabilities**	
	Trade receivables	**Loans**	**Trade receivables**	**Loans**
Žitar d.o.o.	368	3,223	10,853	4,468
Zdenačka farma d.o.o.	378	32,265	-	-
Zdenka- mliječni proizvodi d.o.o.	-	-	-	2
Prerada žitarica d.o.o.	-	-	-	834
Stanarka d.o.o.	4,392	10,718	-	-
Key management	-	5,110	-	-
	5,138	**51,316**	**10,853**	**5,304**

30. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Income and expenses for the years ended 31 December 2012, 31 December 2013 and 31 December 2014, which arise from transactions with related parties, were as follows:

in thousands of HRK

	2012		2013		2014	
	Income	**Expenses**	**Income**	**Expenses**	**Income**	**Expenses**
Žitar d.o.o.	20,894	(25,536)	9,621	(20,410)	14,116	(15,346)
Zdenačka farma d.o.o.	5,525	(135)	4,040	(375)	3,217	(224)
Zdenka- mliječni proizvodi d.o.o.	1,675	(201)	1	(224)	11	(93)
Prerada žitarica d.o.o.	95	(725)	58	(934)	91	(2,342)
Tepih galerija d.o.o.	355	-	5	-	-	-
Stan arka d.o.o.	-	-	4,388	-		-
F.I.V.E.S. d.o.o.	-	-	-	-	-	-
	28,544	**(26,597)**	**18,113**	**(21,943)**	**17,435**	**(18,005)**

The Company's key management consists of members of the Management Board of the company Granolio d.d.

Remuneration paid to the key management in 2014 amounts to HRK 1,326,000 (in 2013: HRK 2,489,000).

During 2014 HRK 194,000 of remuneration to the members of the Supervisory Board was paid (in 2013: HRK 143,000).

31. EARNINGS PER SHARE

in thousands of HRK

	31 December 2012	**31 December 2013**	**31 December 2014**
Loss	(8,617)	(3,086)	(42,859)
Loss allocated to shareholders	(8,617)	(3,086)	(42,859)
Number of shares	1,200,000	1,200,000	1,239,003
Earnings per share	**(7)**	**(3)**	**(35)**

32. SUBSEQUENT EVENTS

In March 2015 the Group has finished the process of business rationalisation and reorganisation int he Sector for production, development and technology, as result of which, due to business optimisation and cost efficiency increase in the flour production, the flour production in the mills Vinkovci and Belje has ceased, while total production of flour was joined with the remaining mills of the Group.
In accordance to this, employment contracts for 26 employees were terminated, and severance payments were paid out int he total amount of HRK 2,026 thousands, and reimbursements for unused vacation days were paid out in the amount of HRK 70 thousands.

33. RISK MANAGEMENT

33.1. Operating risks

Market risk

The demand for food products is relatively inelastic in relation to product prices. The factors which affect the demand for food products are: demographic factors (increase in population), economic factors (increase in the number of tourists and consumption of food in the catering industry; increase of production in confectionery and bakery industry), social factors (changes in the living standard and eating habits of the population) and political factors (EU membership that allows unobstructed export into the countries of the European Union, but also increases competition on the domestic market with the arrival of producers from other member states).

Risk connected with purchase of raw materials and product delivery

The production of wheat, as the most important raw material for the production of flour, and wheat price trends on the domestic and foreign markets have a significant influence on the production and trends of the price of flour. An important local source of raw materials is a wide base of subcontractors with whom Granolio cooperates by providing them with the necessary seed and other production materials for sowing, which it settles through offsetting with the purchase price of the produced wheat/grain.

The risk of obtaining raw materials is also reduced by the fact that Granolio has an organizational trade unit present on the international commodities exchanges and can at present, at all moments, purchase sufficient amounts of wheat at the current market price. With the accession to the European Union, all administrative obstacles for the purchase of raw materials from the European Union have disappeared.

The risk of product non-delivery exists because of a possible production halt following a malfunction at the milling plant or a possibility of contract cancellation by the flour transporter.

The Company tries to reduce the risk of a production halt by hiring workers at mills who are adequately trained to handle malfunctions within a reasonable timeframe. Since larger orders of finished products are expected due to the expansion of the milling business, storage capacities are currently being extended with the goal of creating product stock in order to fill orders on time.

The risk of non-delivery of products due to the termination of the agreement with flour transporters exists but efforts are aimed at decreasing it due to the fact that the Company has an extensive database of transporters and, when it comes to the scope of use of transportation services, he does not depend on any of them.

Competition risk

The Company mostly sells its products and goods on the domestic market. Croatia’s accession to the European Union eased its entry onto the markets of other member states in terms of administration, but it has also brought foreign competition onto the domestic market.

The flour market strives to achieve an increased concentration, that is, a decrease in the total number of flour producers (by consolidation or discontinuation of small mills) in order to achieve, based on economy of scales, minimum production costs per product unit and reinforce the competitive position on the market. To that end, in May 2014, the Company carried out the acquisition of the milling business of the company Belje d.d. Darda and PIK Vinkovci d.d. from the Agrokor Group, discussed in more detail below. Since Croatia's accession to the EU the Company is no longer facing only domestic competitors and must further strengthen its competitiveness.

The risk of exposure to the biggest buyers and suppliers

The Company's biggest buyers are the leading chain stores on the Croatia's market and the company ADM International (one of the top international cereal traders). The business cooperation agreement concluded on 2 May 2014 with the company Konzum d.d. regulates the representation of flour from the Company's line of products in the supply of Konzum's retail and wholesale network, according to the Company's market share. Therefore, the Company expects that, in the future, it will be exposed in the greatest extent to Konzum as the largest individual buyer and thus also to the potential risk of changed commercial relationships after the expiry of the agreement.

The Company's biggest suppliers are the suppliers of raw and planting material. Moreover, the Company strives to cooperate, in the supply of key raw material and services, with several suppliers in order to decrease the risks of the termination of cooperation with some of the largest suppliers for its business. Nevertheless, the Company cannot provide any guarantee that the termination of cooperation with some of the biggest suppliers will not have a significant impact on the Company's operating and financial position.

33. RISK MANAGEMENT (CONTINUED)

33.1. Operating risks (continued)

Risk of changed ownership

The Company's majority shareholder is Mr. Hrvoje Filipović whose share in the ownership amounts to 60.74%.

The majority shareholder, Mr. Hrvoje Filipović, has a prevailing impact at the Company's General Assembly based on his rights and authorizations as the Company's shareholder.

The majority share in the Company's ownership entitles Mr. Filipović to influence the adoption of all the decisions at the Company's General Assembly.

There are no guarantees that the influence of Mr. Filipović, as the majority shareholder, will not have a significant effect on the Company's business operations and financial situation.

The risk of making acquisitions

The Company's strategy includes a business expansion both organically and through acquisitions. Whether this strategy will continue to be applied depends, among other, on the identification of acquisition opportunities and their successful implementation. Future acquisitions might be subject to the evaluation of the admissibility of the concentration by the Croatian Competition Agency, that is, there is a risk that the concentrations will be evaluated as not allowed or allowed with the meeting of certain measures and conditions.

The Company's ability to effectively integrate and manage the assumed business operations or the economic operator, and to successfully handle future growth depends on many factors; potential failure could negatively affect the Company's operating and financial position. In the future, a large-scale acquisition could be made as well as an acquisition outside the market the Company operates on. The Company is not experienced in making acquisitions outside the markets it operates on which can affect the successfulness of the acquisition and also cause a significant increase of the costs of acquisition and integration. A large-scale acquisition could be much more difficult for the integration process and require much larger financial funds than it used to. Acquisitions beyond the market the Company operates on could represent a challenge in view of cultural and linguistic barriers and challenges in view of integration and management of a business which is geographically significantly distanced from the market on which the Company currently operates.

The Company cannot provide any guarantee that it will be able to adequately handle all the risks in the making of new acquisitions or integration thereof. An acquisition could also increase the Company's indebtedness, both owing to the indebtedness for financing the acquisition and owing to the liabilities of the acquired business or economic operator, which could significantly limit a certain Company's borrowing in the future. Any larger borrowing related to an acquisition could have a significant effect on the Company's business operations.

In the future acquisitions, as part of the process of assessment of the acquisitions, the Company will have to presuppose the expected savings on the debit side and the synergies. Such assessments are uncertain and subject to a number of significant business, economical and competition risks that could significantly affect the deviation of actual results from those initially foreseen. The Company faces the risk of non-realization of part of or all of the savings and synergies which were predicted at the moment of execution of the acquisitions.

Moreover, in the execution of acquisitions, the Company usually takes over all the liabilities and all the assets of the business or economic operator being acquired. Although the Company carries out company analyses upon takeover and strives to obtain adequate guarantees and assurances regarding the assets and liabilities, the Company cannot provide any guarantee that it will be able to identify all real and potential liabilities before the execution of the acquisition. If the acquisition results in the taking over of unplanned liabilities, and if the Company has not obtained adequate insurance, the Company's operating and financial situation could be significantly affected thereby.

33. RISK MANAGEMENT (CONTINUED)

33.1. Operating risks (continued)

The risk of managing working capital

Successful management of working capital is an important segment of the Company's business. The Company could be subject to strong pressure both by the competitors and by the key suppliers demanding shorter payment deadlines; at the same time, it could be pressurized by the buyers to prolong the payment deadlines.

The Company has made significant investments in improving logistics operations for the purpose of increasing the turnover of stocks and increasing its operative efficiency. Although the Company has so far been successful at managing the working capital, no guarantees can be given that this will be the case in the future, which might significantly affect the Company's operating and financial position.

The risk of basic raw material price fluctuation

Business results are under the impact of the price of wheat, as the most important raw material in the Company's production, which is a market commodity. The volatility of wheat prices can be a consequence of adverse weather conditions, disease, political instability and other external factors. General economic conditions, unpredicted demand, problems with production and distribution, diseases, adverse weather conditions during crop growth and harvest can have a negative impact on the prices of wheat. Regardless of the fact that the Company can meet all its demands for wheat on the domestic market, the price fluctuation on the domestic market is under the impact of price fluctuations on international commodity markets. Based on the Company's business history, it can be established that the fluctuation of the purchase price of wheat has been positively correlated with the fluctuation of the price of flour. However, it should be pointed out that it requires some time for the price of flour to adjust to the changes in the price of wheat which, in certain shorter periods if time, negatively affects the Company's spread in case the price of wheat increases. Regardless of the historical facts which indicate that the prices of wheat and flour are correlated, the Company cannot guarantee that any future increase in the price of wheat would be fully compensated for by the growth of the prices of flour maintaining thereby the historical spreads.

The Company strives to alleviate the risk of changed prices of wheat by more actively accessing the futures markets.

Granolio actively manages the risks and purchase prices of raw materials using, as necessary, various futures contracts trading techniques on the international commodity markets, whereat the Company has no prominent open positions.

Dependence on the management and key employees

The Company firmly relies on its employees as one of its main competitive advantages. Therefore, the Company must strive to retain the best personnel at all levels in order to maintain its leading position on the market. The Company cannot provide any guarantee that it will be able to keep the existing management staff and other leading employees and that it will be able to attract new, quality employees in the future. Loss of key employees and the impossibility of attracting new ones could have significant impact on the Company's business.

The risk of disruption of the IT system

The Company relies on numerous IT systems which make it possible for the Company to efficiently manage distribution capacities, communicate with the buyers and suppliers, manage and evaluate employees and gather all necessary information the management might rely on in their decision making. The Company's business is becoming increasingly dependent on the use of this type of systems. Therefore, any disruptions in the operation of IT systems in the sense of computer viruses, hacker attacks, disruptions in the operation of IT equipment and programmes or disruptions caused by other factors could have significant impact on the Company's business and financial situation.

Risk of violation of market competition

Part of the Company's overall strategy is to become the leading producer of flour on the Croatian market and supplier of clients in the region, due to which his position could be evaluated as leading in the sense of regulations regulating market competition. The regulations of the Republic of Croatia which regulate the area of market competition and which are harmonized with the regulations of the European Union proscribe any abuse of the leading position and especially direct or indirect imposition of unfair buying or selling prices, that is, any unfair trade conditions, limitation of production, market or technological development to the consumer's detriment, application of unequal conditions to equal works with other entrepreneurs bringing them thereby into a less favourable position in regard to competition, as well as the conditioning of conclusion of contracts by the consent of the other contracting parties to additional obligations which, according to their nature or trade practice are not directly related to the subject of such contracts.

33. RISK MANAGEMENT (CONTINUED)

33.1. Operating risks (continued)

Moreover, the stated regulations also proscribe all agreements, decisions of associations of undertakings as well as coordinated activity of undertakings the aim or consequence of which is the disruption of market competition on the relevant market.

Although the Company is not aware of any violations of market competition regulations, and although no proceedings has been instituted against him at the Croatian Competition Agency, the Company cannot guarantee that there will be no such proceedings. Any violation of market competition regulations is subject to the application of administrative and criminal measures. For example, the penalty for concluding prohibited agreements and abuse of the leading position amounts up to 10 % of the value of the violating company's total annual income in the last year for which financial statements have been concluded. Therefore, any imposition of fines could have an adverse effect on the operating and financial situation of the Company.

To decrease this risk, the Company intends to additionally educate its employees about the positive regulations on the protection of market competition and establish the codes of conduct upon conclusion of contracts and undertaking of other activities that could result in the violation of the rules on the protection of market competition and to ensure their consistent application.

Furthermore, before any future acquisition is made, the Company will may have to request the Croatian Competition Agency to carry out an assessment of the admissibility of the concentration. The Company cannot provide any guarantee that in any such case the concentration will be evaluated as allowed or that it will be allowed just with the fulfilment of certain measures and conditions, such as the sale of certain assets or undertaking of certain other activities that might affect the Company's income, profit or money flow. Also, the procedure of assessment of the concentration admissibility itself could affect the time frame for the realization of the acquisition.

The risk of the conducting of legal proceedings against the Company

The Company, just as any other economic operator, is susceptible to the risk of conducting of proceedings before courts, regulatory or other competent bodies, within the framework of regular business operations. These disputes relate mainly to disputes with debtors or suppliers. In the future, the risk of potential suits by the buyers of the Company's products due to the damage occurred by the consumption of the product cannot be excluded either. The Company cannot provide any guarantee that the results of future legal and regulatory disputes or measures will not significantly affect the Company's operating and financial situation.

The risk of liabilities or losses not covered by insurance

The level of coverage by insurance is at the level usual for the industries the Company operates in. The concluded insurance policies are primarily related to injuries at work, machine defects, damage to objects and other material assets, and insurance of crops. However, it is impossible to cover with insurance all potential liabilities and losses and, therefore, the Company cannot provide any guarantee that he will not be exposed to situations which will not be covered with insurance and that such situations will not significantly affect the Company's operating and financial situation.

33.2. Financial risks

Exchange rate risk

The Company is exposed to the risk of changes of exchange rates. The exchange rate risk is related to the fact that a significant part of the Company's credit liabilities are related to the fluctuation of exchange rates of HRK in relation to EUR. Strong fluctuations in the EUR/HRK exchange rate could affect the Company's indebtedness in a foreign currency. Moreover, according to the data for 2014, the Company realizes app. 8% of its total income on foreign markets in EUR, so fluctuations in the EUR/HRK exchange rate could affect the Company's business operations even on that basis.

In the future, the Company could be exposed towards financial institutions by certain derivatives contracts such as currency hedging, and that being for the purpose of hedging certain financial risks.

The changes in fair value of such derivatives contracts could affect the Company's future profitability.

The Company is not currently using financial instruments of protection from unfavourable exchange rate fluctuations.

33. RISK MANAGEMENT (CONTINUED)

Credit risk

The Company is exposed to the risk of the inability to collect a certain part of the receivables from buyers. As a rule, the Company primarily trades with chain stores which represent the most significant buyers and with which it has been cooperating for many years now. This is why the Company's credit risk is primarily reflected in the aspect of possible problems in the retail sector. The Company strives to decrease the exposure to credit risk by monitoring the buyers' financial condition, strict collection control measures and obtaining of various insurance instruments such as promissory notes and bills of exchange.

Beside the credit risk towards buyers, the Company is exposed to credit risk arising from the relations with associates in the production of cereal and oil crops since, during the planting period, it provides them with merchandise credit in the form of necessary planting material. The associates settle their liabilities, in general, in the form of planting material through the delivery of produced oil crops and cereals if the parties agree on the price of the products at the time of the harvest. It is possible, and it actually happens, that a certain number of associates, for various reasons, may fail to produce sufficient quantities of oil crops and cereals for settling the merchandise credit. The Company protects itself from such situations by provision of additional insurance instruments such as personal guarantees of farm holders, personal guarantees of family members, liens of farm equipment and real estate, fiduciary ownership of crops or cereal stocks, co-ownership of the crops, etc. It must be stressed that insurance instruments are individually agreed with each collaborator depending on the former relationship. In its former business operations, the Company has kept the level of merchandise credits with repayment difficulties at an acceptable level.

When an associate is unable to repay the merchandise credit due to adverse weather conditions and/or unfavourable market prices of cereals/oil crops, in most cases, a grace period is agreed on with the payment of contractual interest as well as the repayment of debt from the next planting season, or the repayment is agreed in some other field crop which was not affected by weather conditions (e.g. rain during the wheat harvest period can decrease wheat quality but, at the same time, it can have a positive effect on the crops which are harvested in the autumn). Associates usually plant several different field crops in order to alleviate the risks of bad weather conditions for a certain crop. By doing so, they also protect themselves from the unfavourable fluctuation of the market price of a certain crop (risk dispersion).

The Company cannot provide any guarantee that the monitoring of the buyers' financial situation, the collection control measures or insurance instruments will be efficient and that possible credit risk will not significantly affect the Company's operating and financial condition nor that the situation of the given merchandise credits with repayment difficulties will not worsen.

As part of its activities, the Company enters into factoring agreements and/or agreement on bill of exchange discounting with factoring companies. The risk of the inability to collect receivables from main borrowers lies with the Company. The records of potential liabilities towards factoring companies are kept off balance sheet. The Company has potential liabilities on the recourse basis from factoring activities in the amount of HRK 128.9 million, of which HRK 124 million refer to the same bill of exchange debtor.

Interest risk

Considering the level of received credits from financial institutions which have mostly been contracted with an alterable interest rate based on the usual interest rates (EURIBOR, LIBOR, ZIBOR and the interest rates on treasury bills), the Company is exposed to the risk of increase of interest rates. The Company is not currently using financial instruments of protection from unfavourable interest rates.

In the future, the Company could be exposed towards financial institutions by certain derivatives contracts such as currency or interest rates hedging, and that being for the purpose of hedging certain financial risks.

The changes in fair value of such derivatives contracts could affect the Company's future profitability.

Liquidity risk

There is a risk that the Company will not be able to fulfil its obligations in due time which can be a consequence of inadequate collection of receivables from buyers, unfavourable time structure of debt maturity or the inability to provide credit financing by financial institutions. In order to decrease its liquidity risk, the Company continuously implements measures of active collection of receivables from buyers and monitors their liquidity status, aims at optimising the structure of debt maturity and at ensuring the availability of credit financing by financial institutions so as to be able to meet its liabilities in unforeseeable circumstances. Moreover, the Company strives to finance long-term investments from long-term sources of funds and to transform the short-term credits used in the previous periods for financing long-term investments into long-term credits.

33. RISK MANAGEMENT (CONTINUED)

33.2. Financial risks (continued)

Moreover, the Company has assessed that, in the mid-term, the level of the overall credit debt will be decreased, whereby the liquidity risk is expected to be additionally decreased.

The Company cannot provide any guarantee that the management of the liquidity risk will be efficient and that the potential liquidity risk will not significantly affect the Company's business operations and financial situation.

Industry risks

One of the risks which occur in the food industry is the fact that the consumers' eating habits and their awareness of the health impact of food have greatly changed in the last 20 years or so. Because of such trends, the producers are compelled to increase the existing line of products and further improve the quality of existing products.

Flour production

Flour production could be negatively affected by extraordinary events such as fire, explosion, defects to production equipment, extended or extraordinary maintenance, construction of roads or closing of main traffic routes, floods, storms or other exceptionally adverse weather conditions. Although the Company uses the insurance to cover the damage to these objects, such insurance will be subject to limitations in the sense of the amount of compensation and it might not suffice for covering all the costs. Moreover, the Company could be subject to costs which are not covered by insurance.

33.3. General risks

The risks of the business environment

The risk of the business environment includes political, legal and macroeconomic risks of the environment the Company operates in, which primarily relates to the Croatian market on which the Company realizes over 90% of its total income (data for 2014) and, to a lesser extent, the markets of Italy, Slovenia and Bosnia and Herzegovina. The Company cannot provide any guarantee that the Croatian market on which the Company realizes most of its income will continue to successfully implement its political and economic reforms. Delayed or unsuccessful implementation of such reforms could affect the Company's business operations. State budget savings measures and tax burden growth which are currently ongoing in Croatia could result in the slowing down of economic growth or a decrease of available income which could affect both the Company's income and its profitability.

Former governments have implemented economic reforms with the aim of developing and stabilizing market economy through the privatization of state companies, attracting of foreign investments and implementation of the necessary reforms for accession into the EU. Although Croatia has put in significant efforts towards the establishment of market economy, Croatia will need several more years and a number of additional investments to achieve the level of the infrastructure of the West European countries. The Company cannot provide any guarantee that Croatia will realize the planned reforms or that its political environment will be stimulative for the implementation of reforms. The Company cannot provide any guarantee that the Government will not introduce any new regulation, fiscal or monetary policy, including a regulation or policy related to taxation, environment protection, public procurement, compensation to owners of nationalised assets or exchange rate policy.

The legal framework of the Republic of Croatia is still under development and this can cause certain legal uncertainties. The Company could be faced with the situation where it is unable to successfully realize or protect some of its rights.

Open issues between Croatia and its neighbouring countries do not affect the country's political stability, but represent a legitimate pursuit of Croatia's strategic and economic interests in international relations, as is the case with all other developed countries. As the Company's operations are focused on the Croatian market, the danger of it being affected by other countries is minimal.

The Company's business operations are susceptible to the macroeconomic environment, economic opportunities and economic activity trends. In the periods of unfavourable conditions, the Company could have difficulties with expanding its business or settling its financial liabilities. Furthermore, in such conditions the Company may encounter difficulties in accessing financial markets. This could make funding significantly harder to obtain, increase its costs, and substantially impact its business operations and financial position. If the current economic situation persists, the access of the Company and its buyers and suppliers to the capital market could be aggravated and this could affect the existing level of income and profitability.

33. RISK MANAGEMENT (CONTINUED)

33.3. General risks (continued)

The Company is also affected by international trends since wheat, as the basic raw material for production in the Company, is a market commodity and thus could be susceptible to the effect of any political instabilities in the countries which are significant producers of this cereal (China, Russia, USA). Nevertheless, as indicated above, the Company can entirely settle its needs for raw material from domestic sources, and it strives to neutralize the price oscillations by actively approaching the futures markets.

The risk of changes in the legal framework

As a producer of food products, the Company is susceptible to strict regulations related to human nutrition, product safety, employees' safety and working conditions, environment safety and protection (including those related to waste waters, clean air, noise, waste disposal, environment cleaning, etc.), product composition, packaging, marking, advertising and market competition. A by-product of food production is the generation of waste, releasing of harmful substances into the atmosphere and waters; therefore, the Company must obtain various permits and comply with various regulations. The regulations related to health, safety and environment protection in Europe and the other developed regions are becoming increasingly strict and their implementation increasingly prominent. The Company tries to follow and anticipate all such changes; however, any failure in such efforts could result in various penalties. The Company believes that it is currently aligned with the existing regulations and deadlines prescribed by various regulators; however, it cannot guarantee that it will not be subject to significant costs of removal of potential violations or the obligation to, according to such regulations, respond to negative publicity or adjust to changes in the existing regulations, which could significantly affect the Company's operating and financial situation. For example, the Company is currently the owner or lessee of a certain number of real estate and facilities, including production plants and distribution centres which have been, in certain cases, previously used for certain commercial or industrial purposes. Although the Company is currently not acquainted with any facts that would be conducive of new obligations related to the environmental situation of such real estate and facilities, the detection of pollution based on current or prior business operations and the imposition of obligations for removal of the pollution could cause significant costs for the Company. Moreover, it is possible that, in the future, additional regulations might be introduced and that the current legislature (or its interpretation) might change, affecting thereby the Company's business operations and products. The Company cannot provide any guarantee that, in the future, the cost of adhering to such initiatives will not have a significant impact on the Company's operating and financial situation.

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Zagreb, 24 April 2015

Statement of Executives responsible for preparing annual financial statements

Pursuant to the current Croatian Accounting Act (Official Gazzette 109/07), the Management Board is required to ensure that the financial statements of Granolio d.d. for each financial period are prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and that they give a true and fair view of the financial position and results of the Company's operations in the given period.

To the best of our knowledge, annual audited unconsolidated and consolidated financial statements for the year ended 31 December 2014 present a fair view of assets and liabilities, profit and loss, financial position and business operations of the Company, and all subsidiary companies involved in the consolidation as a whole.

Reports prepared by:

Kordić

Jasenka Kordić
Accounting Director

Responsible person:

Tomislav Kalafatić
Member of the Management Board

Granolio
d.d., Budmanijeva 5
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Granolio d.d.
Supervisory Board
Number: 29-04-01/2015

Pursuant to Article 263. of the Companies Act and Article 39. of the Statute of the Company Granolio d.d. (hereon in the text: the Company), the Supervisory Board at its meeting held on 29 April 2015, brings

THE DECISION
ON ESTABLISHING THE FINANCIAL STATEMENTS FOR 2014

Pursuant to Article 300.c of the Companies Act the Supervisory Board has examined the Company's Annual financial statements for 2014 together with the Audit Report, the consolidated Annual financial statements of the Granolio Group for 2014 together with the Audit Report, the Management Report for the Company and affiliated Companies as well as the draft decision on the coverage of loss.

It is the opinion of the Supervisory Board that the Company's Annual financial statements for 2014 have been prepared in line with the Company's business books and that they reflect the true financial and business standing of the Company.
Also, the Supervisory Board does not have any objections regarding the consolidated Annual financial statements of the Granolio Group for 2014.
Therefore, the Supervisory Board approved the Company's Annual financial statements for 2014 and the consolidated Annual financial statements of the Granolio Group for 2014 which are confirmed by the Management Board and Supervisory Board in line with Article 300 d of the Companies Act.

The Supervisory Board has no objections concerning the Auditor's Audit Report regarding the Company's Annual financial statements for 2014 and the Auditor's Report regarding the consolidated Annual financial statements of the Granolio Group for 2014.

Article 2.

This Decision will be valid at the day of its adoption.

Franjo Filipović
(the president of the Supervisory Board)

Zagreb, 29 April 2015

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Granolio d.d.
Supervisory Board
Number: 29-04-01/2015

Pursuant to Article 263. of the Companies Act and Article 39. of the Statute of the Company Granolio d.d. (hereon in the text: the Company), the Supervisory Board at its meeting held on 29 April 2015, brings

THE DECISION
OF THE PROPOSAL ON COVERING THE LOSS IN BUSINESS YEAR 2014

Pursuant to Article 300.c of the Companies Act the Supervisory Board has examined the Company's Annual financial statements for 2014 together with the Audit Report, the consolidated Annual financial statements of the Granolio Group for 2014 together with the Audit Report, the Management Report for the Company and affiliated Companies as well as the draft decision on the coverage of loss.

The Supervisory Board agrees with the Board's draft decision that the loss in year 2014 in the amount of HRK 42,859,425 be covered through retained earnings in the amount of HRK 32,142,333 and partly carried forward in the amount of HRK 10,717,092.

Article 2.

This Decision will be valid at the day of its adoption.

Franjo Filipović
(the president of the Supervisory Board)

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Zagreb, 29 April 2015

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