

**Consolidated financial results for the
twelve months period ended
31 December 2016
(unaudited)**



Granolio

General information on 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 headquarter is located in Zagreb at Budmanijeva 5.

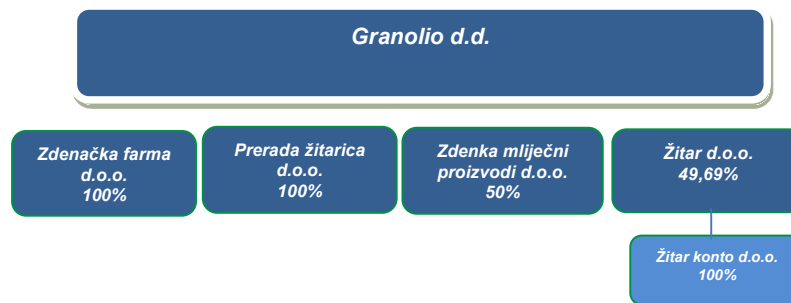
Subsidiaries

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. (further „Zdenka-m.p. d.o.o.“) and Žitar d.o.o. companies. The above companies have been consolidated into the Granolio Group since 2011.

Subsidiary 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 consolidated financial statements.

Ownership in subsidiaries is presented in the organizational chart below:



The Group monitors its business operations through four business segments:

- Milling
- Dairy and cheese production
- Wholesale trade
- Other

Milling is the segment that comprises flour production and sale of flour. This business segment is comprised in the holding company exclusively.

Dairy and cheese production („Dairy“) comprises cheese production and cheese sale realized in the company Zdenka – mliječni proizvodi d.o.o., but also milk production and sale of milk by dairy farms in the companies Zdenačka farma d.o.o. and Žitar d.o.o.

Wholesale trade segment comprises grain and oilseed trade and trade of sowing materials performed by the companies Granolio d.d. and Žitar d.o.o.

The segment Other comprises animal feed production (Žitar d.o.o.), pig farming and beef cattle farming (Žitar d.o.o., beef cattle farming in the company Granolio d.d.), and rendering the silo services and the storage of trade goods (Granolio d.d., Žitar d.o.o. and Prerada žitarica d.o.o.).

Granolio Group's financial indicators for the twelve months period of 2016

in thousands of HRK

	1-12 2016	1-12 2015	change	
Operating income	844,413	938,218	(93,805)	(10%)
Operating expenses	(808,843)	(896,860)	88,017	10%
EBIT	35,570	41,357	(5,788)	(14%)
<i>EBIT margin</i>	4%	4%		
EBITDA	73,257	75,695	(2,438)	(3%)
<i>EBITDA margin</i>	9%	8%		
Net financial result	(28,329)	(21,707)	(6,622)	(31%)
Net result for the period	5,088	16,069	(10,981)	68%
<i>Result attributable to the Group</i>	2,452	11,150	(8,698)	78%
<i>Minority interest</i>	2,636	4,919	(2,283)	46%

Comparing to the last year, operating result before financial income and expenses and tax (EBIT) is lower mainly due to increased impairment cost by HRK 2m. Impairment cost relate to the write-off of slow moving and obsolete inventories.

Within the operating expenses, staff costs have increased. Increase is noted in the companies Zdenka and Žitar for the amount of HRK 2.7m.

When compared to 2015 net result decreased in 2016 mainly due to net negative financial result and its increase by HRK 6.6m. In the fourth quarter in 2016 and in the fourth quarter in 2015 the Group has offset part of financial income and financial expenses, which met conditions to be offset. This business change needs to be taken into consideration only when evaluating operations of each and every quarter separately.

Normalization of the value of EBITDA

	1-12 2016	1-12 2015
Reporting EBITDA	69,646	72,578
<u>Normalization</u>		
One-off expenses	1,032	1,083
Direct write-off of uncollected receivables	20	196
Subsequently recognized prior periods expenses	877	563
Loans approval expenses stated within operating expenses	1,681	1,275
Normalized EBITDA	73,257	75,695

In 2016 the one-off consulting services cost incurred in the amount of HTK 106 thousand, loss from the sale of long-term tangible assets in the amount of HRK 660 thousand, severance payments in the amount of HRK 180 thousand, as well as other one-off costs in the amount of HRK 86 thousand. Subsequently recognized prior period expenses relate to the selling costs incurred in 2015 and 2014.

Loans approval expenses charged by banks are in fact costs of financing the Group, therefore it is more accurate to consider them as financial, and not operating expenses.

Financial indicators

in thousands of HRK

	31.12.2016	31.12.2015	change	
Net assets (Capital and reserves)*	237,379	232,514	4,866	2%
Total debt	512,724	543,865	(31,141)	(6%)
Cash and cash equivalents	9,729	22,426	(12,697)	(57%)
Given loans, deposits and similar**	34,649	39,198	(4,549)	(12%)
Net debt	468,346	482,241	(13,895)	(3%)
Net debt/ normalised EBITDA	6.39	6.37		
Normalised EBITDA	73,257	75,695		

* Net assets = capital and reserves attributable to the equity holders of the parent and to the minority interests

** Given loans, securities and deposits

Total debt decreased in 2016 by HRK 31m, resulting with more favourable leverage indicator net debt/EBITDA.

Note related to the cash flow statement

Until the fourth quarter in 2016 the Group's cash flow statement was prepared by classifying interest paid as part of the financial cash flow. As the template for public disclosure was changed in January 2017 by classifying interest paid in the operating cash flow, the Group adjusted its report for the current and corresponding period in accordance to this change.

Separate business results for the twelve months period of 2016

Granolio d.d.

in thousands of HRK

			change	
	1-12 2016	1-12 2015		
Operating income	595,310	698,452	(103,143)	(15%)
EBIT	29,073	28,540	533	(2%)
<i>margin %</i>	5%	4%		
Normalised EBITDA	41,772	39,932	1,840	5%
<i>margin %</i>	7%	6%		
Net financial result	(24,577)	(15,924)	(8,653)	(54%)
Net result	2,433	9,073	(6,640)	73%
<i>margin %</i>	0.4%	1.3%		

When compared to prior year, despite lower sales income, key operational indicators of the company Granolio d.d. are more favourable. Lower net result is mainly the result of the negative financial result.

Zdenka - mliječni proizvodi d.o.o.

u tisućama kuna

			change	
	1-12 2016	1-12 2015		
Operating income	164,744	151,230	13,513	9%
EBIT	6,407	8,818	(2,411)	27%
<i>margin %</i>	4%	6%		
Normalised EBITDA	19,781	21,332	(1,552)	(7%)
<i>margin %</i>	12%	14%		
Net financial result	(1,336)	(2,166)	830	38%
Net result	5,071	6,651	(1,580)	24%
<i>margin %</i>	3%	4%		

Income increase was noted in the sales of almost all product categories, especially in the sales of processed and cottage cheese. Income increase is the result of increased sales quantity of products, while average sales prices are slightly lower when compared to the prior year.

Income increase is noted in the sales income realized in the domestic market, as well as in the foreign markets. The main portion of export is realized from trading with neighboring countries, mainly Bosnia and Herzegovina, Slovenia, Serbia and FYR Macedonia.

Žitar d.o.o. (konsolidirani)

u tisućama kuna

	1-12 2016	1-12 2015	change	
Operating income	121,016	86,097	34,918	41%
EBIT	1,925	5,594	(3,669)	(66%)
<i>margin %</i>	2%	6%		
Normalised EBITDA	10,330	12,233	(1,903)	(16%)
<i>margin %</i>	9%	14%		
Net financial result	(1,636)	(2,390)	754	32%
Net result	199	3,166	(2,967)	94%
<i>margin %</i>	0%	4%		

The company Žitar has noted significant income increase in the segment of grain and oilseed trade. In 2016 significant business transaction of sale of wheat was agreed in the total amount of HRK 44 million, part of which was realized within the Granolio Group.

When compared to the same period last year, the value of EBITDA is lower partly due to lower sales margins realized in the wholesale segment, and partly due to increased staff costs, as result of increased average number of employees and average salaries.

When compared to the prior year impairment of inventory in the amount of HRK 2m had decreased the net result of the company.

Zdenačka farma d.o.o.

u tisućama kuna

	1-12 2016	1-12 2015	change	
Operating income	19,154	20,121	(967)	(5%)
EBIT	(1,639)	(913)	(726)	80%
<i>margin %</i>	(9%)	(5%)		
Normalised EBITDA	1,145	2,461	(1,315)	(53%)
<i>margin %</i>	6%	12%		
Net financial result	(829)	(1,207)	378	31%
Net result	(2,468)	(2,120)	(349)	16%
<i>margin %</i>	(13%)	(11%)		

In 2016 total sale of milk in Zdenačka farma d.o.o. was 4.7 million kilos. Average sales price realized in 2016 was 9% lower than the average sales price realized in the last year, which is the main reason for the negative result realized in 2016.

Prerada žitarica d.o.o.

u tisućama kuna

			change	
	1-12 2016	1-12 2015		
Operating income	21,404	1,535	19,869	1294%
EBIT	(161)	(389)	227	58%
<i>margin %</i>	(1%)	(25%)		
Normalised EBITDA	263	30	233	773%
<i>margin %</i>	1%	2%		
Net financial result	49	(20)	69	348%
Net result	(112)	(408)	296	73%
<i>margin %</i>	(1%)	(27%)		

Prerada žitarica d.o.o. is the company whose main activities are storage of goods, and storage and drying of grains.

In 2016 the Company has also earned income from the wholesale of grains in the total amount of HRK 20m.

Employees

In the twelve months period of 2016 the Group employed 471 employees based on man-hour basis (in the twelve months period of 2015: 470 employees).

Environment

Regarding the environmental protection, the Group has implemented comprehensive and systematic solutions and established environment-friendly production processes.

Other

Supervisory Board has approved Granolio Group's financial statements for the twelve months period of 2016.

Annex 1.

Reporting period

1.1.2016

to

31.12.2016

Quarterly financial report TFI-POD

Tax number (MB): 01244272

Company registration number: 080111595

Personal identification number (OIB): 59064993527

Issuing company: GRANOLIO d.d.

Postal code and place: 10000 ZAGREB

Street and house number: BUDMANIJEVA 5

E-mail address: granolio@granolio.hrInternet address: www.granolio.hr

Municipality/city code and name: 133

County code and name: 21 GRAD ZAGREB

Number of employees: 488

(period end)

Consolidated report: YES

NKD code: 1061

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

GRANOLIO D.D. ZAGREB 01244272

ZDENAČKA FARMA D.O.O. VELIKI ZDENCI 02095777

PRERADA ŽITARICA D.O.O. GRUBIŠNO POLJE 02095696

ZDENKA - MLIJEČNI PROIZVODI D.O.O. VELIKI ZDENCI 01623982

ŽITAR D.O.O. DONJI MIHOLJAC 01443119

ŽITAR KONTO D.O.O. DONJI MIHOLJAC 04212517

Bookkeeping service:

Contact person: JASENKA KORDIĆ
(only surname and name)

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E-mail address: jkordic@granolio.hrFamily name and name: HRVOJE FILIPOVIĆ
(person authorized to represent the company)

L.S.

(signature of the person authorized to represent the company)

Balance Sheet

as of 31.12.2016

Company: GRANOLIO d.d.			
Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001		
B) LONG-TERM ASSETS (003+010+020+031+036)	002	596.406.026	576.446.115
I. INTANGIBLE ASSETS (004 do 009)	003	188.875.484	187.085.450
1. Assets development	004	0	0
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	121.134.245	121.010.211
3. Goodwill	006	60.379.072	60.379.072
4. Prepayments for purchase of intangible assets	007	0	0
5. Intangible assets in preparation	008	0	0
6. Other intangible assets	009	7.362.167	5.696.167
II. TANGIBLE ASSETS (011 do 019)	010	377.614.949	362.311.987
1. Land	011	27.362.704	27.668.452
2. Buildings	012	234.107.823	230.490.380
3. Plant and equipment	013	73.907.487	67.677.246
4. Tools, working inventory and transportation assets	014	3.051.260	3.297.415
5. Biological assets	015	11.399.835	10.626.471
6. Prepayments for tangible assets	016	326.290	259.709
7. Tangible assets in progress	017	24.522.991	21.777.202
8. Other tangible assets	018	85.030	83.112
9. Investments in buildings	019	2.851.529	432.000
III. LONG-TERM FINANCIAL ASSETS (021 do 030)	020	29.900.593	27.023.566
1. Investments (shares) with related parties within the Group	021	0	0
2. Investments in other securities of related parties within the Group	022	0	0
3. Loans, deposits and similar assets to related parties within the Group	023	0	0
4. Investments (shares) with entrepreneurs in whom the entity holds participating interests	024	0	0
5. Investments in other securities of entrepreneurs in whom the entity holds participating interests	025	0	0
6. Loans, deposits and similar assets to entrepreneurs in whom the entity holds participating	026	0	0
7. Investments in securities	027	0	0
8. Loans, deposits and similar assets	028	9.428.404	6.551.376
9. Other investments accounted by equity method	029	0	0
10. Other long - term financial assets	030	20.472.190	20.472.190
IV. RECEIVABLES (032 do 035)	031	15.000	25.111
1. Receivables from related parties within the Group	032	0	0
2. Receivables from participating parties	033	0	0
3. Accounts receivable	034	0	0
4. Other receivables	035	15.000	25.111
V. DEFERRED TAX ASSET	036		
C) SHORT TERM ASSETS (038+046+053+063)	037	349.163.445	310.831.192
I. INVENTORIES (039 do 045)	038	108.938.184	90.701.738
1. Raw materials and supplies	039	56.935.547	24.362.650
2. Work in progress	040	10.424.738	8.917.080
3. Finished goods	041	25.790.300	29.038.079
4. Merchandise	042	15.731.197	28.368.214
5. Prepayments for inventories	043	56.402	15.715
6. Long term assets held for sale	044	0	0
7. Biological assets	045	0	0
II. RECEIVABLES (047 do 052)	046	188.029.278	182.302.316
1. Receivables from related parties within the Group	047	507.912	330.668
2. Receivables from participating parties	048	0	0
3. Accounts receivable	049	173.091.842	169.203.717
4. Receivables from employees and members of related parties	050	34.063	10.786
5. Receivables from government and other institutions	051	7.311.744	5.904.279
6. Other receivables	052	7.083.716	6.852.865
III. SHORT TERM FINANCIAL ASSETS (054 do 062)	053	29.770.052	28.097.767
1. Investments (shares) with related parties within the Group	054	0	0
2. Investments in other securities of related parties within the Group	055	0	0
3. Loans, deposits and similar assets to related parties within the Group	056	20.120.845	20.558.658
4. Investments (shares) with entrepreneurs in whom the entity holds participating interests	057	0	0
5. Investments in other securities of entrepreneurs in whom the entity holds participating interests	058	0	0
6. Loans, deposits and similar assets to entrepreneurs in whom the entity holds participating	059	0	0
7. Investments in securities	060	696.026	881.994
8. Loans, deposits and similar assets	061	8.953.181	6.657.115
9. Other financial assets	062	0	0
IV. CASH AND CASH EQUIVALENTS	063	22.425.931	9.729.371
D) PREPAID EXPENSES AND ACCRUED REVENUE	064	11.531.870	10.735.804
E) TOTAL ASSETS (001+002+037+064)	065	957.101.341	898.013.110
F) OFF-BALANCE RECORDS	066	16.245.585	23.560.428

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (068 do 070+076+077+081+084+087)	067	232.514.315	237.378.529
I. SUBSCRIBED SHARE CAPITAL	068	19.016.430	19.016.430
II. CAPITAL RESERVES	069	84.186.547	84.186.547
III. RESERVES FROM PROFIT (071+072-073+074+075)	070	183.484	1.083.227
1. Reserves prescribed by law	071	183.484	283.227
2. Reserves for treasury shares	072		800.000
3. Treasury shares (deductible items)	073		
4. Statutory reserves	074		
5. Other reserves	075		
IV. REVALUATION RESERVES	076	64.473.012	61.561.956
V. FAIR VALUE RESERVES(078-080)	077		
1. Fair value of financial assets available for sale	078		
2. Efficient part of cash flow hedging	079		
3. Efficient part of hedging of a net investment in foreign countries	080		
V. RETAINED EARNINGS OR ACCUMULATED LOSS (082-083)	081	-5.125.636	7.812.413
1. Retained earnings	082		7.812.413
2. Accumulated loss	083	5.125.636	
VI. PROFIT/LOSS FOR THE CURRENT YEAR (085-086)	084	11.149.793	2.452.044
1. Profit for the current year	085	11.149.793	2.452.044
2. Loss for the current year	086		
VII. MINORITY (NON-CONTROLLING) INTEREST	087	58.630.686	61.265.913
B) PROVISIONS (089 do 094)	088	249.821	0
1. Provisions for pensions, severance pay and similar liabilities	089	0	0
2. Provisions for tax liabilities	090	0	0
3. Provisions for ongoing legal cases	091	249.821	0
4. Provisions for costs of natural resources regeneration	092	0	0
5. Provisions for guarantees costs	093	0	0
6. Other provisions	094	0	0
C) LONG - TERM LIABILITIES (096 do 106)	095	383.292.406	351.567.682
1. Liabilities to related parties within the Group	096	0	0
2. Liabilities for loans, deposits, etc. to related parties within the Group	097	0	0
3. Liabilities to entrepreneurs in whom the entity holds participating interests	098	0	0
4. Liabilities for loans, deposits, etc. to entrepreneurs in whom the entity holds participating	099	0	0
5. Liabilities for loans, deposits, etc.	100	11.453	11.337
6. Liabilities to banks and other financial institutions	101	366.923.849	335.953.544
7. Liabilities for received prepayments	102	0	0
8. Accounts payable	103	238.851	212.312
9. Liabilities arising from debt securities	104	0	0
10. Other long-term liabilities	105	0	0
11. Deferred tax liability	106	16.118.253	15.390.489
D) SHORT - TERM LIABILITIES (108 do 121)	107	326.691.154	296.262.077
1. Liabilities to related parties within the Group	108	0	0
2. Liabilities for loans, deposits, etc. to related parties within the Group	109	0	0
3. Liabilities to entrepreneurs in whom the entity holds participating interests	110	0	0
4. Liabilities for loans, deposits, etc. to entrepreneurs in whom the entity holds participating	111	0	0
5. Liabilities for loans, deposits, etc.	112	0	0
6. Liabilities to banks and other financial institutions	113	96.041.815	136.988.636
7. Liabilities for received prepayments	114	2.882.763	3.653.467
8. Accounts payable	115	130.611.840	102.663.378
9. Liabilities arising from debt securities	116	80.887.770	39.770.000
10. Liabilities to employees	117	2.337.948	2.521.343
11. Liabilities for taxes, contributions and similar fees	118	10.775.124	7.072.329
12. Liabilities to shareholders	119	0	0
13. Liabilities for long-term assets held for sale	120	0	0
14. Other short - term liabilities	121	3.153.894	3.592.924
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	122	14.353.646	12.804.821
F) TOTAL – CAPITAL AND LIABILITIES (067+088+095+107+122)	123	957.101.342	898.013.110
G) OFF-BALANCE RECORDS	124	16.245.585	23.560.428
APPENDIX to balance sheet (to be filled in by entrepreneur that prepares consolidated financial statements)			
A) CAPITAL AND RESERVES			
1. Attributed to equity holders of parent company	125	173.883.629	176.112.616
2. Attributable to non-controlling interest	126	58.630.686	61.265.913

Note 1.: Appendix to the balance sheet to be filled by entrepreneurs that prepare consolidated financial statements.

Income statement
period 01.01.2016 to 31.12.2016

Company: GRANOLIO d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING REVENUE (125+130)	125	938.217.697	343.657.185	844.412.947	263.208.992
1. Sales revenue with related parties within the Group	126	0	0	0	0
2. Sales revenue (third parties)	127	900.270.186	326.326.701	811.499.820	249.167.913
3. Revenue from the use of own products, goods and services	128	2.293.162	703.350	2.266.590	628.629
4. Other operating revenue with related parties within the Group	129	0	0	0	0
5. Other operating revenue (third parties)	130	35.654.349	16.627.134	30.646.537	13.412.451
II. OPERATING COSTS (132+133+137+141+142+143+146+153)	131	896.860.250	317.109.444	808.842.767	247.011.164
1. Changes in value of work in progress and finished products	132	-9.173.189	-4.353.112	-4.280.855	-2.010.127
2. Material costs (133 do 136)	133	802.714.779	294.593.767	710.226.866	219.008.033
a) Raw material and material costs	134	396.823.533	102.220.252	343.835.855	92.895.268
b) Cost of goods sold	135	344.402.884	168.528.689	308.144.157	106.988.874
c) Other external costs	136	61.488.362	23.844.825	58.246.855	19.123.891
3. Staff costs (138 do 140)	137	42.623.460	10.810.300	45.603.435	11.819.199
a) Net salaries and wages	138	26.075.536	6.654.267	27.727.544	7.201.872
b) Tax and contributions from salary expenses	139	10.342.777	2.582.271	11.184.918	2.892.139
c) Contributions on gross salaries	140	6.205.146	1.573.761	6.690.972	1.725.188
4. Depreciation and amortisation	141	30.252.637	7.626.644	31.201.964	7.907.458
5. Other costs	142	11.826.008	3.154.662	9.843.650	3.287.999
6. Impairment (144+145)	143	967.784	965.709	2.874.673	2.855.342
a) Impairment of long-term assets (financial assets excluded)	144	0	0	0	0
b) Impairment of short - term assets (financial assets excluded)	145	967.784	965.709	2.874.673	2.855.342
7. Provisions (147 do 152)	146	0	0	0	0
a) Provisions for pensions, severance payments and similar liabilities	147	0	0	0	0
b) Provisions for tax liabilities	148	0	0	0	0
c) Provisions for ongoing legal cases	149	0	0	0	0
d) Provisions for costs of natural resources refurbishment	150	0	0	0	0
e) Provisions for guarantees costs	151	0	0	0	0
f) Other provisions	152	0	0	0	0
8. Other operating costs	153	17.648.772	4.311.474	13.372.834	4.143.260
III. FINANCIAL INCOME (155 do 164)	154	10.218.996	1.929.071	5.069.103	2.596.461
1. Income from investment in shares of related parties within the Group	155	0	0	0	0
2. Income from investment in shares of entrepreneurs in whom the entity holds participating interest	156	0	0	0	0
3. Income from other long-term financial investments and loans granted to related parties within the Group	157	245.495	245.264	245.598	245.598
4. Other income arising from interest with related parties within the Group	158	0	0	0	0
5. Foreign exchange gains and similar financial income with related parties within the Group	159	0	0	0	0
6. Income from other long-term financial investments and loans	160	977.431	514.048	1.418.591	1.257.704
7. Other income arising from interest	161	2.959.738	259.350	946.460	164.168
8. Foreign exchange gains and similar financial income	162	3.804.738	478.562	2.279.111	461.275
9. Unrealized gains (income) from financial assets	163	0	0	0	0
10. Other financial income	164	2.231.595	431.848	179.343	467.716
IV. FINANCIAL EXPENSES (166 do 172)	165	31.925.933	8.928.295	33.398.173	9.665.935
1. Expenses arising from interests and similar expenses with related parties within the Group	166	0	0	0	0
2. Foreign exchange losses and similar financial expenses with related parties within the Group	167	0	0	0	0
3. Expenses arising from interest and similar expenses	168	29.031.008	8.350.766	31.256.515	8.633.409
4. Foreign exchange losses and similar financial expenses	169	2.714.359	548.298	1.877.893	865.038
5. Unrealized losses (expenses) on financial assets	170	28.932	28.932	0	0
6. Financial assets impairment (net)	171	0	0	60.000	0
7. Other financial expenses	172	151.633	299	203.766	167.488
V. PROFIT SHARE IN PARTICIPATING INTERESTS	173				
VI. PROFIT SHARE IN JOINT-VENTURE	174				
VII. LOSS SHARE IN PARTICIPATING INTERESTS	175				
VIII. LOSS SHARE IN JOINT-VENTURE	176				
IX. TOTAL INCOME (125+164+173 + 174)	177	948.436.693	345.586.256	849.482.050	265.805.453
X. TOTAL EXPENSES (131+165+175 + 176)	178	928.786.183	326.037.739	842.240.941	256.677.099
XI. PROFIT OR LOSS BEFORE TAXES (177-178)	179	19.650.510	19.548.517	7.241.109	9.128.354
1. Profit before taxes (177-178)	180	19.650.510	19.548.517	7.241.109	9.128.354
2. Loss before taxes (178-177)	181	0	0	0	0
XII. PROFIT TAX	182	3.581.715	3.581.715	2.153.204	2.153.204
XIII. PROFIT OR LOSS FOR THE PERIOD (179-182)	183	16.068.795	15.966.802	5.087.905	6.975.150
1. Profit for the period (179-182)	184	16.068.795	15.966.802	5.087.905	6.975.150
2. Loss for the period (182-179)	185	0	0	0	0
APPENDIX to income statement (to be filled in by entrepreneur that prepares consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributed to equity holders of parent company	186	11.149.793	13.515.169	2.452.044	5.520.100
2. Attributable to non-controlling interest	187	4.919.003	2.451.632	2.635.861	1.455.050
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD					
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (190 do 197)	189	0	0	0	0
1. Exchange differences on translation of foreign operations	190				
2. Movements in revaluation reserves of long - term tangible and intangible assets	191				
3. Profit or loss arising from re-evaluation of financial assets available for sale	192				
4. Gains or losses arising on efficient cash flow hedging	193				
5. Gains or losses arising on efficient hedge of a net investment in foreign countries	194				
6. Share in other comprehensive income / loss in participating interests	195				
7. Actuarial gains / losses on defined benefit plans	196				
8. Other changes in equity non related to the owners	197				
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	198				
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)	199	0	0	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (188+199)	200	16.068.795	15.966.802	5.087.905	6.975.150
APPENDIX to other comprehensive income statement (to be filled in by entrepreneur that prepares consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributed to equity holders of parent company	201	11.149.793	13.515.169	2.452.044	5.520.100
2. Attributed to non-controlling interest	202	4.919.003	2.451.632	2.635.861	1.455.050

Cash flow statement - indirect method
period 01.01.2016 to 31.12.2016

Company: GRANOLIO d.d.			
Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	001	19.650.509	7.241.110
2. Adjustments (003 do 010)	002	49.266.020	61.952.086
a.) Depreciation and amortisation	003	30.252.638	31.201.964
b.) Gains and losses from sale and impairment of long-term tangible and intangible assets	004	(3.573.803)	3.982.766
c.) Gains and losses from sale and unrealised gains or losses and impairment of financial assets	005	(705.755)	(1.124.901)
d.) Interest and dividend income	006	(4.182.662)	(2.915.589)
e.) Interest expense	007	29.031.008	32.216.469
f.) Provisions	008		
g.) Foreign exchange differences (unrealised)	009		
h.) Other adjustments for non-cash transactions and unrealised gains and losses	010	(1.555.406)	(1.408.623)
I. Cash flow increase or decrease before changes in working capital (001 do 002)	011	68.916.529	69.193.196
3. Working capital changes (013 do 016)	012	42.626.629	(2.161.585)
a.) Increase or decrease in short term liabilities	013	(11.267.752)	(29.389.617)
b.) Increase or decrease in short term receivables	014	16.291.611	7.738.226
c.) Increase or decrease in inventories	015	37.602.770	19.489.806
d.) Other increase or decrease in working capital	016		
II. Cash from operations (011+012)	017	111.543.158	67.031.610
4. Interest paid	018	(31.100.841)	(32.194.835)
5. Income tax paid	019	(539.516)	(5.270.899)
A) NET CASH FLOW FROM OPERATING ACTIVITIES (017 do 019)	020	79.902.801	29.565.876
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash inflows from sales of long-term tangible and intangible assets	021	74.877	633.848
2. Cash inflow from sale of financial instruments	022	925.952	
3. Interest received	023	4.445.745	2.100.293
4. Dividend received	024	-	19.794
5. Cash inflow from repayment of loans given and savings deposits	025	30.583.626	86.565.012
6. Other cash inflows from investing activities	026	291.367	193.745
III. Total cash inflows from investing activities (021 do 026)	027	36.321.567	89.512.692
1. Cash outflow for purchase of long-term tangible and intangible assets	028	(15.086.526)	(18.725.583)
2. Cash outflow for acquisition of financial instruments	029		(27.137)
3. Cash outflow for granting loans and other borrowings in the given period	030	(27.679.600)	(82.086.034)
4. Aquisition of subsidiaries net of cash acquired	031		
5. Other cash outflow for investing activities	032	-	
IV. Total cash outflow for investing activities (028 do 032)	033	(42.766.126)	(100.838.754)
B) NET CASH FLOW FROM INVESTING ACTIVITIES (027+033)	034	(6.444.559)	(11.326.062)
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash inflow from increase of the share (subscribed) capital	035		
2. Cash inflow from issuing equity and debt financial instruments	036		
3. Cash proceeds from loan principals, promissory notes and other borrowings	037	435.971.511	369.850.096
4. Other proceeds from financial activities	038		528.760
V. Total cash inflows from financial activities (027 do 029)	039	435.971.511	370.378.856
1. Cash outflow for repayment of loan principals, promissory notes and other borrowings	040	(454.233.936)	(355.637.226)
2. Cash outflow for dividend paid	041	-	(950.822)
3. Cash outflow for financial lease	042	(4.219.674)	(3.609.414)
4. Cash outflow for purchase of treasury shares and decrease of share (subscribed) capital	043		
5. Other cash outflow for financing activities	044	(31.900.448)	(41.117.768)
VI. Total cash outflow for financing activities (031 do 035)	045	(490.354.058)	(401.315.230)
C) NET CASH FLOW FROM FINANCING ACTIVITIES	046	(54.382.547)	(30.936.374)
1. Unrealised foreign exchange differences in cash and cash equivalents	047		
D) NET INCREASE OR DECREASE IN CASH FLOW (020+034+046+047)	048	19.075.695	(12.696.560)
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	3.350.236	22.425.931
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (048+049)	050	22.425.931	9.729.371



Granolio

Granolio d.d.
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In Zagreb, 28 February 2017

Pursuant to the article 407. to 410. of the Capital market Law (Official Gazette 88/08, 146/08 and 74/09) the President of the Management Board of the Company Granolio d.d., Budmanijeva 5, Zagreb provides:

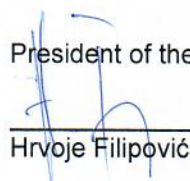
MANAGEMENT BOARD'S STATEMENT OF LIABILITY

The separate and consolidated financial statements of Granolio d.d. have been prepared pursuant to the International Financial Reporting Standards (IFRS) and Croatian Accounting Law.

The non-consolidated and consolidated financial statements for the period from 1 January 2016 till 31 December 2016 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Company.

The management report for the twelve months period ended 31 December 2016 presents true and fair presentation of development and results of the Company's operations with description of significant risks and uncertainties the Company is facing.

President of the Management Board


Hrvoje Filipović



Gran
d.d., Budmanijeva
Zagreb

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MB: 1244272; OIB: 59064993527; IBAN HR602402006100063532 Erste&Steiermarkische bank d.d. Rijeka, IBAN HR1423400091110416692 Privredna banka Zagreb, IBAN HR5123900011100014261 Hrvatska poštanska banka Zagreb; temeljni kapital: 19.016.430,00 kn uplaćen u cijelosti podijeljen na 1.901.643 redovnih dionica serije A nominalnog iznosa 10,00 kn; tvrtka je upisana u Trgovačkom sudu u Zagrebu, MBS: 080111595; predsjednik Uprave: Hrvoje Filipović, članovi Uprave: Vladimir Kalčić, Drago Šurina i Tomislav Kalafatić, predsjednik Nadzornog odbora: Franjo Filipović



Granolio

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Zagreb, 28 February 2017


Statement of Executives responsible for preparing financial statements for the twelve months period

Pursuant to the current Croatian Accounting Act (Official Gazette 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, the complete shorten set of unaudited financial statements for the twelve months period give a true presentation of the Company's position as at 31 December 2016.

Reports prepared by:


Jasenka Kordić
Accounting Director ²

 **Granolio**
d.d., Budmanijeva 5
Zagreb



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