

**Non-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.

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

Subsidiaries

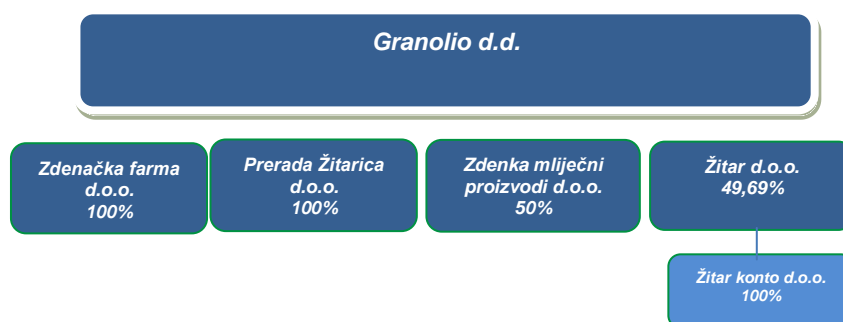
The Company holds 100% of the shares in the Zdenačka farma d.o.o. and Prerada Žitarica d.o.o. companies.

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 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.

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

Ownership in subsidiaries is presented in the organizational chart below:



Significant business events in the accounting period

In 2016 dividends were paid to the shareholders in the total amount of HRK 951 thousand..

Near the end of December 2016 the Company has signed an agreement with its subsidiary Žitar d.o.o. on the lease of its mill, thereby as of 1 January 2017 Company Granolio's production capacities would comprise 3 mills in total.

Near the end of 2016 the Company has signed a new annex to the club credit agreement (as of 31 July 2015) by which the repayment dynamics of the tranche B, as well as some other conditions, were changed to the favour of the Company.

Company's financial indicators for the twelve months of 2016

in thousands of HRK

Granolio d.d.	1-12 2016	1-12 2015	change	
Operating income	595,310	698,452	(103,143)	(15%)
Operating expenses	566,237	669,912	(103,675)	(15%)
EBIT	29,073	28,540	532	2%
<i>EBIT margin</i>	5%	4%		
EBITDA*	41,772	39,932	1,840	5%
<i>EBITDA margin</i>	7%	6%		
Net financial result	(24,577)	(15,924)	(8,653)	54%
Net result for the period	2,433	9,073	(6,640)	73%

* EBITDA= EBIT + depreciation + value adjustments

Comparing to 2015, significantly better operating result (EBIT) was realised during 2016. Comparing to the corresponding period income, decrease is the result of both lower sales prices and lower sales quantities.

Besides higher margins in some of the trade goods, expenses decrease contributed to the better operating result as well. In 2015 one-off expenses incurred, as a result of production rationalization, while in 2016 there were no similar costs.

Net financial result represents the difference between financial income and financial expenses, and in 2016 net financial expense is 54% higher than in 2015. Comparing to the corresponding period last year interest and penalty interest expense is HRK 1.6 million higher, while financial income is lower by HRK 7.7 million. Financial income decreased in the part of re-invoiced expenses, net FX gains which were app. HRK 1.3 million higher in 2015, penalty interests earned from commercial activities and interest income on loans granted to subsidiaries. Interest income on loans to subsidiaries is lower in 2016 as a result of interest rates decrease from 7% to 5.14%.

In the fourth quarter in 2016 and in the fourth quarter in 2015 the Company has offset part of financial income and financial expenses, which satisfy the conditions to be offset. This business change needs to be taken into consideration when evaluating operations of each and every quarter separately.

Normalization of the value of EBITDA

	1-12 2016	1-12 2015
Reporting EBITDA	39.625	38.528
<u>Normalization</u>		
One-off expenses	106	0
Direct write-off of uncollected receivables	20	196
Subsequently recognized prior periods expenses	796	182
Loans approval expenses stated within operating expenses	1,225	1,026
Normalized EBITDA	41,772	39,932

In 2016 the one-off consulting services cost incurred in the amount of HRK 106 thousand. Subsequently recognized prior period expenses relate to the selling costs incurred in 2015. Loans approval expenses charged by banks are in fact costs of financing the company. Therefore it is more accurate to consider them as financial, and not operating expenses.

Financial indicators

in thousands of HRK

Granolio d.d.	31.12.2016	31.12.2015	change	
Net assets (Capital and reserves)	172,065	169,854	2,211	1%
Total debt towards financial institutions	402,854	426,550	(23,696)	(6%)
Cash and cash equivalents	9,300	16,973	(7,673)	(45%)
Given loans, deposits and similar*	47,772	43,373	4,399	10%
Net debt	345,782	366,204	(20,422)	(6%)
Net debt/ Normalized EBITDA	8.28	9.17	(1)	(10%)
Normalized EBITDA	41,772	39,932	1,840	5%

As at 31 December 2016 net debt is 6% lower than the net debt as at 31 December 2015.

With the better value of normalized EBITDA, Company's financial leverage ratios are significantly more favorable.

Note related to the cash flow statement

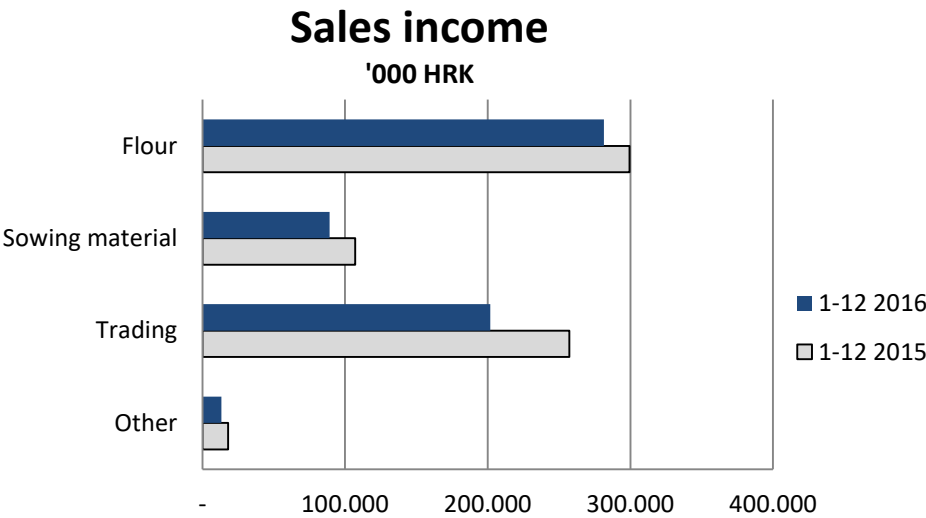
Until the fourth quarter of 2016 the Company's cash flow statement was prepared by classifying interest paid within the financial cash flow. As the template for public disclosure was changed in January 2017 by classifying interest paid as the operating cash flow, the Company adjusted its report for the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

Overview of the business operations for the twelve months of 2016 per business segments

The Company monitors its business operations through four business segments:

- 1. Flour
- 2. Sowing material (wholesale of: fertilizers, protective materials and seeds)
- 3. Trading (wholesale of grains, oil crops and bakery products)
- 4. Other (rendering services of storage, drying and reception of grains and oil crops at the reception stations, cattle breeding, other)

Sales income per business segments is shown by the following chart:



Flour

Decrease of flour sales income is the result of the lower sales prices. Average sales price of flour in 2016 was 8% lower than the average sales price of flour in 2015.

Comparing to the corresponding period last year, average value of the basic raw material (wheat) used in production was lower in 2016.

Within the other operating costs it is important to single out one-off costs which emerged during 2015, like rent costs (rent costs of milling capacities in Belje and Vinkovci in the amount of HRK 0.7 million) and severance payments paid out to the employees of mills in Belje and Vinkovci in the amount of HRK 2 million. In 2016 no such costs incurred.

Sowing material

Sales decrease of sowing material in 2016 is mainly the result of lower prices of grains and oil crops. As the prices of grains and oil crops are lower, that lead producers to strive to lower the sowing expenses by using less fertilizers and protective materials.

Despite the sale decrease, sales margins realized from the sale of sowing material were higher than in the corresponding period.

Trading

Trading segment realized the biggest turnover in the sale of soya, wheat, corn and sunflower. Margins realized in his segment were slightly lower than in 2015. Comparing to 2015 income decrease is the result of lower quantities sold of the most significant cultures and lower average sales prices of most of the goods.

Other

Sales income in the Other segment is comprised of re-invoiced transportation and fuel costs, income from rendering the service of goods reception at the reception stations, income from storage and drying goods, and income from sale of cattle. Income from drying goods was significantly lower in 2016. It is important to note that silo is used for internal usage of Flour and Trading segments as well. Income from drying and income from goods reception at the reception stations have been compensated through higher margins charged in the Trading segment.

Employees

In the twelve months period of 2016 the Company employed 160 employees based on man-hour basis (in the twelve months period of 2015: 176 employees)

Redemption of treasury shares

Based on the General Assembly decision as of 9 June 2016 the Company has transferred a portion of the profit earned in 2015 into the equity reserves for treasury shares in the amount of HRK 800 thousand.

Up to the publication of the Management Board report, the Company was not engaged in any activities relating to the redemption of own shares

Environment

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

Other

Supervisory Board has approved Company'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: 170

(period end)

Consolidated report: NO

NKD code: 1061

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

Bookkeeping service:

Contact person: JASENKA KORDIĆ

(only surname and name)

Telephone: 01/6320-261

Telefax: 01/6320-224

E-mail address: jkordic@granolio.hr

Family 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	468.589.815	462.073.661
I. INTANGIBLE ASSETS (004 do 009)	003	188.142.343	186.475.266
1. Assets development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	120.401.104	120.400.027
3. Goodwill	006	60.379.072	60.379.072
4. Prepayments for purchase of intangible assets	007		
5. Intangible assets in preparation	008		
6. Other intangible assets	009	7.362.167	5.696.167
II. TANGIBLE ASSETS (011 do 019)	010	143.815.327	139.189.258
1. Land	011	8.182.140	8.182.140
2. Buildings	012	113.392.162	110.565.819
3. Plant and equipment	013	19.406.193	16.479.891
4. Tools, working inventory and transportation assets	014	391.307	1.155.288
5. Biological assets	015		
6. Prepayments for tangible assets	016		
7. Tangible assets in progress	017	2.365.901	2.729.289
8. Other tangible assets	018	77.624	76.831
9. Investments in buildings	019		
III. LONG-TERM FINANCIAL ASSETS (021 do 030)	020	136.617.146	136.384.026
1. Investments (shares) with related parties within the Group	021	115.254.813	115.254.813
2. Investments in other securities of related parties within the Group	022		
3. Loans, deposits and similar assets to related parties within the Group	023		
4. Investments (shares) with entrepreneurs in whom the entity holds participating interests	024		
5. Investments in other securities of entrepreneurs in whom the entity holds participating interests	025		
6. Loans, deposits and similar assets to entrepreneurs in whom the entity holds participating	026		
7. Investments in securities	027		
8. Loans, deposits and similar assets	028	900.643	667.523
9. Other investments accounted by equity method	029		
10. Other long - term financial assets	030	20.461.690	20.461.690
IV. RECEIVABLES (032 do 035)	031	15.000	25.111
1. Receivables from related parties within the Group	032		
2. Receivables from entrepreneurs in whom the entity holds participating interests	033		
3. Accounts receivable	034		
4. Other receivables	035	15.000	25.111
V. DEFERRED TAX ASSET	036		
C) SHORT TERM ASSETS (038+046+053+063)	037	252.568.052	223.517.672
I. INVENTORIES (039 do 045)	038	54.699.131	32.553.845
1. Raw materials and supplies	039	42.652.245	8.359.133
2. Work in progress	040	748.544	570.661
3. Finished goods	041	3.412.663	1.783.385
4. Merchandise	042	7.885.680	21.840.666
5. Prepayments for inventories	043		
6. Long term assets held for sale	044		
7. Biological assets	045		
II. RECEIVABLES (047 do 052)	046	138.423.624	134.559.434
1. Receivables from related parties within the Group	047	3.880.456	27.583.830
2. Receivables from entrepreneurs in whom the entity holds participating interests	048		
3. Accounts receivable	049	124.865.490	100.499.078
4. Receivables from employees and members of related parties	050	7.342	7.342
5. Receivables from government and other institutions	051	5.473.744	1.561.647
6. Other receivables	052	4.196.592	4.907.537
III. SHORT TERM FINANCIAL ASSETS (054 do 062)	053	42.472.750	47.104.111
1. Investments (shares) with related parties within the Group	054		
2. Investments in other securities of related parties within the Group	055		
3. Loans, deposits and similar assets to related parties within the Group	056	35.401.763	39.918.768
4. Investments (shares) with entrepreneurs in whom the entity holds participating interests	057		
5. Investments in other securities of entrepreneurs in whom the entity holds participating interests	058		
6. Loans, deposits and similar assets to entrepreneurs in whom the entity holds participating	059		
7. Investments in securities	060	695.738	881.994
8. Loans, deposits and similar assets	061	6.375.248	6.303.350
9. Other financial assets	062		
IV. CASH AND CASH EQUIVALENTS	063	16.972.547	9.300.282
D) PREPAID EXPENSES AND ACCRUED REVENUE	064	5.053.063	4.370.100
E) TOTAL ASSETS (001+002+037+064)	065	726.210.930	689.961.433
F) OFF-BALANCE RECORDS	066	4.398.007	4.091.915

EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (068 do 070+076+077+081+084+087)	067	169.854.331	172.064.703
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	-7.078.272	3.783.114
1. Retained earnings	082		3.783.114
2. Accumulated loss	083	7.078.272	
VI. PROFIT/LOSS FOR THE CURRENT YEAR (085-086)	084	9.073.131	2.433.429
1. Profit for the current year	085	9.073.131	2.433.429
2. Loss for the current year	086		
VII. MINORITY (NON-CONTROLLING) INTEREST	087		
B) PROVISIONS (089 do 094)	088	0	0
1. Provisions for pensions, severance pay and similar liabilities	089		
2. Provisions for tax liabilities	090		
3. Provisions for ongoing legal cases	091		
4. Provisions for costs of natural resources regeneration	092		
5. Provisions for guarantees costs	093		
6. Other provisions	094		
C) LONG - TERM LIABILITIES (096 do 106)	095	299.123.101	283.173.339
1. Liabilities to related parties within the Group	096		
2. Liabilities for loans, deposits, etc. to related parties within the Group	097		
3. Liabilities to entrepreneurs in whom the entity holds participating interests	098		
4. Liabilities for loans, deposits, etc. to entrepreneurs in whom the entity holds participating	099		
5. Liabilities for loans, deposits, etc.	100		
6. Liabilities to banks and other financial institutions	101	283.004.848	267.782.850
7. Liabilities for received prepayments	102		
8. Accounts payable	103		
9. Liabilities arising from debt securities	104		
10. Other long-term liabilities	105		
11. Deferred tax liability	106	16.118.253	15.390.489
D) SHORT - TERM LIABILITIES (108 do 121)	107	256.688.655	234.244.129
1. Liabilities to related parties within the Group	108	591.129	2.065.328
2. Liabilities for loans, deposits, etc. to related parties within the Group	109		11.903.566
3. Liabilities to entrepreneurs in whom the entity holds participating interests	110		
4. Liabilities for loans, deposits, etc. to entrepreneurs in whom the entity holds participating	111		
5. Liabilities for loans, deposits, etc.	112		
6. Liabilities to banks and other financial institutions	113	62.657.130	95.301.481
7. Liabilities for received prepayments	114	2.845.263	3.615.967
8. Accounts payable	115	97.020.024	73.413.319
9. Liabilities arising from debt securities	116	80.887.770	39.770.000
10. Liabilities to employees	117	1.093.562	1.172.827
11. Liabilities for taxes, contributions and similar fees	118	8.540.805	4.032.492
12. Liabilities to shareholders	119		
13. Liabilities for long-term assets held for sale	120		
14. Other short - term liabilities	121	3.052.971	2.969.148
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	122	544.842	479.263
F) TOTAL – CAPITAL AND LIABILITIES (067+088+095+107+122)	123	726.210.930	689.961.433
G) OFF-BALANCE RECORDS	124	4.398.007	4.091.915
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		
2. Attributable to non-controlling interest	126		

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	698.452.264	277.417.950	595.309.665	200.053.740
1. Sales revenue with related parties within the Group	126	6.104.214	656.571	41.825.909	21.440.578
2. Sales revenue (third parties)	127	675.683.257	269.665.039	543.831.579	174.491.930
3. Revenue from the use of own products, goods and services	128	7.478	5.125	21.809	13.425
4. Other operating revenue with related parties within the Group	129				
5. Other operating revenue (third parties)	130	16.657.315	7.091.216	9.630.368	4.107.806
II. OPERATING COSTS (132+133+137+141+142+143+146+153)	131	669.911.979	257.517.796	566.236.830	189.450.521
1. Changes in value of work in progress and finished products	132	-342.637	-507.082	1.447.049	362.530
2. Material costs (133 do 136)	133	620.684.452	246.280.550	520.821.355	176.870.488
a) Raw material and material costs	134	249.219.868	61.957.069	216.100.074	54.996.523
b) Cost of goods sold	135	326.949.479	164.006.695	264.905.015	105.155.900
c) Other external costs	136	44.515.105	20.316.786	39.816.266	16.718.065
3. Staff costs (138 do 140)	137	22.073.689	5.459.238	22.359.364	5.870.349
a) Net salaries and wages	138	12.660.142	3.161.510	12.724.662	3.348.688
b) Tax and contributions from salary expenses	139	6.220.376	1.510.782	6.391.447	1.668.045
c) Contributions on gross salaries	140	3.193.172	786.946	3.243.255	853.616
4. Depreciation and amortisation	141	9.987.562	2.476.578	10.305.986	2.626.245
5. Other costs	142	6.373.390	1.390.989	4.291.498	1.200.168
6. Impairment (144+145)	143	0	0	246.607	246.607
a) Impairment of long-term assets (financial assets excluded)	144				0
b) Impairment of short - term assets (financial assets excluded)	145			246.607	246.607
7. Provisions (147 do 152)	146				0
a) Provisions for pensions, severance pay and similar liabilities	147				
b) Provisions for tax liabilities	148				
c) Provisions for ongoing legal cases	149				
d) Provisions for costs of natural resources regeneration	150				
e) Provisions for guarantees costs	151				
f) Other provisions	152				
8. Other operating costs	153	11.135.523	2.417.523	6.764.972	2.274.134
III. FINANCIAL INCOME (155 do 164)	154	9.639.368	1.958.690	3.699.643	2.658.709
1. Income from investment in shares in related parties within the Group	155		0		0
2. Income from investment in shares of entrepreneurs in whom the entity holds participating interest	156		0		0
3. Income from other long-term financial investment and loans granted to related parties within the Group	157	1.594.648	408.770	1.083.920	483.813
4. Other income arising from interests with related parties within the Group	158	18.827	0	3.508	3.508
5. Foreign exchange gains and similar financial income with related parties within the Group	159	150.205	0		0
6. Income from other long-term financial investment and loans	160	976.838	513.455	1.401.778	1.240.993
7. Other income arising from interests	161	2.368.369	196.273	464.618	133.022
8. Foreign exchange gains and similar financial income	162	2.298.887	408.345	566.474	329.656
9. Unrealized gains (income) from financial assets	163		0		0
10. Other financial income	164	2.231.595	431.848	179.343	467.716
IV. FINANCIAL EXPENSES (166 do 172)	165	25.563.588	7.739.287	28.276.449	8.038.587
1. Expenses arising from interests and similar expenses with related parties within the Group	166			91.297	90.314
2. Foreign exchange losses and similar financial expenses with related parties within the Group	167				
3. Expenses arising from interests and similar expenses	168	24.033.633	7.302.380	27.270.407	7.649.298
4. Foreign exchange losses and similar financial expenses	169	1.412.456	407.800	808.352	288.357
5. Unrealized losses (expenses) on financial assets	170	28.932	28.932		
6. Financial assets impairment (net)	171			60.000	
7. Other financial expenses	172	88.567	174	46.393	10.618
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	708.091.632	279.376.640	599.009.308	202.712.449
X. TOTAL EXPENSES (131+165+175 + 176)	178	695.475.567	265.257.083	594.513.279	197.489.108
XI. PROFIT OR LOSS BEFORE TAXES (177-178)	179	12.616.064	14.119.557	4.496.029	5.223.340
1. Profit before taxes (177-178)	180	12.616.064	14.119.557	4.496.029	5.223.340
2. Loss before taxes (178-177)	181	0	0	0	0
XII. PROFIT TAX	182	3.542.934	3.542.934	2.062.599	2.062.599
XIII. PROFIT OR LOSS FOR THE PERIOD (179-182)	183	9.073.130	10.576.623	2.433.429	3.160.741
1. Profit for the period (179-182)	184	9.073.130	10.576.623	2.433.429	3.160.741
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				
2. Attributable to non-controlling interest	187				
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)	188	9.073.130	10.576.623	2.433.429	3.160.741
1. Exchange differences on translation of foreign operations	189	0	0	0	0
2. Movements in revaluation reserves of long - term tangible and intangible assets	190				
3. Profit or loss arising from re-evaluation of financial assets available for sale	191				
4. Gains or losses arising on efficient cash flow hedging	192				
5. Gains or losses arising on efficient hedge of a net investment in foreign countries	193				
6. Share in other comprehensive income / loss in participating interests	194				
7. Actuarial gains / losses on defined benefit plans	195				
8. Other changes in equity non related to the owners	196				
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	197				
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)	198				
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (188+199)	199	0	0	0	0
VI. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)	200	9.073.130	10.576.623	2.433.429	3.160.741
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				
2. Attributed to non-controlling interest	202				

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	12.616.065	4.496.029
2. Adjustments (003 do 010)	002	27.135.367	33.366.551
a.) Depreciation and amortisation	003	9.987.562	10.305.986
b.) Gains and losses from sale and impairment of long-term tangible and intangible assets	004	(6.686)	407.202
c.) Gains and losses from sale and unrealised gains and losses and impairment of financial assets	005	(771.591)	168.927
d.) Interest and dividend income	006	(4.958.682)	(2.953.825)
e.) Interest expense	007	24.033.633	27.361.704
f.) Provisions	008		
g.) Foreign exchange differences (unrealised)	009		
h.) Other adjustments for non-cash transactions and unrealised gains and losses	010	(1.148.869)	(1.923.444)
I. Cash flow increase or decrease before changes in working capital (001 do 002)	011	39.751.432	37.862.580
3. Working capital changes (013 do 016)	012	40.192.115	6.792.452
a.) Increase or decrease in short term liabilities	013	(17.301.404)	(24.442.491)
b.) Increase or decrease in short term receivables	014	12.023.274	5.969.041
c.) Increase or decrease in inventories	015	45.470.245	25.265.902
d.) Other increase or decrease in the working capital	016		
II. Cash from operations (011+012)	017	79.943.547	44.655.032
4. Interest paid	018	(25.901.637)	(28.284.939)
5. Income tax paid	019	(519.895)	(5.200.077)
A) NET CASH FLOW FROM OPERATING ACTIVITIES (017 do 019)	020	53.522.015	11.170.016
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash inflows from sales of long-term tangible and intangible assets	021	33.308	187.190
2. Cash inflow from sale of financial instruments	022	925.952	
3. Interest received	023	4.977.152	2.740.623
4. Dividend received	024	-	19.794
5. Cash inflow from repayment of loans given and savings deposits	025	61.573.895	91.910.773
6. Other cash inflows from investing activities	026	104.222	152.601
III. Total cash inflows from investing activities (021 do 026)	027	67.614.529	95.010.981
1. Cash outflow for purchase of long-term tangible and intangible assets	028	(4.037.169)	(4.607.233)
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	(45.596.129)	(96.221.857)
4. Aquisition of subsidiaries net of cash acquired	031	(16.302.000)	
5. Other cash outflow for investing activities	032		
IV. Total cash outflow for investing activities (028 do 032)	033	(65.935.298)	(100.856.227)
B) NET CASH FLOW FROM INVESTING ACTIVITIES (027+033)	034	1.679.231	(5.845.246)
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash inflow from increase of the share (subscribed) capital	035		
2. Cash inflow from issuing property and debt financial instruments	036		
3. Cash proceeds from loan principals, promissory notes and other borrowings	037	842.401.914	363.014.024
4. Other proceeds from financial activities	038		
V. Total cash inflows from financial activities (027 do 029)	039	842.401.914	363.014.024
1. Cash outflow for repayment of loan principals, promissory notes and other borrowings	040	(848.957.467)	(333.073.438)
2. Cash outflow for dividend paid	041		(950.822)
3. Cash outflow for financial lease	042	(1.200.389)	(735.923)
4. Cash outflow for purchase of treasury shares and decrease of share (subscribed) capital	043		
5. Other cash outflow for financial activities	044	(31.686.595)	(41.250.876)
VI. Total cash outflow for financial activities (031 do 035)	045	(881.844.451)	(376.011.059)
C) NET CASH FLOW FROM FINANCIAL ACTIVITIES	046	(39.442.537)	(12.997.035)
1. Unrealised foreign exchange differences in cash and cash equivalents	047		
D) NET INCREASE OR DECREASE IN CASH FLOW (020+034+046+047)	048	15.758.709	(7.672.265)
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	1.213.837	16.972.547
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	050	16.972.546	9.300.282



Granolio

Granolio d.d.
Budmanijeva 5, HR-10000 Zagreb
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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:

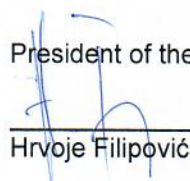
MANAGEMENT BOARD'S STATEMENT OF LIABILITY

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 HR6024020061100063532 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



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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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