PODRAVKA

Podravka Group Business Results for **1-3 2017 period**

Content

Key financial indicators in Q1 2017

(in HRK millions)	Q1 2017[1]	Q1 2016	Δ	%
Sales revenues	913.2	997.1	(83.9)	(8.4%)
Gross profit	320.6	365.5	(44.8)	(12.3%)
EBITDA[2]	75.8	126.9	(51.1)	(40.3%)
Net profit after MI	18.0	60.1	(42.1)	(70.0%)
Net cash flow from operating activities	48.1	(5.0)	53.1	1,070.8%
Cash capital expenditures	84.7	121.1	(36.4)	(30.0%)

(in HRK; market capitalization in HRK millions)	31.03.2017	31.12.2016	Δ	%
Net debt / EBITDA	2.6	2.2	0.4	17.1%
Earnings per share	20.2	26.3	(6.1)	(23.1%)
Last price at the end of period	358.8	377.5	(18.7)	(5.0%)
Market capitalization	2,487.0	2,615.9	(128.9)	(4.9%)
Return on average equity	5.0%	6.5%		-150 bp
Return on average assets	2.8%	3.7%		-83 bp

Key highlights of Q1 2017 business results:

- The timing of Easter holidays, the escalation of crisis of the most significant customer in the Adria market, the absence of sales of Beverages following the sale of this business last year, as well as different dynamics in selling and marketing activities on the majority of other markets of the Food segment could not be fully compensated by positive trends in the Pharmaceuticals segment revenues. Indicators of sales movements in the 2nd quarter indicate the recovery of trend in their realisation, and the company continues with activities aimed at profitability and operating risks management,
- The level of profitability recorded is primarily under the impact of movement in revenues that decreased compared to the same period of the previous year, as well as of the costs of a larger number of exercised share options compared to the comparative period,
- Movements in cash flow from operating activities positively contribute to ensuring the financial stability of the Group.

[1]The term Q1 2017 relates to the period January 2017 - March 2017, while the term Q1 2016 relates to the period January 2016 - March 2016,
[2]EBITDA is calculated in a way that EBIT was increased by the depreciation and amortization and impairment of intangible and non-current tangible assets.

Significant events in Q1 2017

Changes in Supervisory Board and Management Board of Podravka d.d.

On 21st February 2017, the General Assembly of Podravka d.d. was held where the decision to recall two members of the Supervisory Board of Podravka d.d. was adopted - Mato Crkvenac and Ivo Družić. At the same General Assembly meeting, the decision on the election of four members of the Supervisory Board of Podravka d.d. was adopted - Marko Kolaković, Slavko Tešija, Luka Burilović and Damir Grbavac. The term of the elected members of Podravka d.d. Supervisory Board started as of 21st February and lasts until 7th September 2018.

On 23rd February 2017, the meeting of the Supervisory Board of Podravka d.d. was held where the decision on the appointment of the president and members of the Management Board of Podravka d.d. was adopted. Marin Pucar was appointed president of the Management Board of Podravka d.d., Ljiljana Šapina, Iva Brajević and Hrvoje Kolarić were appointed as members of the Management Board. The term of the appointed president and members of the Management Board began as of 24th February 2017 and lasts until 31st October 2018, except for the appointed Management Board member Iva Brajević - her term expires on 30th April 2017. As of 1st May 2017, Podravka d.d. Management Board member will be Davor Doko.

Innovation in the Food and Pharmaceuticals segments in Q1 2017

The Vegeta brand in the Adria region made extended its range of monospices through the new Vegeta Maestro line. By rebranding monospices from Podravka into Vegeta Maestro, Vegeta strengthens its position as a culinary brand that encourages culinary inspiration, and spreads the blue shelf block at sales points. On the other hand, the Maestro brand in the market of Slovenia in its new design aims to position itself as a modern, optimistic brand for young people. Modern design and range of carefully selected spices are adapted to young consumers and global culinary trends. In addition to innovation in the spices range, the **Culinary** category sees the continuation of the innovation cycle also in the soups range. For the markets of the MENA region, onion soup and lentil soup have been created, adapted to the preferences of local consumers. Podravka bouillons, as one of the Podravka's key categories, arrive to store shelves and consumers' tables with new, innovated "*free-from*" recipes based on Podravka's nutritive strategy, as well as in refreshed design that emphasises the pleasure in the recognizable Podravka soup flavour. This innovation is aimed at market development by attracting new consumers, as well as further strengthening of Podravka's market positions within the soup category.

In the basic range of dehydrated baby food, **Lino world** responds to requirements of a modern consumer through innovation of product recipes (reduced sugar content, additional minerals - calcium and iron), as well

as packaging (health and environmentally friendly). Innovation is accompanied by new design which, in addition to retaining the recognisability of Lino baby food, facilitates the consumers' choice of the desired product on the shelf by the child's age and the manner of preparation (water or milk).

The **Sweets, snacks and drinks** category also responds to current market trends through the redesign of Kviki snacks. By emphasising the information important to consumers and communication on the label "baked, not fried", the consumers' search for a "healthier" snack product is facilitated. Filled

Dolcela muffins with coconut represent a fusion of favourite chocolate muffins and the popular coconut flavour. Dolcela muffins filled with vanilla cream and lemon cream are another innovation is the cake mixes segment. Podravka teas in new design, which appeared on the market in late 2016, completed the re-launch in the first quarter of 2017 by an integrated communication campaign that promotes naturalness and abundance of ingredients retained by the innovated aroma wrapper.

In the **Meat programme** category, cracklings, a well-known traditional product, got their snack variant. By various flavours in the convenient "on-the-go" packaging, the product approaches young consumers and represents an interesting snack full of flavour and pleasure, for any occasion.

The **Zlato polje** range has been extended by two risotto bases: cheese flavour and tomato flavour. The products are perfect for everyone fond of delicious risotto that can now be made in shorter time, and they are a great help to beginners in cooking, to prepare a delicious meal.

The **Natura** brand was extended in the cereals segment with BIO instant oatmeal and BIO quinoa cereals. The products are perfect for delicious breakfast, with added favourite fruit or as an ingredient in the preparation of smoothies.

The new segment of **Gorenjka** chocolates are dark Mistica Wellness chocolates in line with the "good-for-me" consumer trend. The new line is a perfect fusion of chocolate with high cocoa content and super foods (goji berries and maca root, ginger, orange and matcha tea and hemp seeds), rich in antioxidants, omega 3 fatty acids, vitamins and minerals.

Šumi was added new products in the segment where it holds the leading position. An innovative product on the market is Fruit Jelly double flavour - the only candy on the market with two fruit flavours in one candy. Party mix kids has also been launched - a combination of funny forms and flavours in soft candies with added tattoos. In addition to innovation of the Šumi brand,

novelties under the Herba brand have also been launched. Herba original hard candy flavour has been transferred into a gummi candy. In addition, new Ice-ginseng flavour has been launched, ideal for fresh breath and energy boost.

Since the beginning of the year, Belupo added to the Croatian market of **Enteral nutrition** two new flavours of NUTRIXA, strawberry and coffee. NUTRIXA is liquid food rich in calories and proteins with added fibres for a complete, balanced diet. This is food for special medical purposes, intended for the dietary needs of patients with malnutrition or at risk of its occurrence. It may be used as the sole food source or as food supplement, and is provided only under medical supervision. NUTRIXA can be found on the market in 200 ml packaging in four flavours: vanilla, chocolate, strawberry and coffee.

Belobaza 100 g in an airless pump plastic tube, the first product in Belupo registered within the Medical Device regulatory framework is a new product in the Slovenian market. Belobaza is used for protection and care of sensitive skin in children and adults, and at the same time it is easily combined with local corticosteroids from the Belupo’s portfolio.

VIVAIRA (sildenafil) chewing tablets intended for adult men with erectile dysfunction is a new product in the Russian market. VIVAIRA chewing tablets contain sildenafil active substance from the group of medicines called phosphodiesterase type 5 inhibitors.

Overview of sales revenues in Q1 2017

Note: As of the beginning of 2017, the existing categories in the Food segment have been reorganised for the purpose of a more efficient management of the existing and new brands. As a result, the new category "Core food" was separated from the existing category "Mediterranean food, condiments, fruits and vegetables". For the purpose of a better understanding of categories, the section "Additional tables" presents components of individual categories in the Food segment and sales by quarters in 2016.

Sales revenues by segments in Q1 2017

Sales revenues by segment				
(in HRK millions)	**Q1 2017**	**Q1 2016**	**Δ**	**%**
Food	**723.6**	**814.6**	**(91.0)**	**(11.2%)**
Own brands	*615.6*	*709.9*	*(94.3)*	*(13.3%)*
Other sales	*107.9*	*104.7*	*3.3*	*3.1%*
Pharmaceuticals	**189.6**	**182.5**	**7.1**	**3.9%**
Own brands	*155.1*	*148.7*	*6.4*	*4.3%*
Other sales	*34.6*	*33.9*	*0.7*	*2.0%*
Podravka Group	**913.2**	**997.1**	**(83.9)**	**(8.4%)**
Own brands	*770.7*	*858.6*	*(87.8)*	*(10.2%)*
Other sales	*142.5*	*138.6*	*3.9*	*2.8%*

Food segment (Q1 2017 compared to Q1 2016):

- **Own brands** recorded 13.3% lower sales due to a number of factors of which the most significant were as follows: (i) different schedule of selling and marketing activities related to the later Easter holidays compared to the comparative period, (ii) the absence of sales of the Beverages segment that the company disinvested at the end of 2016, (iii) optimisation of the portfolio in the Meat programme and the absence of last-year's one-off effects, (iv) last-year's change of the distributor in Western Europe, (v) temporarily reduced sales to the main distributor in the market of Russia, (vi) recent developments with the most significant customer in the Adria market, and (vii) continued aggressive competition in terms of prices, especially in with respect to Bakery. If the effect of foreign exchange differences is excluded, own brands record 12.7% lower sales,
- **Other sales** recorded 3.1% higher sales, primarily as a result of increased sales of trade goods of the company Lagris and private labels of the company Žito. If the effect of foreign exchange differences is excluded, other sales record an increase in sales of 3.9%,
- Consequently, the **Food segment** recorded 11.2% lower sales. If the effect of foreign exchange differences is excluded, the Food segment records 10.6% lower sales.

Pharmaceuticals segment (Q1 2017 compared to Q1 2016):

- **Own brands** recorded a 4.3%, increase in sales, primarily due to the strong flu season in the Croatian market and implemented selling and marketing activities. If the effect of foreign exchange differences is excluded, own brands record a 0.4% increase in sales,
- **Other sales** are 2.0% higher as a result, among other things, of the increase in sales of trade goods in Deltis Pharm pharmacies. If the effect of foreign exchange differences is excluded, other sales record a 3.2% sales growth,
- Consequently, the **Pharmaceuticals segment** recorded 3.9% higher sales. If the effect of foreign exchange differences is excluded, the Pharmaceuticals segment records a 0.9% increase in sales.

Podravka Group (Q1 2017 compared to Q1 2016):

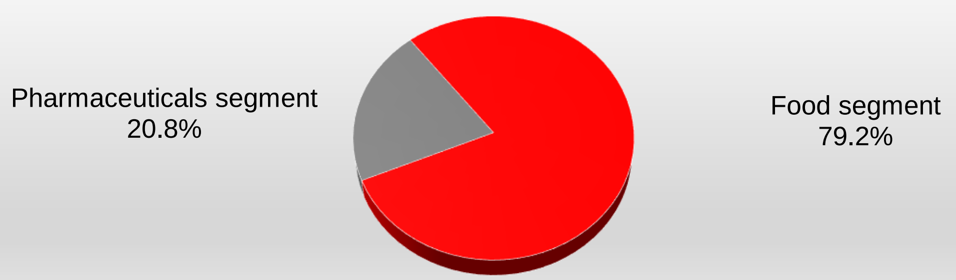
- **Own brands** of the Podravka Group recorded 10.2% lower sales in the observed period. If the effect of foreign exchange differences is excluded, own brands record 10.5% lower sales,
- The revenues from **other sales** are 2.8% higher than in the comparative period. If the effect of foreign exchange differences is excluded, other sales record an increase in sales of 3.8%,
- Consequently, sales of the **Podravka Group** are 8.4% lower in the observed period. If the effect of foreign exchange differences is excluded, the Podravka Group records 8.5% lower sales.

Net effect of currency exchange rates (FX differences) on sales by segment in Q1 2017:

(in HRK millions)	Own brands	Other sales	Total
Food	(3.8)	(0.8)	(4.6)
Pharmaceuticals	5.8	(0.4)	5.4
Group	2.1	(1.3)	0.8

- The most significant negative effect is recorded by the Euro (HRK -5.6 million) and the Bosnian mark (HRK -2.0 million), while the most significant positive effect is recorded by the Russian rouble (HRK +10.3 million).

Sales revenues by segment in Q1 2017



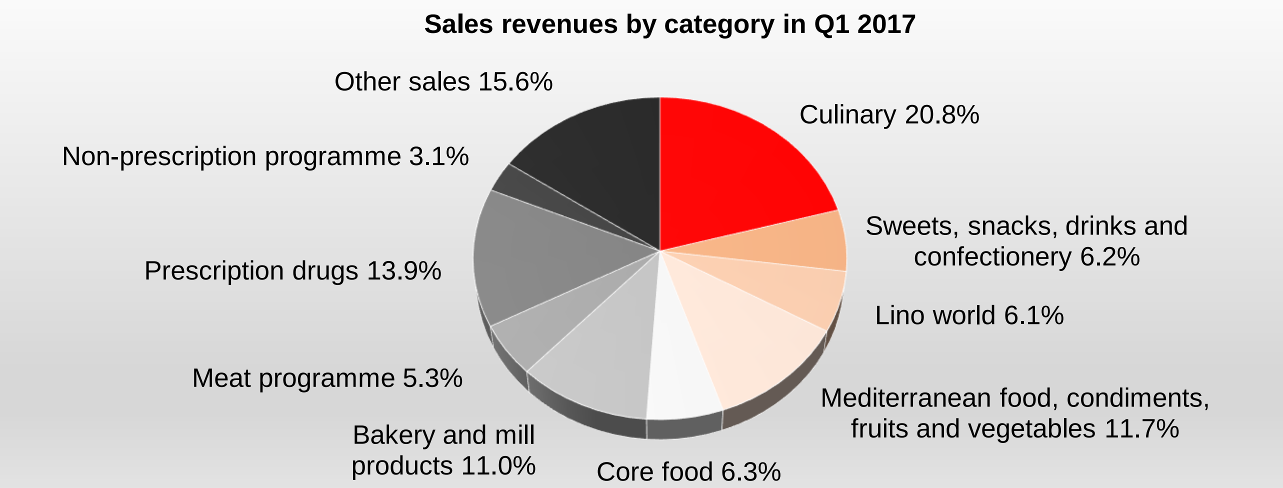
Sales revenues by category in Q1 2017

Sales revenues by category				
(in HRK millions)	**Q1 2017**	**Q1 2016**	**Δ**	**%**
Culinary	190.3	215.2	(24.9)	(11.6%)
Sweets, snacks, drinks and confectionery	56.3	76.9	(20.6)	(26.8%)
Lino world	55.7	58.5	(2.8)	(4.8%)
Mediterranean food, condiments, fruits and vegetables	106.5	110.7	(4.2)	(3.8%)
Core food	57.8	70.4	(12.7)	(18.0%)
Bakery and mill products	100.4	109.0	(8.6)	(7.9%)
Meat programme	48.7	69.2	(20.5)	(29.7%)
Prescription drugs	126.8	127.1	(0.3)	(0.2%)
Non-prescription programme	28.2	21.5	6.7	31.2%
Other sales	142.5	138.6	3.9	2.8%
Podravka Group	**913.2**	**997.1**	**(83.9)**	**(8.4%)**

Sales revenues by category (Q1 2017 compared to Q1 2016):

- The **Culinary category** recorded 11.6% lower sales, primarily due to lower sales in the Europe and Adria regions, as a result of reduced selling and marketing activities in Q1 2017 related to the later Easter holidays compared to Q1 2016, but also due to changes in the sales structure following the further pressure of customers on selling prices. Lower sales in the Europe region were affected by the last-year's change of distributor that is still in the process of taking over sales channels. If the FX effect is excluded, the category records 12.1% lower sales,
- The **Sweets, snacks, drinks and confectionery category** recorded 26.8% lower sales, mainly affected by the absence of sales of the Beverages segment that the company disinvested at the end of 2016. The sales of beverages in Q1 2016 amounted to HRK 12.5 million and if we exclude the effect of these sales from the comparative period, the category would record 12.5% lower sales, mainly as a consequence of later Easter holidays compared to the previous year. If the FX effect is excluded, the category records 25.4% lower sales,
- The **Lino world category** recorded 4.8% lower sales, primarily due to different selling and marketing activities than in the comparative period and changes in the sales structure. If the FX effect is excluded, the category records 3.9% lower sales,
- The **Mediterranean food, condiments, fruits and vegetables category** records 3.8% lower sales, primarily as a result of lower sales in the Europe and Adria regions. Revenue in the Europe region was impacted by the last-year's change of the distributor that is still in the process of taking over sales channels, while revenue in the Adria region was impacted by later Easter holidays compared to 2016 and changes in the sales structure. If the FX effect is excluded, the category sales are 3.1% lower,

- The **Core food category** recorded 18.0% lower sales, primarily impacted by lower sales in the region of Russia and CIS, following the temporarily reduced sales to the main distributor with the purpose of establishing an improved dynamics of receivables collection. If the FX effect is excluded, the category records 17.5% lower sales,
- The **Bakery and mill products category** recorded 7.9% lower sales, where the most significant negative impact comes as a consequence of the situation with the most significant customer in the Adria market, and aggressive competition in terms of prices in the market of Slovenia, that could not be fully compensated by the extension of the range in the Europe region. If the FX effect is excluded, the category records 6.0% lower sales,
- The **Meat programme category** recorded 29.7% lower sales, primarily due to the portfolio optimization and the absence of special one-off orders resulting from tenders for deliveries of buffer stock, the revenues from which were recorded in the same period of the previous year. The portfolio optimization puts the focus on supporting certain parts of the programme, which is currently reflected on the level of revenue compared to the comparative period, but in the long term it should result in retaining only those with the potential for growth and expected profitability rates. If the FX effect is excluded, the category records 29.5% lower sales,
- The **Prescription drugs category** recorded sales slightly below the level of the comparative period. The increase in sales was recorded in the regions of Europe and New markets, which did not fully compensate for lower sales in the markets of Croatia and Russia. In Q1 2017, the Croatian market recorded a decrease in overall markets of some forms of drugs, and some of Belupo's products were out of stock. In the Russian market an agreement with the new distributor that significantly increased sales was concluded in the comparative period, which was not the case in Q1 2017. If the FX effect is excluded, the category records 3.7% lower sales,
- The sales of the **Non-prescription programme category** grew by 31.2%, as a result of the strong flu season in the market of Croatia and implemented selling and marketing activities. If the FX effect is excluded, the category records 24.5% higher sales,
- The **Other sales category** recorded 2.8% higher sales, primarily due to the increase in sales of trade goods of the company Lagris and private labels of the company Žito. If the FX effect is excluded, the category records 3.8% higher sales.



Sales revenues by region in Q1 2017

Sales revenues by regions

(in HRK millions)	Q1 2017	Q1 2016	Δ	%
Adria region	**637.3**	**708.0**	**(70.7)**	**(10.0%)**
Food	*494.6*	*566.9*	*(72.3)*	*(12.8%)*
Pharmaceuticals	*142.7*	*141.1*	*1.6*	*1.1%*
Europe region	**185.5**	**194.0**	**(8.5)**	**(4.4%)**
Food	*173.4*	*183.6*	*(10.2)*	*(5.6%)*
Pharmaceuticals	*12.2*	*10.4*	*1.8*	*16.9%*
Russia and CIS region	**54.2**	**62.7**	**(8.4)**	**(13.5%)**
Food	*22.9*	*33.5*	*(10.6)*	*(31.7%)*
Pharmaceuticals	*31.3*	*29.1*	*2.2*	*7.5%*
New Markets region	**36.2**	**32.5**	**3.7**	**11.5%**
Food	*32.7*	*30.5*	*2.2*	*7.0%*
Pharmaceuticals	*3.5*	*1.9*	*1.6*	*81.4%*
Podravka Group	**913.2**	**997.1**	**(83.9)**	**(8.4%)**

Sales revenues by region (Q1 2017 compared to Q1 2016):

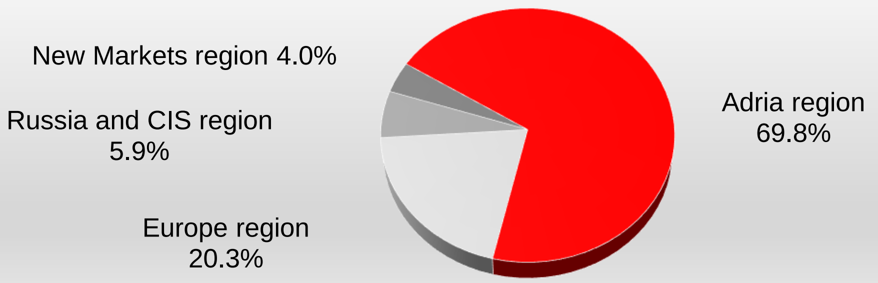
- The **Adria region** recorded 10.0% lower sales, while if the effect of foreign exchange differences was excluded, sales would be 8.9% lower. In the Food segment, the main negative impacts on sales were recorded in the following categories: (i) SSDC, due to the absence of sales of the Beverages segment that the company disinvested at the end of 2016 and the later Easter holidays compared to 2016, (ii) the Meat programme as a result of the portfolio optimization and the absence of one-off orders resulting from tenders for deliveries of buffer stock, the revenues from which were recorded in the same period of the previous year, (iii) Bakery and mill products, as a consequence of reaction to the recent developments with the most significant customer in the Adria region, and aggressive competition in terms of prices in the market of Slovenia, (iv) Other sales, due to lower sales of trade goods, and (v) Culinary, due to the later Easter holidays compared to 2016, but also due to limiting promotional activities with the aim to retain the planned profitability level. Trends in the entire region indicate the strengthening of private labels that make pressure on branded producers to adapt prices, leading to a drop in the value of overall market categories. According to the research by the company Nielsen, 48% of Podravka's strategic subcategories in the Adria region recorded value drops in the period December 2016 - January 2017 compared to the comparative period, while Podravka's shares are stable or increasing in 76% of strategic subcategories. Total revenues of the Pharmaceuticals segment were 1.1% higher compared to the comparative period, primarily due to the increase in the Non-prescription programme as a result of a strong flu season in the market of Croatia and implemented selling and marketing activities,

- The sales of the **Europe region** were 4.4% lower than in the comparative period, while if the effect of foreign exchange differences was excluded, they would be 3.2% lower. Western Europe recorded a growth in revenues of the Food segment, due to the growth in other sales, while own brands recorded lower sales due to the last-year's change of distributor that is still in the process of taking over sales channels. Central Europe recorded a decrease in sales due to reduced selling and marketing activities in Q1 2017, partly related to the later Easter holidays compared to the comparative period, and the change in the sales structure with the growth in sales of the range with lower prices. The revenues of the Pharmaceuticals segment recorded growth in the market of the Czech Republic, as planned,

- The **Russia and CIS region** recorded 13.5% lower sales as a result of lower sales in the Food segment, due to temporarily reduced sales to the main distributor with the purpose of establishing an improved dynamics of receivables collection. Excluding the effect of foreign exchange differences, the region would record 29.8% lower sales,

- The sales of the **New Markets region** grew by 11.5%, while if the effect of foreign exchange differences was excluded, the region would record a 9.2% sales growth. The growth in the Food segment is encouraged by the increase in trade goods of the company Lagris and the Culinary category, while in the Pharmaceuticals segment Prescription drugs category grew in the market of Turkey.

Sales revenues by region in Q1 2017



Profitability in Q1 2017

Profitability of the Food segment in Q1 2017

Profitability of the Food segment				
(in HRK millions)	**Q1 2017**	**Q1 2016**	**Δ**	**%**
Sales revenue	723.6	814.6	(91.0)	(11.2%)
Gross profit	225.4	272.0	(46.5)	(17.1%)
EBITDA*	46.1	92.7	(46.6)	(50.3%)
EBIT	8.7	57.4	(48.7)	(84.8%)
Net profit after MI	0.3	44.0	(43.8)	(99.4%)
Gross margin	31.2%	33.4%		-223 bp
EBITDA margin	6.4%	11.4%		-501 bp
EBIT margin	1.2%	7.0%		-584 bp
Net margin after MI	0.0%	5.4%		-537 bp

*EBITDA is calculated in a way that EBIT was increased by the depreciation and amortization and impairment of intangible and non-current tangible assets.

Profitability of the Food segment (Q1 2017 compared to Q1 2016):

- In Q1 2017, the Food segment recorded 17.1% lower **gross profit** primarily as a consequence of 11.2% lower sales. As a result of lower sales, the cost of goods sold decreased by 8.2%, which eventually resulted in a gross margin of 31.2%,
- In Q1 2017, **operating profit (EBIT)** is lower by HRK 48.7 million compared to the comparative period, primarily as a result of the previously mentioned factors, as well as of the costs of a larger number of exercised share options compared to the comparative period
- In Q1 2017, **net profit after minority interests** is lower by HRK 43.8 million compared to the comparative period. Finance costs of the Food segment in the observed period were HRK 2.5 million higher compared to Q1 2016, due to lower foreign exchange gains on borrowings, while at the same time tax liability is HRK 7.8 million lower, as a result of lower profit before tax.

Profitability of the Pharmaceuticals segment in Q1 2017

Profitability of the Pharmaceuticals segment				
(in HRK millions)	**Q1 2017**	**Q1 2016**	**Δ**	**%**
Sales revenue	189.6	182.5	7.1	3.9%
Gross profit	95.2	93.5	1.7	1.8%
EBITDA*	29.7	34.2	(4.5)	(13.1%)
EBIT	19.5	23.7	(4.2)	(17.7%)
Net profit after MI	17.8	16.1	1.7	10.5%
Gross margin	50.2%	51.2%		-102 bp
EBITDA margin	15.7%	18.7%		-306 bp
EBIT margin	10.3%	13.0%		-270 bp
Net margin after MI	9.4%	8.8%		+56 bp

*EBITDA is calculated in a way that EBIT was increased by the depreciation and amortization and impairment of intangible and non-current tangible assets.

Profitability of the Pharmaceuticals segment (Q1 2017 compared to Q1 2016):

- In Q1 2017, the Pharmaceuticals segment recorded an increase in **gross profit** of 1.8%, while gross margin is 50.2%. The recorded gross profit, in addition to the increase in revenue, was impacted by the increase in cost of goods sold of 6.1%. Cost of goods sold grows as a result of, among other things, an increase in the number of employees in 2016 as the preparation for the commencement of production in new factories,
- In Q1 2017, **operating profit (EBIT)** amounts to HRK 19.5 million, which is HRK 4.2 million lower than in the comparative period. The decrease in operating profit was, in addition to the previously mentioned impacts, affected by the increase in other operating expenses/income (excluding COGS) of 8.4%, primarily due to stronger marketing activities compared to the same period of the previous year,
- In Q1 2017, **net profit after minority interests** is 10.5% higher than in the comparative period. A positive contribution to the growth in net profit was made by realised finance income in Q1 2017 as a result of foreign exchange gains on borrowings and lower interest expense, while at the same time tax liability was slightly above the comparative period.

Profitability of the Podravka Group in Q1 2017

Profitability of the Podravka Group				
(in HRK millions)	Q1 2017	Q1 2016	Δ	%
Sales revenue	913.2	997.1	(83.9)	(8.4%)
Gross profit	320.6	365.5	(44.8)	(12.3%)
EBITDA*	75.8	126.9	(51.1)	(40.3%)
EBIT	28.2	81.1	(52.8)	(65.2%)
Net profit after MI	18.0	60.1	(42.1)	(70.0%)
Gross margin	35.1%	36.7%		-154 bp
EBITDA margin	8.3%	12.7%		-442 bp
EBIT margin	3.1%	8.1%		-504 bp
Net margin after MI	2.0%	6.0%		-405 bp

*EBITDA is calculated in a way that EBIT was increased by the depreciation and amortization and impairment of intangible and non-current tangible assets.

Profitability of the Podravka Group (Q1 2017 compared to Q1 2016):

- In Q1 2017, the Podravka Group recorded HRK 44.8 million lower **gross profit** than in the comparative period, mainly due to lower levels and structure of sales of Food, which was not equally compensated by the increase in sales of Pharmaceuticals. As a result of lower sales, cost of goods sold decreased by 6.2%, which eventually resulted in gross margin of 35.1%,
- In Q1 2017, **operating profit (EBIT)** is HRK 52.8 million lower than in the comparative period, primarily as a result of the previously mentioned factors, but also of the different dynamics in incurring a portion of costs, especially those related to exercising share options and marketing and additional investments in the market development,
- In Q1 2017, **net profit after minority interests** is HRK 42.1 million lower than in the comparative period. A positive contribution to the net profit was made by realised finance income in Q1 2017 as a result of foreign exchange gains on borrowings and lower interest expense, while at the same time tax liability was HRK 7.2 million lower as a result of lower profit before tax.

Key characteristics of the income statement in Q1 2017

Other income and expenses, net

In Q1 2017, other income and expenses amounted to positive HRK 6.2 million, while in the comparative period they amounted to positive HRK 3.6 million. Other income and expenses include, among other things, foreign exchange differences from trade receivables and trade payables that in Q1 2017 amounted to positive HRK 4.0 million, while in Q1 2016 they amounted to negative HRK 2.0 million.

Cost of goods sold

Cost of goods sold in the observed period is 6.2% lower compared to Q1 2016, primarily as a result of lower sales in the Food segment.

General and administrative expenses

In Q1 2017, general and administrative expenses were 12.5% higher than in the comparative period primarily due to the costs of a larger number of exercised share options compared to the comparative period.

Selling and distribution costs

Selling and distribution costs in the observed period are 2.4% higher than in the comparative period due to more significant investments in the regional distribution on the market of Russia compared to the same period of the previous year.

Marketing expenses

In the observed period, marketing expenses are 1.6% lower, as a result of lower marketing expenses in the Food segment, while the Pharmaceuticals segment recorded an increase in marketing expenses in the market of Russia. Lower marketing expenses in the Food segment are primarily a consequence of fewer activities in the Culinary category in Q1 2017 than in the comparative period, impacted by later Easter holidays compared to 2016.

Net finance costs

In Q1 2017, net finance costs amounted to positive HRK 1.7 million, while in the comparative period they amounted to negative HRK 3.9 million. This is primarily a result of the increase in foreign exchange gains on borrowings and lower interest expense on borrowings.

Income tax

In Q1 2017, income tax of the Podravka Group was 45.4% lower than in the comparative period, primarily as a result of lower sales in the Food segment.

Key characteristics of the balance sheet as at 31 March 2017

Property, plant and equipment

Property, plant and equipment of the Podravka Group are HRK 353.2 million higher compared to 31 March 2016, which is related to the construction of the Belupo factory.

Inventories

Inventories of the Podravka Group are HRK 24.8 million higher compared to 31 March 2016, primarily as a result of higher inventories in the company Farmavita, following the increase in sales of own brands.

Trade and other receivables

Trade and other receivables of the Podravka Group are 6.2% lower than as at 31 March 2016, primarily under the impact of lower sales of the Food segment in Q1 2017 compared to Q1 2016. Trade and other receivables include total trade receivables in the amount of HRK 131.8 million from customers for which the extraordinary administration procedure was initiated on 10 April 2017. At the moment of approval of these financial reports, the company is in the process of reporting claims to the authorised bodies of the customer, with still uncertain outcome of the procedure. Management makes efforts to ensure the highest possible level of the collection of these receivables.

Cash and cash equivalents

Cash and cash equivalents of the Podravka Group at the end of the observed period are 37.5% higher compared to 31 March 2016, as explained in the "Key characteristics of the cash flow statement in Q1 2017" section.

Long-term and short-term borrowings

As at 31 March 2017, long-term and short-term borrowings of the Podravka Group are HRK 95.3 million higher than as at 31 March 2016, primarily in relation to financing of the construction of the new pharmaceutical factory. In this, following the refinancing of borrowings in September 2016, the maturities were changed, and a portion of borrowings was transferred from short-term to long-term borrowings.

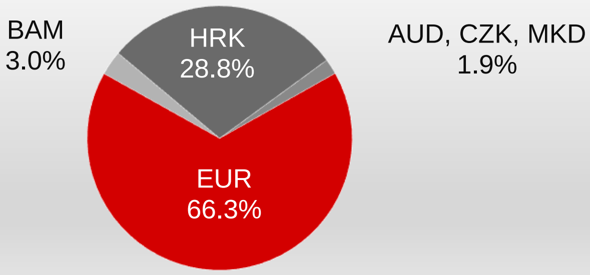
Trade and other payables

Trade and other payables of the Podravka Group are 4.1% higher compared to 31 March 2016, primarily in relation to the construction of the new pharmaceutical factory.

Indebtedness

As at 31 March 2017, the total debt of the Podravka Group related to borrowings and other interest-bearing financial liabilities was HRK 1,338,088 thousand, of which HRK 952,836 thousand relates to long-term borrowings, HRK 380,711 thousand to short-term borrowings, and HRK 4,540 thousand to swap and forward contract liabilities. The **average weighted cost of debt** on all the stated liabilities as at 31 March 2017 was 2.5%.

Currency structure of debt as at 31 March 2017



Analysing the debt currency structure, the highest exposure, of 66.3% was toward the Euro, while 28.8% of the debt was in the domestic currency. 3.0% of the debt was in the Bosnia and Herzegovina mark, while the remainder of 1.9% relates to the Australian dollar (AUD), Czech koruna (CZK) and Macedonian denar (MKD).

(in HRK thousands)*	**Q1 2017**	**2016**	**Δ**	**%**
Net debt	1,087,629	1,041,740	45,890	4.4%
Interest expense	29,431	31,477	(2,046)	(6.5%)
Net debt / EBITDA	2.6	2.2	0.4	17.1%
EBITDA / Interest expense	14.2	14.9	(0.7)	(4.7%)
Equity to total assets ratio	56.7%	55.4%		+137 bp

***Note:** all indicators are calculated in a way that income statement items are calculated at the level of the last 12 months, while balance sheet items are taken at the period end.

The increase in net debt as at 31 March 2017 compared to 31 December 2016 is primarily a result of lower level of cash and cash equivalents. The increase in net debt, with lower EBITDA at the level of the last 12 months, led to an increase in the net debt to EBITDA ratio. Lower interest expense did not compensate for the decrease in EBITDA, so the interest coverage ratio decreased.

Key characteristics of the cash flow statement in Q1 2017

(in HRK millions)	Q1 2017	Q1 2016	Δ
Net cash flow from operating activities	48.1	(5.0)	53.1
Net cash flow from investing activities	(83.9)	(133.8)	49.9
Net cash flow from financing activities	(51.4)	29.1	(80.4)
Net increase / (decrease) of cash and cash equivalents	(87.2)	(109.7)	22.6

Net cash flow from operating activities

In Q1 2017, net cash flow from operating activities is HRK 53.1 million higher than in the comparative period. The comparative period was marked by a significant settlement of trade payables, in relation to the settlement of trade payables for the construction of the pharmaceuticals factory, but also shorter regulatory term for paying fresh goods in the market of Slovenia. Also, in Q1 2017 trade receivables decreased due to lower sales, and a lower amount of taxes and interest was paid than in Q1 2016.

Net cash flow from investing activities

Net cash flow from investing activities in the period under consideration amounted to negative HRK 83.9 million. This is primarily the result of capital expenditure amounting to HRK 84.7 million. The most significant **capital expenditure** in Q1 2017 was related to:

- New factory for semi-solid and liquid drugs - continuation of activities from 2016. The realisation of this strategic investment will increase the existing production capacities, which will meet the increasing market needs and ensure competitiveness and market position of Belupo.

In 2017, **capital expenditure is expected** to be at a level of HRK 250 - 300 million, in 2018 at a level of HRK 150 - 200 million and in 2019 at a level of HRK 250 - 300 million.

Net cash flow from financing activities

In Q1 2017, net cash flow from financing activities amounted to negative HRK 51.4 million, primarily due to repayment of borrowings in the amount of HRK 74.0 million.

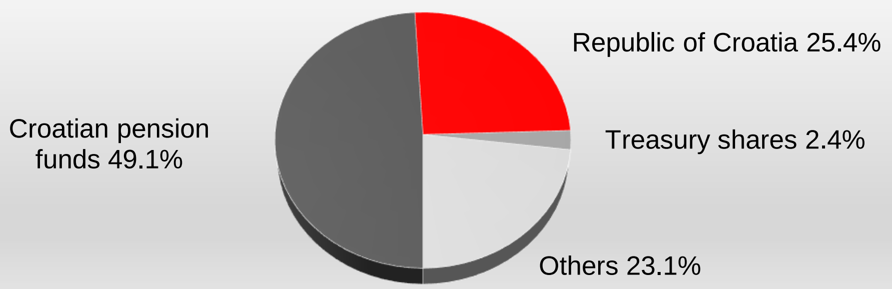
Share in Q1 2017

List of top 10 shareholders as at 31 March 2017

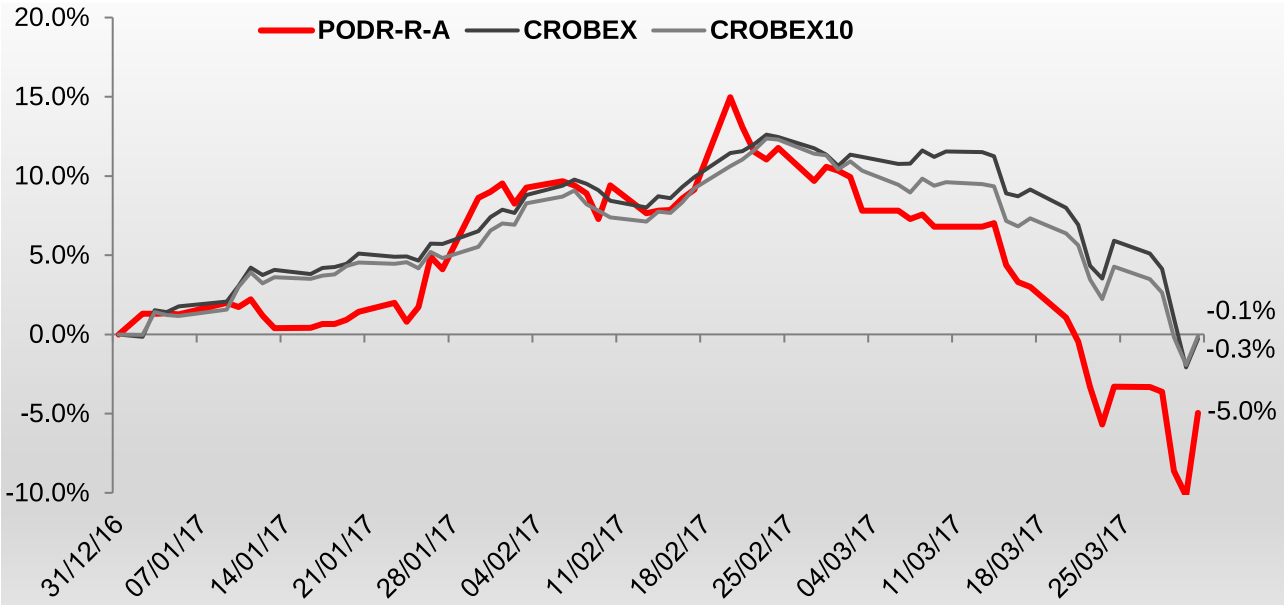
No.	Shareholder	Number of shares	% of ownership
1	PBZ Croatia Osiguranje mandatory pension fund, category B	925,602	13.0%
2	AZ mandatory pension fund, category B	902,874	12.7%
3	RSC - Croatian Pension Insurance Institute	727,703	10.2%
4	RSC - Republic of Croatia	673,845	9.5%
5	Erste Plavi mandatory pension fund, category B	665,166	9.3%
6	Raiffeisen mandatory pension fund, category B	625,298	8.8%
7	Kapitalni fond d.d.	406,842	5.7%
8	Podravka d.d. - treasury account	171,100	2.4%
9	AZ Profit voluntary pension fund	113,728	1.6%
10	Raiffeisen voluntary pension fund	99,965	1.4%
	Other shareholders	1,807,880	25.4%
	Total	**7,120,003**	**100.0%**

The company has a stable ownership structure where the most significant share is held by domestic pension funds and the Republic of Croatia. As at 31 March 2017, domestic pension funds (mandatory and voluntary) hold a total of 49.1% of the company ownership. The Republic of Croatia through the Restructuring and Sale Center (RSC) holds 19.7% of the company ownership and through Kapitalni fond d.d. additional 5.7% of ownership as at 31 March 2017. The company has 2.4% of treasury shares. The company's shares have been listed on the Official Market of the Zagreb Stock Exchange since 7 December 1998, under the PODR-R-A ticker symbol.

Ownership structure as at 31 March 2017



Share price movement in Q1 2017



(closing price in HRK; closing points)	31 March 2017	31 December 2016	% change
PODR-R-A	358.8	377.5	(5.0%)
CROBEX	1,989.3	1,994.8	(0.3%)
CROBEX10	1,156.9	1,158.2	(0.1%)

In Q1 2017, the price of Podravka's share decreased by 5.0%, while domestic stock indices Crobex and Crobex10 dropped by 0.3% and 0.1%, respectively.

Performance in the Croatian capital market in Q1 2017

(in HRK; in units) [3]	Q1 2017	Q1 2016	% change
Average daily price	388.6	319.4	21.7%
Average daily number of transactions	27	8	227.2%
Average daily volume	1,964	991	98.1%
Average daily turnover	763,020.9	316,596.7	141.0%

In Q1 2017, the average daily price of the Podravka's share was 21.7% higher than in the comparative period. At the same time, the average daily number of transactions, volume and turnover increased.

[3] Average daily price calculated as the weighted average of average daily prices in the period, where the weight is daily volume. Other indicators calculated as the average of average daily transactions/volume/turnover.

Valuation

*(in HRK millions; earnings per share in HRK)**	Q1 2017	2016	% change
Last price	358.8	377.5	(5.0%)
Weighted average number of shares	6,931,431	6,929,648	0.0%
Market capitalization	2,487.0	2,615.9	(4.9%)
EV[4]	3,624.8	3,706.9	(2.2%)
Earnings per share	20.2	26.3	(23.1%)
EV / Sales revenue	0.9	0.9	(0.2%)
EV / EBITDA	8.7	7.9	9.7%
EV / EBIT	16.8	13.8	21.7%
Last price / Earnings per share ratio	17.7	14.3	23.6%

***Note:** all indicators are calculated in a way that income statement items are calculated at the level of the last 12 months, while balance sheet items are taken at the period end.

[4]Enterprise value: Market Capitalization + Net debt + Minority interests.

Additional tables for Q1 2017

Sales revenues by category

As of the beginning of 2017, the existing categories in the Food segment have been reorganised for the purpose of a more efficient management of the existing and new brands. As a result, the new category "Core food" was separated from the existing category "Mediterranean food, condiments, fruits and vegetables". Due to its current immateriality in relation to the overall sales in the Food segment, Food Solution is recorded in the category "Mediterranean food, condiments, fruits and vegetables". For the purpose of a better understanding of categories, components of individual categories in the Food segment are presented below:

(i) **Culinary**: Seasonings, Soups, ready-to-cook meals and bouillons, Food mixes,

(ii) **Sweets, snacks, drinks and confectionery**: Sweets, Snacks, Tea, Confectionery, Cereals for adults,

(iii) **Lino world**: Baby food, Cereals for children, creamy spreads and other,

(iv) **Mediterranean food, condiments, fruits and vegetables**: Mediterranean food, Condiments, Fruits and vegetables, Food solution,

(v) **Core food** (previously within the Mediterranean category)**:** Pasta, Rice, Natura and BIO products, Pulses and porridge, Frozen food,

(v) **Bakery and mill products**: Bakery products, Flour,

(vi) **Meat programme**: Canned meat, Sausages, Other meat,

(vii) **Other sales**: Trade goods, Private labels, Service production, Other.

Movements in sales of Food categories in 2016

(in HRK millions)	**Q1 2016**	**Q2 2016**	**Q3 2016**	**Q4 2016**
Culinary	215.2	203.3	231.0	239.7
Sweets, snacks, drinks and confectionery	76.9	83.0	89.3	94.5
Lino world	58.5	56.1	64.5	63.4
Mediterranean food, condiments, fruits and vegetables	110.7	110.4	116.2	118.2
Core food	70.4	60.6	52.8	63.6
Bakery and mill products	109.0	102.3	104.0	113.2
Meat programme	69.2	62.0	75.8	66.2

Sales revenues by region in Q1 2017

(in HRK millions)	Q1 2017	% of sales revenues	Q1 2016	% of sales revenues	% change
Adria region	**637.3**	**69.8%**	**708.0**	**71.0%**	**(10.0%)**
Croatia	272.9	29.9%	310.5	31.1%	(12.1%)
Slovenia	182.9	20.0%	204.6	20.5%	(10.6%)
Bosnia and Herzegovina	100.6	11.0%	110.5	11.1%	(8.9%)
Other markets	80.9	8.9%	82.5	8.3%	(1.8%)
Europe region	**185.5**	**20.3%**	**194.0**	**19.5%**	**(4.4%)**
Central Europe	111.5	12.2%	122.7	12.3%	(9.1%)
Western Europe	74.0	8.1%	71.3	7.2%	3.8%
Russia and CIS region	**54.2**	**5.9%**	**62.7**	**6.3%**	**(13.5%)**
Russia	50.0	5.5%	59.3	5.9%	(15.7%)
Other markets	4.2	0.5%	3.3	0.3%	25.7%
New Markets region	**36.2**	**4.0%**	**32.5**	**3.3%**	**11.5%**
Podravka Group	**913.2**	**100.0%**	**997.1**	**100.0%**	**(8.4%)**

Consolidated financial statements in Q1 2017

Consolidated Profit and Loss Statement in Q1 2017

(in HRK thousands)	Q1 2017	% of sales revenues	Q1 2016	% of sales revenues	% change
Sales revenue	913,206	100.0%	997,129	100.0%	(8.4%)
Cost of goods sold	(592,566)	(64.9%)	(631,651)	(63.3%)	(6.2%)
Gross profit	**320,640**	**35.1%**	**365,478**	**36.7%**	**(12.3%)**
General and administrative expenses	(79,351)	(8.7%)	(70,511)	(7.1%)	12.5%
Selling and distribution costs	(137,063)	(15.0%)	(133,895)	(13.4%)	2.4%
Marketing expenses	(82,192)	(9.0%)	(83,562)	(8.4%)	(1.6%)
Other expenses / (income), net	6,181	0.7%	3,553	0.4%	74.0%
Operating profit	**28,216**	**3.1%**	**81,063**	**8.1%**	**(65.2%)**
Financial income	783	0.1%	262	0.0%	199.4%
Other financial expenses	(985)	(0.1%)	(2,371)	(0.2%)	(58.5%)
Interest expenses	(7,900)	(0.9%)	(9,066)	(0.9%)	(12.9%)
Net foreign exchange differences on borrowings	9,814	1.1%	7,305	0.7%	34.3%
Net finance costs	**1,713**	**0.2%**	**(3,871)**	**(0.4%)**	**(144.2%)**
Profit before tax	**29,929**	**3.3%**	**77,192**	**7.7%**	**(61.2%)**
Current income tax	(5,182)	(0.6%)	(9,460)	(0.9%)	(45.2%)
Deferred tax	(3,481)	(0.4%)	(6,412)	(0.6%)	(45.7%)
Income tax	**(8,663)**	**(0.9%)**	**(15,872)**	**(1.6%)**	**(45.4%)**
Net profit for the year	**21,265**	**2.3%**	**61,320**	**6.1%**	**(65.3%)**
Net profit / (loss) attributable to:					
Equity holders of the parent	**18,024**	**2.0%**	**60,106**	**6.0%**	**(70.0%)**
Non-controlling interests	(3,242)	(0.4%)	(1,213)	(0.1%)	167.2%

Consolidated Balance Sheet as at 31 March 2017

(in HRK thousands)	31 Mar. 2017	% share	31 Dec. 2016	% share	% change
ASSETS					
Non-current assets					
Goodwill	26,024	0.5%	26,024	0.5%	0.0%
Intangible assets	263,966	5.1%	267,984	5.1%	(1.5%)
Property, plant and equipment	2,333,458	45.0%	2,304,442	43.6%	1.3%
Deferred tax assets	180,671	3.5%	185,769	3.5%	(2.7%)
Non-current financial assets	17,351	0.3%	17,028	0.3%	1.9%
Total non-current assets	**2,821,470**	**54.4%**	**2,801,247**	**53.0%**	**0.7%**
Current assets					
Inventories	806,151	15.6%	773,595	14.6%	4.2%
Trade and other receivables	1,108,328	21.4%	1,177,321	22.3%	(5.9%)
Financial assets at fair value through profit and loss	225	0.0%	751	0.0%	(70.0%)
Income tax receivable	10,667	0.2%	10,738	0.2%	(0.7%)
Cash and cash equivalents	250,458	4.8%	337,611	6.4%	(25.8%)
Non-current assets held for sale	184,908	3.6%	184,465	3.5%	0.2%
Total current assets	**2,360,737**	**45.6%**	**2,484,481**	**47.0%**	**(5.0%)**
Total assets	**5,182,207**	**100.0%**	**5,285,728**	**100.0%**	**(2.0%)**

(in HRK thousands)	31 Mar. 2017	% share	31 Dec. 2016	% share	% change
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	1,686,335	32.5%	1,681,261	31.8%	0.3%
Reserves	602,369	11.6%	612,643	11.6%	(1.7%)
Retained earnings / (accumulated losses)	601,296	11.6%	583,272	11.0%	3.1%
Attributable to equity holders of the parent	**2,890,000**	**55.8%**	**2,877,176**	**54.4%**	**0.4%**
Non-controlling interests	50,220	1.0%	49,218	0.9%	2.0%
Total shareholders' equity	**2,940,220**	**56.7%**	**2,926,394**	**55.4%**	**0.5%**
Non-current liabilities					
Borrowings	952,836	18.4%	998,535	18.9%	(4.6%)
Provisions	71,490	1.4%	70,675	1.3%	1.2%
Other non - current liabilities	20,969	0.4%	21,179	0.4%	(1.0%)
Deferred tax liability	48,366	0.9%	50,764	1.0%	(4.7%)
Total non-current liabilities	**1,093,661**	**21.1%**	**1,141,153**	**21.6%**	**(4.2%)**
Current liabilities					
Trade and other payables	738,414	14,2%	805,270	15.2%	(8.3%)
Income tax payable	2,815	0.1%	5,260	0.1%	(46.5%)
Financial liabilities at fair value through profit and loss	4,540	0.1%	4,197	0.1%	8.2%
Borrowings	380,711	7.3%	376,618	7.1%	1.1%
Provisions	21,845	0.4%	26,836	0.5%	(18.6%)
Total current liabilities	**1,148,326**	**22.2%**	**1,218,181**	**23.0%**	**(5.7%)**
Total liabilities	**2,241,987**	**43.3%**	**2,359,334**	**44.6%**	**(5.0%)**
Total equity and liabilities	**5,182,207**	**100.0%**	**5,285,728**	**100.0%**	**(2.0%)**

Consolidated Cash Flow Statement in Q1 2017

(in HRK thousands)	Q1 2017	Q1 2016	%
Profit / (loss) for the year	**21,266**	**61,319**	**(65.3%)**
Income tax	8,663	15,873	(45.4%)
Depreciation and amortization	47,590	45,823	3.9%
Impairment (profit) / loss on assets held for sale	0	(222)	100.0%
Remeasurement of financial instruments at fair value	870	1,713	(49.2%)
Share based payment transactions	8,961	0	100.0%
(Profit) / loss on disposal of property, plant, equipment and intangibles	(454)	(461)	1.5%
(Profit) / loss on disposal of assets held for sale	6	(795)	100.8%
Impairment losses on trade receivables	(1,882)	981	(291.8%)
(Decrease) / increase in provisions	(4,176)	(13,447)	68.9%
Interest income	(783)	(262)	(198.9%)
Interest expense	5,234	11,437	(54.2%)
Effect of changes in foreign exchange rates	(16,203)	(13,578)	(19.3%)
Changes in working capital:			
(Increase) / decrease in inventories	(32,556)	1,159	(2909.0%)
(Increase) / decrease in receivables	71,384	(280)	25594.3%
Increase / (decrease) in payables	(46,458)	(90,379)	48.6%
Cash generated from operating activities	**61,462**	**18,881**	**225.5%**
Income tax paid	(8,242)	(12,367)	33.4%
Interest paid	(5,108)	(11,470)	55.5%
Net cash from operating activities	**48,112**	**(4,956)**	**1070.8%**
Cash flow from investing activities			
Purchase of property, plant, equipment and intangibles	0	(7,748)	100.0%
Purchase of equity securities	(84,685)	(121,062)	30.0%
Proceeds from sale of property, plant, equipment and intangibles	801	1,389	(42.3%)
Loans given	0	(774)	100.0%
Proceeds from loans given	51	89	(42.7%)
Proceeds from other investments	(859)	(6,000)	85.7%
Interest received	783	262	198.9%
Net cash from investing activities	**(83,909)**	**(133,844)**	**37.3%**
Cash flow from financing activities			
Purchase of additional minority interests	(772)	0	(100.0%)
Acquisition of treasury shares	0	(1,019)	100.0%
Sale of treasury shares	6,945	0	100.0%
Proceeds from borrowings	16,422	198,122	(91.7%)
Repayment of borrowings	(73,951)	(168,051)	56.0%
Net cash from financing activities	**(51,356)**	**29,051**	**(276.8%)**
Net (decrease) / increase of cash and cash equivalents	**(87,153)**	**(109,749)**	**20.6%**
Cash and cash equivalents at beginning of the year	337,611	291,877	15.7%
Cash and cash equivalents at the end of year	**250,458**	**182,128**	**37.5%**

Consolidated Statement of Changes in Equity in Q1 2017

(in HRK thousands)	Share capital	Reserve for treasury shares	Legal reserves	Reinvested profit reserve	Statutory reserves	Other reserves	Retained earnings/ (Accumulated loss)	Total	Non-controlling interests	Total
As at 1 January 2016	**1,063,548**	**67,604**	**16,543**	**298,138**	**43,956**	**41,299**	**217,569**	**1,748,657**	**36,605**	**1,785,262**
Comprehensive income										
Profit for the year	-	-	-	-	-	-	182,399	182,399	5,354	187,753
Effect from sale of subsidiary	-	-	-	-	-	-	(40)	(40)	-	(40)
Foreign exchange differences	-	-	-	-	-	(8,946)	-	(8,946)	(207)	(9,153)
Profit or loss from reevaluation of financial assets available for sale	-	-	-	-	-	347	-	347	-	347
Actuarial losses (net of deferred tax)	-	-	-	-	-	(1,583)	-	(1,583)	-	(1,583)
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(10,182)**	**(40)**	**(10,222)**	**(207)**	**(10,429)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(10,182)**	**182,359**	**172,177**	**5,147**	**177,324**
Transactions with owners recognised directly in equity										
Allocation from retained earnings	-	-	11,006	-	8,548	45,303	(64,857)	(0)	-	(0)
Purchase of treasury shares	(12,977)	-	-	-	-	-	-	(12,977)	-	(12,977)
Exercise of options	504	-	-	-	-	-	-	504	-	504
Fair value of share-based payment transactions	7,779	-	-	-	-	-	-	7,779	-	7,779
Dividends paid	-	-	-	-	-	-	(48,480)	(48,480)	-	(48,480)
Additional acquisition of minority interests	-	-	-	-	-	8,128	-	8,128	(23,641)	(15,513)
Total transactions with owners recognised directly in equity	**(4,694)**	**-**	**11,006**	**-**	**8,548**	**53,431**	**(113,337)**	**(45,046)**	**(23,641)**	**(68,687)**
As at 31 December 2016	**1,681,261**	**147,604**	**41,937**	**189,738**	**55,555**	**177,809**	**583,272**	**2,877,176**	**49,218**	**2,926,394**
Comprehensive income										
Profit for the year	-	-	-	-	-	-	18,024	18,024	3,242	21,266
Foreign exchange differences	-	-	-	-	-	(11,929)	-	(11,929)	(512)	(12,441)
Profit or loss from reevaluation of financial assets available for sale	-	-	-	-	-	855	-	855	-	855
Actuarial losses (net of deferred tax)	-	-	-	-	-	(156)	-	(156)	-	(156)
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(11,230)**	**-**	**(11,230)**	**(512)**	**(11,742)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(11,230)**	**18,024**	**6,794**	**2,730**	**9,524**
Transactions with owners recognised directly in equity										
Exercise of options	(5,799)	-	-	-	-	-	-	(5,799)	-	(5,799)
Fair value of share-based payment transactions	10,873	-	-	-	-	-	-	10,873	-	10,873
Additional acquisition of minority interests	-	-	-	-	-	956	-	956	(1,728)	(772)
Total transactions with owners recognised directly in equity	**5,074**	**-**	**-**	**-**	**-**	**956**	**-**	**6,030**	**(1,728)**	**4,302**
As at 31 March 2017	**1,686,335**	**147,604**	**41,937**	**189,738**	**55,555**	**167,535**	**601,296**	**2,890,000**	**50,220**	**2,940,220**

Notes to the financial statements

The accounting policy in 2017 did not change.

President of the Management Board:

Marin Pucar

Statement of liability

Koprivnica, 28 April 2017

STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Consolidated financial statements of Podravka Group for the period January – March 2017 have been prepared in compliance with the Accounting Act of the Republic of Croatia and International Financial Reporting Standards (IFRS) and provide an overall and true presentation of assets, liabilities, profit and loss, financial position and business operations of Podravka Group and all subsidiary companies involved in the consolidation.

Consolidated financial statements of Podravka Group for the period January – March 2017 were approved by the Management Board on 28 April 2017.

Accounting and Taxes Director:
Senka Laljek

Board Member:
Iva Brajević

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