



**SUPERVISORY BOARD**

No. NO-116-4-2015  
Koprivnica, 20<sup>th</sup> April 2015

Pursuant to Article 263, item 3, Article 280, item 3 and Article 300 c and d of the Companies Law ("Official Gazette" no. 152/11, - clear version, 111/12 and 68/13), the Supervisory Board of Podravka Inc., at its 116<sup>th</sup> session held on 20<sup>th</sup> April 2015 accepted the

**PODRAVKA Inc. SUPERVISORY BOARD'S REPORT  
ON PERFORMED SUPERVISION OF PODRAVKA Inc.  
MANAGING BUSINESS OPERATIONS IN 2014**

This Report includes the period from 1<sup>st</sup> January 2014 until 31<sup>st</sup> December 2014.

The Supervisory Board of Podravka Inc. (hereinafter: the "Supervisory Board") according to its powers defined under the provisions of the Companies Law, the Articles of Association of Podravka Inc. Koprivnica and the Rules of Procedure of the Supervisory Board, has continuously supervised the business operations of Podravka Inc. in 2014 by making decisions and conclusions over thirteen sessions that have been held in 2014.

By supervising the business operations of Podravka Inc., the Supervisory Board discussed numerous issues regarding business operations of Podravka Inc. and its related companies in 2014 and has been regularly receiving the written reports by the Management Board. Supervisory Board was reported by the Management Board on all important business events, course of business, revenues and expenses, and generally on business operations of Podravka d.d. and Podravka Group. Management Board regularly submitted to the Management Board quarterly, semi-annual and annual business reports.

The Supervisory Board has established the Audit Committee and the Remuneration Committee.

The Audit Committee held six sessions and the Remuneration Committee held two sessions in 2014.

In the period from 1<sup>st</sup> January to 31<sup>st</sup> December 2014 the Supervisory Board members were: Dubravko Štimac – president, Mato Crkvenac - deputy president, Ivo Družić, Ivana Matovina, Petar Miladin, Dinko Novoselec, Milan Stojanović, Petar Vlaić and Martinka Mardetko-Vuković – Supervisory Board members.

Having examined the management of business operations of Podravka Inc., the Supervisory Board established that Podravka Inc. acted in 2014 in accordance with laws, Articles of Association, acts of Podravka Inc. and resolutions of the General Assembly.

The Supervisory Board has examined, within legally proscribed term pursuant to article 300c of the Companies Act, the Annual Financial Statements of Podravka Inc. and its related companies for the year ended 31<sup>st</sup> December 2014, together with the opinion of the independent auditor KPMG Croatia Ltd., Zagreb, Eurotower, Ivana Lučića 2a/17, which have been submitted by Podravka Inc. Management Board. The Supervisory Board determined that the Annual Financial Statements of Podravka Inc. and its related companies (Podravka Group Consolidated Statements) and of Podravka Inc. (Company Non-consolidated Statements), for the year ended 31<sup>st</sup> December 2014 were constituted in accordance with positions in business records of Podravka Inc. and its related companies,



**SUPERVISORY BOARD**

presenting correctly the assets and business positions of Podravka Inc. and its related companies.

Pursuant to such findings, the Supervisory Board is compliant to the Annual Financial Statements for 2014 and Auditor's opinion, by which, pursuant to article 300d of the Companies Act, the Management and the Supervisory Boards determine the Company's Annual Financial Statements.

Constituent parts of the Annual Financial Statements of Podravka Inc. and its related companies for the business year ended 31<sup>st</sup> December 2014 are as follows:

1. Statement on Total Income
2. Statement on the Company's Financial Position
3. Statement on Changes in Equity
4. Statement on Cash Flow
5. Notes to Financial Statements
6. Annual Report on the Status of the Company and its related companies
7. Opinion of authorised auditors

The Supervisory Board has also examined the Management Board's Annual Report on business operations of Podravka Inc. and its related companies and on the Status of the Company and its related companies for 2014, and determined that it present correctly and objectively the current business situation and the status of the Company and its related companies. According to such findings, the Supervisory Board accepted the Management Board's Report on the Status of the Company and its related companies for the business year 2014.

The Management Board presented to the Supervisory Board a draft Decision on the allocation of profit of Podravka Inc. in 2014, establishing that Company profit in 2014 amounts HRK 201,673,836.71 and suggesting that this amount shall be allocated to legal reserves: HRK 10,083,691.84, reserves for own shares: HRK 80,000,000.00 and other reserves: HRK 3,190,084.87. The remaining part of net profit amounting to HRK 108,400,060.00 will be used to increase the Company share capital from Company assets as reinvestment of profit, pursuant to Law on profit tax.

The Supervisory Board complied with the suggested draft Decision on the allocation of profit of Podravka Inc. in 2014 and proposed General Assembly to pass such Decision.

President of the  
Supervisory Board:

Dubravko Štimac, v.r.