

**Consolidated financial results for the
six months period ended
30 June 2018
(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 Zdenačka farma d.o.o.

It has a controlling influence in the decision-making process in the Zdenka mlječni 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 – mlječni 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. and Žitar d.o.o.).

Granolio Group's financial indicators for the six months period of 2018

In thousands of HRK

| | 1-6 2018 | 1-6 2017 | change | |
|----------------------------------|------------------|------------------|-----------------|--------------|
| Operating income | 238.104 | 287.772 | (49.668) | (17%) |
| Operating expenses | (241.241) | (299.582) | 58.341 | 19% |
| EBIT | (3.137) | (11.810) | 8.673 | (73%) |
| <i>EBIT margin</i> | <i>-1%</i> | <i>(4%)</i> | | |
| EBITDA | 12.216 | 4.365 | 7.851 | 180% |
| <i>EBITDA margin</i> | <i>5%</i> | <i>2%</i> | | |
| Net financial result | (24) | (12.429) | 12.405 | 100% |
| Net result for the period | (3.161) | (24.239) | 21.078 | 87% |
| <i>Attributable to the Group</i> | <i>(4.234)</i> | <i>(23.034)</i> | <i>18.800</i> | <i>82%</i> |
| <i>Non-controlling interest</i> | <i>1.073</i> | <i>(1.205)</i> | <i>2.278</i> | <i>189%</i> |

In the first half-year 2018, the Group has made more favorable operating result compared to the same period last year.

Net financial result in the first half-year 2018 is more favorable than in the same period last year due to the fact that mother company was charged with no interest for the interest bearing debt.

Financial indicators

In thousands of HRK

| | 30.6.2018 | 31.12.2017 | change | |
|--|----------------|----------------|---------------|-----------|
| Net assets (Capital and reserves)* | 17.377 | 20.356 | (2.979) | (15%) |
| Total debt | 511.220 | 485.138 | 26.082 | 5% |
| Cash and cash equivalents | 10.871 | 3.605 | 7.266 | 202% |
| Given loans, deposits and similar** | 38.525 | 28.750 | 9.775 | 34% |
| Net debt | 461.824 | 452.783 | 9.041 | 2% |
| Net debt/ EBITDA | 19,49 | -26,49 | | |
| EBITDA for the last 12 months | 23.690 | (17.969) | | |

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

** Loans given, securities and deposits

Compared to 31 December 2017, net assets decreased due to the negative result for the period.

As at 29 January 2018 Company received a notice on the acquisition of 150,000 shares by HOK osiguranje (that represent 7,89% of ownership). HOK acquired shares in OTC transaction with the pension fund PBZ CROATIA OSIGURANJE. As at 30 June 2018, company HOK held 19,9% of ownership in Granolio.

The Group expects to successfully end the pre-bankruptcy process in the mother company during 2018.

Separate business results for the six months period of 2018

Granolio d.d.

In thousands of HRK

| | 1-6 2018 | 1-6 2017 | change | |
|-----------------------------|----------------|-----------------|-----------------|--------------|
| Operating income | 125.933 | 187.650 | (61.717) | (33%) |
| EBIT | (6.566) | (10.348) | 3.782 | 37% |
| <i>margin %</i> | (5%) | (6%) | | |
| EBITDA | (1.373) | (4.813) | 3.440 | (71%) |
| <i>margin %</i> | (1%) | (3%) | | |
| Net financial result | 290 | (11.979) | 12.269 | 102% |
| Net result | (6.276) | (22.327) | 16.051 | 72% |
| <i>margin %</i> | (5,0%) | (11,9%) | | |

In the first half-year 2018, Company has made more favorable operating result (EBIT) compared to the same period last year.

In the first half-year 2018, interest expense on loans received were not charged due to the pre-bankruptcy process still ongoing. Therefore, in 2018 Company reported net financial income.

As at 14 March 2018, Company and started process of merging it's related party Prerada žitarica into Granolio.

As at 30 April 2018, Commercial court in Zagreb has reached a resolution on the forementioned merger by which the company Prerada žitarica ceased to exist.

Zdenka - mliječni proizvodi d.o.o.

In thousands of HRK

| | 1-6 2018 | 1-6 2017 | change | |
|-----------------------------|---------------|---------------|----------------|---------------|
| Operating income | 67.692 | 72.722 | (5.030) | (7%) |
| EBIT | 2.281 | 636 | 1.645 | (259%) |
| <i>margin %</i> | 3% | 1% | | |
| EBITDA | 8.400 | 7.061 | 1.339 | 19% |
| <i>margin %</i> | 12% | 10% | | |
| Net financial result | (183) | (431) | 248 | 58% |
| Net result | 2.098 | 205 | 1.893 | (923%) |
| <i>margin %</i> | 3% | 0% | | |

In the first half-year 2018, the company has made almost equal operating result as in the same period last year.

Žitar d.o.o. (consolidated)

In thousands of HRK

| | 1-6 2018 | 1-6 2017 | change | |
|-----------------------------|---------------|----------------|---------------|---------------|
| Operating income | 35.377 | 21.688 | 13.689 | 63% |
| EBIT | 187 | (2.520) | 2.707 | (107%) |
| <i>margin %</i> | 1% | (12%) | | |
| EBITDA | 2.659 | 48 | 2.611 | 5440% |
| <i>margin %</i> | 8% | 0% | | |
| Net financial result | (140) | (79) | (61) | (77%) |
| Net result | 47 | (2.599) | 2.646 | 102% |
| <i>margin %</i> | 0% | (12%) | | |

Žitar's operating activities include agriculture, production of milk on a dairy farms, cattle breeding, rendering services of storing goods and trade in crops.

Zdenačka farma d.o.o.

In thousands of HRK

| | 1-6 2018 | 1-6 2017 | change | |
|-----------------------------|---------------|---------------|--------------|-------------|
| Operating income | 11.328 | 10.315 | 1.013 | 10% |
| EBIT | 1.080 | 778 | 302 | 39% |
| <i>margin %</i> | 10% | 8% | | |
| EBITDA | 2.509 | 2.214 | 295 | 13% |
| <i>margin %</i> | 22% | 21% | | |
| Net financial result | (348) | (416) | 68 | 16% |
| Net result | 732 | 362 | 370 | 102% |
| <i>margin %</i> | 6% | 4% | | |

In the first half-year 2018 total sales of milk by Zdenačka farma amounted to 2,3 million kilos (HY 2017: 2,3 million kilos). Average sales price realised in the first half-year 2018 was almost as equal as the average sales price realised in the same period last year. In the first half-year 2018, income was also made from trade in goods.

Employees

In the six months 2018 the Group employed 416 employees based on man-hour basis (in the six months 2017: 448 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 six months period 2018.

Annex 1.

Reporting period

1.1.2018

to

30.6.2018

Quarterly financial report TFI-PODTax number (MB): **01244272**Company registration number
(MRS): **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.hrMunicipality/city code and name: **133**County code and name: **21 GRAD ZAGREB**Number of employees: **436**Consolidated report: **YES**(period end)
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)

Telephone: **01/6320-261**Telefax: **01/6320-224**E-mail address: jkordic@granolio.hrFamily name and name: **HRVOJE FILIPOVIĆ**

(person authorized to represent the company)

Documentation for public disclosure:

1. Financial statements (balance sheet, income statement, cash flow statement, statement of changes in equity, notes to the financial statements)
2. Non-consolidated financial results for the 12 months period ended 31 December 2016,
3. Management Board statement of liability and Statements of responsibility of executives responsible for preparing financial statements.

L.S.

(signature of the person authorized to represent the company)

Balance Sheet
as of 30.06.2018

| 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 | 468.986.689 | 458.257.312 |
| I. INTANGIBLE ASSETS (004 do 009) | 003 | 124.767.302 | 123.718.555 |
| 1. Assets development | 004 | 0 | 0 |
| 2. Concessions, patents, licenses, trademarks, service marks, software and other rights | 005 | 120.737.135 | 120.521.388 |
| 3. Goodwill | 006 | 0 | 0 |
| 4. Prepayments for purchase of intangible assets | 007 | 0 | 0 |
| 5. Intangible assets in preparation | 008 | 0 | 0 |
| 6. Other intangible assets | 009 | 4.030.167 | 3.197.167 |
| II. TANGIBLE ASSETS (011 do 019) | 010 | 328.212.154 | 318.531.523 |
| 1. Land | 011 | 23.610.097 | 23.643.097 |
| 2. Buildings | 012 | 223.325.464 | 218.555.745 |
| 3. Plant and equipment | 013 | 56.943.128 | 52.603.854 |
| 4. Tools, working inventory and transportation assets | 014 | 2.917.588 | 2.369.961 |
| 5. Biological assets | 015 | 10.110.572 | 9.785.140 |
| 6. Prepayments for tangible assets | 016 | 355.095 | 283.777 |
| 7. Tangible assets in progress | 017 | 10.437.015 | 10.777.713 |
| 8. Other tangible assets | 018 | 81.195 | 80.236 |
| 9. Investments in buildings | 019 | 432.000 | 432.000 |
| III. LONG-TERM FINANCIAL ASSETS (021 do 030) | 020 | 13.892.233 | 13.892.234 |
| 1. Investments (shares) with related parties within the Group | 021 | | |
| 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 interests | 026 | | |
| 7. Investments in securities | 027 | | |
| 8. Loans, deposits and similar assets | 028 | 396.143 | 396.144 |
| 9. Other investments accounted by equity method | 029 | 0 | 0 |
| 10. Other long - term financial assets | 030 | 13.496.090 | 13.496.090 |
| IV. RECEIVABLES (032 do 035) | 031 | 15.000 | 15.000 |
| 1. Receivables from related parties within the Group | 032 | | |
| 2. Receivables from participating parties | 033 | | |
| 3. Accounts receivable | 034 | | |
| 4. Other receivables | 035 | 15.000 | 15.000 |
| V. DEFERRED TAX ASSET | 036 | 2.100.000 | 2.100.000 |
| C) SHORT TERM ASSETS (038+046+053+063) | 037 | 254.673.903 | 285.329.825 |
| I. INVENTORIES (039 do 045) | 038 | 74.430.389 | 87.768.245 |
| 1. Raw materials and supplies | 039 | 23.586.432 | 16.171.712 |
| 2. Work in progress | 040 | 8.376.188 | 12.817.309 |
| 3. Finished goods | 041 | 33.251.567 | 35.198.596 |
| 4. Merchandise | 042 | 9.130.745 | 23.553.662 |
| 5. Prepayments for inventories | 043 | 85.457 | 26.966 |
| 6. Long term assets held for sale | 044 | 0 | 0 |
| 7. Biological assets | 045 | 0 | 0 |
| II. RECEIVABLES (047 do 052) | 046 | 148.285.115 | 148.560.978 |
| 1. Receivables from related parties within the Group | 047 | 492.726 | 492.722 |
| 2. Receivables from participating parties | 048 | 0 | 0 |
| 3. Accounts receivable | 049 | 112.470.877 | 119.821.767 |
| 4. Receivables from employees and members of related parties | 050 | 3.526 | 4.675 |
| 5. Receivables from government and other institutions | 051 | 8.710.729 | 2.945.972 |
| 6. Other receivables | 052 | 26.607.258 | 25.295.842 |
| III. SHORT TERM FINANCIAL ASSETS (054 do 062) | 053 | 28.353.437 | 38.129.246 |
| 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 | 14.676.132 | 14.656.773 |
| 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 interests | 059 | 0 | 0 |
| 7. Investments in securities | 060 | 178.441 | 179.272 |
| 8. Loans, deposits and similar assets | 061 | 13.498.864 | 23.293.201 |
| 9. Other financial assets | 062 | | |
| IV. CASH AND CASH EQUIVALENTS | 063 | 3.604.962 | 10.871.356 |
| D) PREPAID EXPENSES AND ACCRUED REVENUE | 064 | 1.278.706 | 1.161.818 |
| E) TOTAL ASSETS (001+002+037+064) | 065 | 724.939.299 | 744.748.955 |
| F) OFF-BALANCE RECORDS | 066 | | |

| EQUITY AND LIABILITIES | | | |
|--|------------|--------------|--------------|
| A) ISSUED CAPITAL AND RESERVES (068 do 070+076+077+081+084+087) | 067 | 20.356.307 | 17.376.965 |
| I. SUBSCRIBED SHARE CAPITAL | 068 | 19.016.430 | 19.016.430 |
| II. CAPITAL RESERVES | 069 | 84.186.547 | 84.195.807 |
| III. RESERVES FROM PROFIT (071+072-073+074+075) | 070 | 1.208.554 | 1.208.554 |
| 1. Reserves prescribed by law | 071 | 408.554 | 408.554 |
| 2. Reserves for treasury shares | 072 | 800.000 | 800.000 |
| 3. Treasury shares (deductible items) | 073 | | |
| 4. Statutory reserves | 074 | | |
| 5. Other reserves | 075 | | |
| IV. REVALUATION RESERVES | 076 | 60.117.173 | 59.179.265 |
| 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 | -868.634 | -201.420.647 |
| 1. Retained earnings | 082 | | 0 |
| 2. Accumulated loss | 083 | 868.634 | 201.420.647 |
| VI. PROFIT/LOSS FOR THE CURRENT YEAR (085-086) | 084 | -201.662.286 | -4.233.873 |
| 1. Profit for the current year | 085 | | |
| 2. Loss for the current year | 086 | 201.662.286 | 4.233.873 |
| VII. MINORITY (NON-CONTROLLING) INTEREST | 087 | 58.358.525 | 59.431.430 |
| 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 | 85.269.845 | 75.673.277 |
| 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 | 11.270 | 11.069 |
| 6. Liabilities to banks and other financial institutions | 101 | 71.876.349 | 62.485.865 |
| 7. Liabilities for received prepayments | 102 | 0 | 0 |
| 8. Accounts payable | 103 | 185.773 | 185.773 |
| 9. Liabilities arising from debt securities | 104 | 0 | 0 |
| 10. Other long-term liabilities | 105 | 0 | 0 |
| 11. Deferred tax liability | 106 | 13.196.453 | 12.990.570 |
| D) SHORT - TERM LIABILITIES (108 do 121) | 107 | 605.933.816 | 637.913.875 |
| 1. Liabilities to related parties within the Group | 108 | | |
| 2. Liabilities for loans, deposits, etc. to related parties within the Group | 109 | | |
| 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 | 0 | 35.551.515 |
| 6. Liabilities to banks and other financial institutions | 113 | 366.510.252 | 367.341.172 |
| 7. Liabilities for received prepayments | 114 | 2.985.710 | 250.488 |
| 8. Accounts payable | 115 | 102.605.008 | 102.751.192 |
| 9. Liabilities arising from debt securities | 116 | 46.740.600 | 45.830.600 |
| 10. Liabilities to employees | 117 | 2.188.819 | 2.306.435 |
| 11. Liabilities for taxes, contributions and similar fees | 118 | 4.014.406 | 4.261.919 |
| 12. Liabilities to share - holders | 119 | 0 | 0 |
| 13. Liabilities for long-term assets held for sale | 120 | 0 | 0 |
| 14. Other short - term liabilities | 121 | 80.889.021 | 79.620.554 |
| E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD | 122 | 13.379.330 | 13.784.838 |
| F) TOTAL – CAPITAL AND LIABILITIES (067+088+095+107+122) | 123 | 724.939.298 | 744.748.955 |
| G) OFF-BALANCE RECORDS | 124 | | |
| 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 | -38.002.217 | -42.054.465 |
| 2. Attributable to minority interest | 126 | 58.358.525 | 59.431.430 |

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

Income statement
period 01.01.2017 to 30.06.2017

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 | 287.771.957 | 128.319.693 | 238.103.938 | 135.075.936 |
| 1. Sales revenue with related parties with the Group | 126 | 0 | 0 | 0 | 0 |
| 2. Sales revenue (other parties) | 127 | 279.289.112 | 124.742.996 | 229.827.599 | 131.042.643 |
| 3. Revenue from the use of own products, goods and services | 128 | 1.069.523 | 521.551 | 1.015.288 | 647.747 |
| 4. Other operating revenue with related parties with the Group | 129 | 0 | 0 | 0 | 0 |
| 5. Other operating revenue (other parties) | 130 | 7.413.322 | 3.055.146 | 7.261.071 | 3.385.546 |
| II. OPERATING COSTS (132+133+137+141+142+143+146+153) | 131 | 299.581.452 | 133.703.863 | 241.240.878 | 134.856.970 |
| 1. Changes in value of work in progress and finished products | 132 | -5.140.336 | 788.861 | -6.730.675 | -3.845.499 |
| 2. Material costs (133 do 136) | 133 | 255.728.151 | 110.141.240 | 206.084.472 | 117.013.024 |
| a) Raw material and material costs | 134 | 134.092.373 | 60.893.204 | 144.172.275 | 73.238.798 |
| b) Cost of goods sold | 135 | 100.009.243 | 38.402.481 | 44.387.018 | 34.113.418 |
| c) Other external costs | 136 | 21.626.535 | 10.845.555 | 17.525.179 | 9.660.808 |
| 3. Staff costs (138 do 140) | 137 | 21.825.119 | 10.284.255 | 18.585.933 | 9.471.183 |
| a) Net salaries and wages | 138 | 13.568.338 | 6.490.081 | 11.962.012 | 6.115.030 |
| b) Tax and contributions from salary expenses | 139 | 5.037.408 | 2.275.580 | 3.998.459 | 2.024.307 |
| c) Contributions on gross salaries | 140 | 3.219.373 | 1.518.594 | 2.625.463 | 1.331.847 |
| 4. Depreciation and amortisation | 141 | 16.174.437 | 8.029.696 | 15.352.641 | 7.613.351 |
| 5. Other costs | 142 | 3.932.497 | 1.511.724 | 3.473.745 | 1.845.698 |
| 6. Impairment (144+145) | 143 | 0 | 0 | 0 | 0 |
| a) Impairment of long-term assets (financial assets excluded) | 144 | | | | 0 |
| b) Impairment of short - term assets (financial assets excluded) | 145 | | | | |
| 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 | 7.061.584 | 2.948.087 | 4.474.762 | 2.759.213 |
| III. FINANCIAL INCOME (155 do 164) | 154 | 3.713.282 | 1.458.870 | 2.175.677 | 922.386 |
| 1. Income from investment in shares in related parties within the Group | 155 | 0 | 0 | 0 | 0 |
| 2. Income from investment in shares of entrepreneurs in whom the entity holds participating | 156 | 0 | 0 | 0 | 0 |
| 3. Income from other long-term financial investment and loans granted to related parties | 157 | 0 | 0 | 0 | 0 |
| 4. Other income arising from interests 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 investment and loans | 160 | 413.813 | 385.185 | 352.276 | 176.250 |
| 7. Other income arising from interests | 161 | 64.067 | 43.963 | 19.919 | 7.518 |
| 8. Foreign exchange gains and similar financial income | 162 | 2.151.683 | 586.361 | 1.803.482 | 738.618 |
| 9. Unrealized gains (income) from financial assets | 163 | 0 | 0 | 0 | 0 |
| 10. Other financial income | 164 | 1.083.719 | 443.361 | 0 | 0 |
| IV. FINANCIAL EXPENSES (166 do 172) | 165 | 16.143.219 | 7.348.958 | 2.199.704 | 1.105.664 |
| 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 | 167 | 0 | 0 | 0 | 0 |
| 3. Expenses arising from interests and similar expenses | 168 | 15.475.282 | 7.137.434 | 1.872.262 | 899.509 |
| 4. Foreign exchange losses and similar financial expenses | 169 | 636.473 | 207.869 | 305.831 | 184.639 |
| 5. Unrealized losses (expenses) on financial assets | 170 | 0 | 0 | 0 | 0 |
| 6. Financial assets impairment (net) | 171 | 0 | 0 | 0 | 0 |
| 7. Other financial expenses | 172 | 31.464 | 3.655 | 21.611 | 21.516 |
| V. SHARE IN PARTICIPATING INTERESTS PROFIT | 173 | | | | |
| VI. SHARE IN JOINT-VENTURE PROFIT | 174 | | | | |
| VII. SHARE IN PARTICIPATING INTERESTS LOSS | 175 | | | | |
| VIII. SHARE IN JOINT-VENTURE LOSS | 176 | | | | |
| IX. TOTAL INCOME (125+164+173 + 174) | 177 | 291.485.239 | 129.778.563 | 240.279.615 | 135.998.322 |
| X. TOTAL EXPENSES (131+165+175 + 176) | 178 | 315.724.671 | 141.052.821 | 243.440.582 | 135.962.634 |
| XI. PROFIT OR LOSS BEFORE TAXES (177-178) | 179 | -24.239.432 | -11.274.258 | -3.160.967 | 35.689 |
| 1. Profit before taxes (177-178) | 180 | 0 | 0 | 0 | 35.689 |
| 2. Loss before taxes (178-177) | 181 | 24.239.432 | 11.274.258 | 3.160.967 | 0 |
| XII. PROFIT TAX | 182 | | | | |
| XIII. PROFIT OR LOSS FOR THE PERIOD (179-182) | 183 | -24.239.432 | -11.274.258 | -3.160.967 | 35.689 |
| 1. Profit for the period (179-182) | 184 | 0 | 0 | 0 | 35.689 |
| 2. Loss for the period (182-179) | 185 | 24.239.432 | 11.274.258 | 3.160.967 | 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 minority 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 | -24.239.432 | -11.274.258 | -3.160.967 | 35.689 |
| 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 of participating interest companies | 194 | | | | |
| 7. Actuarial gains / losses on defined benefit plans | 195 | | | | |
| 8. Other changes in equity non related to the owners | 196 | | | | |
| 9. 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 | -24.239.432 | -11.274.258 | -3.160.967 | 35.689 |
| 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 | -23.034.101 | -10.392.562 | -4.233.873 | -1.470.940 |
| 2. Attributed to minority interest | 202 | -1.205.330 | -881.669 | 1.072.907 | 1.506.629 |

Cash flow statement - indirect method
period 01.01.2018 to 30.06.2018

| Company: GRANOLIO d.d. | | | |
|---|------------|----------------------|---------------------|
| Position | AOP | Previous period | Current period |
| 1 | 2 | 3 | 4 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 1. Profit before tax | 001 | (23.057.645) | (3.160.967) |
| 2. Adjustments (003 do 010) | 002 | 23.946.808 | 13.338.367 |
| a.) Depreciation and amortisation | 003 | 16.175.437 | 15.352.643 |
| b.) Gains and losses from the sale and impairment of long-term tangible and intangible assets | 004 | (1.077.621) | 1.990.817 |
| c.) Gains and losses from the sale and unrealised gains and losses and impairment of financial assets | 005 | (792.367) | |
| d.) Interests and dividends income | 006 | (477.880) | (372.081) |
| e.) Interests expense | 007 | 15.475.256 | 1.733.324 |
| f.) Provisions | 008 | - | |
| g.) Foreign exchange differences (unrealised) | 009 | (1.775.073) | (1.521.732) |
| h.) Other adjustments for non-cash transactions and unrealised gains and losses | 010 | (3.580.944) | (3.844.604) |
| I. Cash flow increase or decrease before changes in the working capital (001 do 002) | 011 | 889.163 | 10.177.400 |
| 3. Working capital changes (013 do 016) | 012 | 31.069.748 | (12.564.304) |
| a.) Increase or decrease in short term liabilities | 013 | (6.902.192) | (1.731.141) |
| b.) Increase or decrease in short term receivables | 014 | 20.218.396 | 2.388.245 |
| c.) Increase or decrease in inventories | 015 | 17.753.544 | (13.221.408) |
| d.) Other increase or decrease in the working capital | 016 | - | |
| II. Cash from operations (011+012) | 017 | 31.958.911 | (2.386.904) |
| 4. Interests paid | 018 | (9.694.762) | (1.784.381) |
| 5. Income tax paid | 019 | (1.199.045) | (490.000) |
| A) NET CASH FLOW FROM OPERATING ACTIVITIES (017 do 019) | 020 | 21.065.104 | (4.661.285) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| 1. Cash inflows from sales of long-term tangible and intangible assets | 021 | 242.394 | - |
| 2. Cash inflow from the sale of financial instruments | 022 | 1.435.851 | - |
| 3. Interests receipts | 023 | 767.626 | 43.482 |
| 4. Dividends receipts | 024 | - | |
| 5. Cash inflow from repayment of given loans and other borrowings | 025 | 4.754.735 | 54.811 |
| 6. Other cash inflows from investing activities | 026 | - | 10.215 |
| III. Total cash inflows from investing activities (021 do 026) | 027 | 7.200.606 | 108.508 |
| 1. Cash outflow for purchase of long-term tangible and intangible assets | 028 | (4.464.061) | (4.350.185) |
| 2. Cash outflow for acquisition of financial instruments | 029 | - | |
| 3. Cash outflow for granting loans and other borrowings in the given period | 030 | (21.837.319) | (9.840.004) |
| 4. Aquisition of associates decreased by the acquired cash | 031 | - | |
| 5. Other cash outflow for investing activities | 032 | (180.161) | |
| IV. Total cash outflow for investing activities (028 do 032) | 033 | (26.481.541) | (14.190.189) |
| B) NET CASH FLOW FROM INVESTING ACTIVITIES (027+033) | 034 | (19.280.935) | (14.081.681) |
| 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 the credit principals, promissory notes, borrowings and other loans | 037 | 97.577.451 | 35.551.515 |
| 4. Other proceeds from financial activities | 038 | 52.319 | |
| V. Total cash inflows from financial activities (027 do 029) | 039 | 97.629.770 | 35.551.515 |
| 1. Cash outflow for repayment of credit principals, promissory notes, borrowings and other loans | 040 | (97.531.239) | (7.769.741) |
| 2. Cash outflow for dividends paid | 041 | (1.181.786) | |
| 3. Cash outflow for financial lease | 042 | (1.287.814) | (862.413) |
| 4. Cash outflow for purchase of treasury shares and decrease of share (subscribed) capital | 043 | - | |
| 5. Other cash outflow for financial activities | 044 | (8.118.000) | (910.000) |
| VI. Total cash outflow for financial activities (031 do 035) | 045 | (108.118.839) | (9.542.154) |
| C) NET CASH FLOW FROM FINANCIAL ACTIVITIES | 046 | (10.489.069) | 26.009.361 |
| 1. Unrealised foreign exchange differences in cash and cash equivalents | 047 | - | |
| D) NET INCREASE OR DECREASE IN CASH FLOW (020+034+046+047) | 048 | (8.704.900) | 7.266.395 |
| E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 049 | 9.729.371 | 3.604.962 |
| F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 050 | 1.024.471 | 10.871.357 |



Granolio

Granolio d.d.
Budmanijeva 5, HR-10000 Zagreb
tel.: +385 1 6320 200; faks: +385 1 6320 222; e-mail: granolio@granolio.hr; http://www.granolio.hr

In Zagreb, 31 July 2018

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 2018 till 30 June 2018 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Company.

The management report for the six months period ended 30 June 2018 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



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Granolio

d.d., Budmanijeva 5
Zagreb

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Hrvatska

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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 i Drago Šurina, predsjednik Nadzornog odbora: Franjo Filipović



Granolio

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Zagreb, 31 July 2018

Statement of Executives responsible for preparing financial statements for the six 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 six months period give a true presentation of the Company's position as at 30 June 2018.

Reports prepared by:



Jasenka Kordić
Accounting Director



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Granolio
d.d., Budmanijeva 5
Zagreb



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