



# Ledo Group Report for the first quarter of 2016

Zagreb, 29 April 2016

# **Consolidated unaudited financial statements of Ledo Group for the first quarter of 2016**

**Interim Management Report for the first quarter of 2016**

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## Interim Management Report for the first quarter of 2016

### Ledo Group activities in the first quarter of 2016

World ice cream market is exceptionally competitive and dominated by the most reputable multinational companies, nevertheless, in such market conditions Ledo Group has managed to establish itself as a market leader in the Adria region. Ledo also continually and intensively invests in new product development, introducing many novelties to the market each year that are always based on innovations. Furthermore, Ledo is also strengthening its international operations, by exporting to more than 20 countries in Europe, Africa and Asia. The leading Croatian and regional ice cream and frozen food producer, Ledo, has made a significant step forward to distant markets such as Africa and Asia. For a company IFFCO Group, which is the market leader in the United Arab Emirates, Ledo produces impulse and family ice cream. IFFCO Group exports to 30 countries throughout Africa and Asia and has significant market shares in Saudi Arabia, Kuwait, Qatar, Bahrain and Oman. Cooperation with IFFCO Group began in 2015 when Ledo started producing ice cream King, and this year the cooperating is extended to the family ice cream Quattro. Ice cream is being transported directly from Ledo's production facility to the United Arab Emirates, by sea, from the port of Rijeka, along the Adriatic and the Mediterranean Sea through the Suez Canal and the Red Sea to the port of destination in the Persian Gulf. Besides IFFCO Group, Ledo cooperates with other large multinational companies, such as American Kroger, the British Tesco and Norwegian Diplom Is.

Optimizing business processes while maintaining high standards of product quality in the first quarter of 2016 continued to be in the focus of the Ledo Group. Projects from previous years, such as central procurement, implementation of software solutions and improvement of production efficiency have proven to be very successful and are considered a strong indicator for projects under preparation, while continuous efforts in their planning and implementation are being invested, those projects will be a key element in achieving competitive advantage of the Group.

During the reporting period the Group has began with a number of activities and by numerous innovations launched on the market assured that the Group will be prepared for the upcoming ice cream season. Fiery Fan is an ice cream in the shape of a football jersey with various gifts in every package, such as rubber bracelets with cheering messages and fan tattoos. Ice cream Funny Bubble is intended for girls, which in every package contains creative nail stickers or different shaped rings. New ice cream, Ledo Medo - walk with dinosaurs - in every package contains two photo stickers to add to album. In addition to photo stickers, the educational album also contains pages to colour and brain teasers for the whole family. The new free Ledo Medo 3D application can bring the dinosaurs back to life. King Love and King Caramel Adventure are two new ice creams with perfect combination of different flavours. Frikom has also launched two King ice cream Rhapsody and Chocolate Obsession. New product Cookie Cone and Maximo Extra Raspberry Cake has been launched while Frikom launched Maximo Caramel, Capri Cone and Torch with the small ball as added value. Plasma, ice cream on the stick, and Jagodici, which is intended for children and Rumenko Smoothie and Calipso Cherry are new products in Frikom impulse category. This year one of the innovations is Hashtag ice cream in a recognizable shape on two sticks which does not exist anywhere in the world, just as the # sign is used for sharing on social networks, this ice cream is intended for sharing. Within the family program new Quattro flavours, Dream and Siesta, cakes Biedermeier, Sacher, Cheesecake with ABC cheese have been launched. At the same time, in a family program Frikom has launched new products such as Quattro Choco Orange and Nougatino and Grandissimo Tango and Fantasy Choco Banana. In Frozen food group, "Freshly Frozen" campaign has been continued, which emphasize that Ledo fruits and vegetables are an integral part of a balanced diet, and most importantly, is available throughout the year, pre-cleaned and chopped and shortens preparation time. Ledo Fitness mix is a new and tasty low calorie combination of peas, green beans, Brussels sprouts, asparagus and broccoli that contains more vitamin C which is important for normal functioning of the immune system. Frikom has launched two new products in the frozen Vegetables category and thus entered a new segment of organic vegetables.

## **Selected Macroeconomic Indicators on leading markets of Ledo Group**

### **Republic of Croatia**

Croatian Central Bureau of Statistics published that the quarterly gross domestic product for the fourth quarter of 2015, according to the first estimate, increased in the real terms by 1.9 per cent compared to the same quarter of 2014. According to flesh estimate, real GDP in 2015 posted increase by 1.6 per cent in comparison to 2014. The largest positive contribution to the volume growth of gross domestic product in the fourth quarter of 2015 was achieved by the growth of exports of services. Prices of goods and services for personal consumption, measured by consumer price indices, in March 2016 compared to March 2015 decreased by 1.7 per cent. The retail trade turnover in real terms, working-day adjusted, generated in February 2016, by all business entities engaged in that activity irrespective of their main activity, was by 3.2 per cent higher than in February 2015.

### **Republic of Serbia**

Statistical Office of the Republic of Serbia published that the quarterly gross domestic product for the fourth quarter of 2015, in real terms, increased by 1.2 per cent compared to the same period last year. In March 2016 compared to the same month of the previous year, prices of goods and services used for personal consumption increased by 0.6 per cent. The retail trade turnover at current prices in March 2016 compared to the same month in 2015 is higher by 10.8 per cent

### **The Federation of Bosnia and Herzegovina**

Agency for Statistics of Bosnia and Herzegovina published the real gross domestic product growth in the fourth quarter of 2015, compared to the same quarter last year, which stood at 2.1 per cent. Prices of goods and services, used for personal consumption and measured by consumer price index, in February 2016 compared to the same month of the previous year, decreased by 1.3 per cent. Retail trade, at current prices, in February 2016 compared to the same month 2015 recorded a growth of 6.4 per cent.



## Republic of Slovenia

Statistical Office of the Republic of Slovenia published that the quarterly gross domestic product for the fourth quarter of 2015 was higher by 3.3 per cent compared to the same quarter of 2014. Prices of goods and services used for personal consumption in March 2016 compared to March 2015 are lower by 0.9 per cent. Total real retail trade turnover in February 2016 compared to February 2015 decreased by 1.4 per cent.

## Management Discussion of the financial results for the first quarter of 2016

Operating income of Ledo Group in the first three months of 2016 recorded increase by 6.7 per cent compared to the same period last year, while total income grew by 4.8 per cent and amounted to HRK 372.3 million. Operating income growth is the result of intensive marketing and sales activities with an earlier preparation for Easter, where the Group met the market requirements with a wide range of Fish assortment. Ice cream group sales revenue grew by 18.2 per cent, while sales revenue from Frozen food posted growth of 6.2 per cent in the first quarter of 2016 compared to the first quarter of 2015. Within the Frozen food group the largest increase has been recorded in the following categories: Fish, Ready meals and Meat. The majority of the companies within Ledo Group recorded sales growth in the first quarter of 2016 compared to the same period last year.

Operating expenses in the first three months of 2016 posted increase by 6.4 per cent. Material expenses have 73.8 per cent share in the operating expenses and in the first three months of 2016 compared to first three months of 2015, the share has recorded a decline as a result of cost optimization. Costs of raw materials rose by 6.3 per cent due to the early start of production and an increase in quantities produced. Cost of goods sold in the first quarter of 2016 compared to the same period in 2015 recorded a drop of 3.9 per cent. Shares of all costs within the staff costs recorded a decline compared to the first three months of last year. Total expenses of Ledo Group in the reporting period grew by 4.5 per cent and amounted to HRK 366.6 million.

Capital expenditures in the first quarter of 2016 compared to the same period last year, of which the vast majority relates to the cooling equipment, recorded a decline due to changes in the dynamics of investments during the year.

Movement of balance sheet items were in accordance with the regular movements for the period.

Financial income in the reporting period amounted to HRK 20.2 million and posted decrease compared to the same period last year due to decline of foreign exchange gains and interest income from third parties. Financial expenses in the first three months of 2016 compared to the first three months of 2015 dropped by 40.9 per cent and amounted to HRK 8.3 million. Recorded decline, primarily, was a result of decrease in foreign exchange losses, and, secondly, decrease of interest expenses from third parties.

Profit before taxes in the reporting period amounted to HRK 5.8 million and recorded an increase of 20.1 per cent compared to the same period in 2015. Ledo Group recorded a pre-tax profit growth as a result of optimization of business processes, utilization of synergies within the Group, systematic cost management, innovations as well as sales and marketing activities aimed to increase consumption of ice cream and frozen food.

### **Addition**

There have been no recent developments that would affect financial result in the period from the balance sheet date till 29 April 2016, when consolidated financial statements of Ledo Group the first quarter of 2016 were published.

The consolidated financial statements of Ledo d.d. prepared for the first quarter of 2016 are presented fairly and truthfully and in accordance with International Financial Reporting Standards, which have been consistently applied in relation to the previous years.

All materially significant transactions are appropriately recorded in the accounting records which form the basis of the financial statements.



### **Consolidated financial statements for the first quarter of 2016**

Consolidated statements of Ledo Group for the first quarter of 2016 consist of the company Ledo d.d., as the parent company, and the following subsidiaries: Frikom d.o.o. Belgrade, Ledo d.o.o. Citluk, Ledo d.o.o. Podgorica, Ledo d.o.o. Ljubljana, Frikom

Belgrade d.o.o.e.l. Macedonia, Ledo Kft. Budapest, Ledo Sh.p.k Kosovo, Irida d.o.o. Daruvar and Agkor d.o.o. Belgrade.

Comparability of consolidated financial reports is affected by Agkor d.o.o. Beograd, company owned by Frikom d.o.o., joining the consolidation of the Group in the fourth quarter of 2015.



|  |   |                      |   |
|--|---|----------------------|---|
| <b>Annex 1.</b>  |   |                      |   |
| Reporting period   | 1.1.2016                                      | to                   | 31.3.2016   |
| <b>Quarterly financial report TFI-POD</b>  |   |                      |   |
| Tax number (MB):   | 03218821                                      |                      |   |
| Company registration number (MBS):   | 080002964                                     |                      |   |
| Personal identification number (OIB):  | 87955947581                                   |                      |   |
| Issuing company:   | LEDO d.d.                                     |                      |   |
| Postal code and place:   | 10000   | Zagreb               |   |
| Street and house number:   | Marijana Čavića 1a                            |                      |   |
| E-mail address:  | financije@ledo.hr                             |                      |   |
| Internet address:  | www.ledo.hr                                   |                      |   |
| Municipality/city code and name:   | 133   | Zagreb               |   |
| County code and name:  | 21  | Grad Zagreb          |   |
| Consolidated report:   | YES   |                      |   |
|  |   | Number of employees: | 1558  |
|  |   | (period end)         |   |
|  |   | NKD code:            | 1052  |
| Entities in consolidation (according to IFRS):   | Registered seat:                              | Tax number (MB):     |   |
| Irida d.o.o.   | Ulica P. Zrinskog 34; Daruvar                 | 3169391              |   |
| Frikom a.d.  | Zrenjaninski put bb, Beograd, Srbija          | 7042728              |   |
| Ledo d.o.o. Čitluk   | Industrijska zona; Tromeda bb; Čitluk, BIH    | 4227031530007        |   |
| Ledo d.o.o.  | Liješnje bb; Podgorica, Crna Gora             | 02126265             |   |
| Ledo kft.  | 2111 Szada 098/3 Hrezn Mađarska               | 10579967-2-13        |   |
| Ledo d.o.o. Ljubljana  | Moste 2f, komenda; Ljubljana, Slovenija       | 1216350              |   |
| Frikom Beograd dooei Makedonija  | Ul.1632 br. 46, 1000 Skoplje, Makedonija      | 6311946              |   |
| Ledo Sh.p.k.   | Molloshëve p.n., 1500 Obiliq, Kosovo          | 600042741            |   |
| Agkor d.o.o. Beograd   | Bulevar umetnosti br. 4/II/7; Beograd; Srbija | 21098302             |   |
| Bookkeeping service:   |   |                      |   |
| Contact person:  | Adrović Krčmar Jelena                         |                      |   |
|  | (only surname and name)                       |                      |   |
| Telephone:   | 012385661                                     | Telefaks:            | 012385686   |
| E-mail address:  | jelena.adrovic-kranmar@ledo.hr                |                      |   |
| Family name and name:  | Vrabec Dario                                  |                      |   |
|  | (authorized representatives)                  |                      |   |
| <b>Documents to be published:</b>  |   |                      |   |
| 1. Financial Statements (Balance Sheet, Profit and Loss Account, Cash Flow Statement, Change in Capital Statement and Notes to Financial Statements) |   |                      |   |
| 2. Statement of persons in charge of making Financial Statements   |   |                      |   |
| 3. Report of the Management Board of the Company   |   |                      |   |
| <br>Čavićeva 1a<br>5 L.S.   |   |                      |   |
|  |   |                      | <br>(signature of authorized representative) |

**Balance Sheet**  
as of 31.03.2016

| Company: LEDO Consolidated  |            |                 |                |
|---|------------|-----------------|----------------|
| Position  | AOP        | Previous period | Current period |
| 1   | 2          | 3               | 4              |
| <b>ASSETS</b>   |            |                 |                |
| <b>A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL</b>                                       | <b>001</b> |                 |                |
| <b>B) NON-CURRENT ASSETS (003+010+020+029+033)</b>  | <b>002</b> | 702.588.476     | 680.965.248    |
| <b>I. INTANGIBLE ASSETS (004 do 009)</b>  | <b>003</b> | 94.500.916      | 93.382.141     |
| 1. Expenditure for development  | 004        | 0               |                |
| 2. Concessions, patents, license fees, trademarks, service marks, software and other rights | 005        | 7.028.975       | 6.009.215      |
| 3. Goodwill   | 006        | 85.921.275      | 85.921.275     |
| 4. Advances for purchase of intangible assets   | 007        | 0               |                |
| 5. Intangible assets in progress  | 008        | 0               |                |
| 6. Other intangible assets  | 009        | 1.550.666       | 1.451.651      |
| <b>II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)</b>                                       | <b>010</b> | 489.662.173     | 471.898.356    |
| 1. Land   | 011        | 97.602.505      | 97.167.168     |
| 2. Buildings  | 012        | 135.182.158     | 131.011.722    |
| 3. Plant and equipment  | 013        | 190.000.747     | 177.465.166    |
| 4. Tools, working inventory and transportation assets                                       | 014        | 55.489.073      | 51.585.162     |
| 5. Biological assets  | 015        | 0               |                |
| 6. Advances for purchase of tangible assets   | 016        | 1.531.995       | 1.687.013      |
| 7. Tangible assets in progress  | 017        | 4.209.487       | 7.305.540      |
| 8. Other tangible assets  | 018        | 5.646.208       | 5.676.585      |
| 9. Investment in real-estate  | 019        |                 |                |
| <b>III. NON-CURRENT FINANCIAL ASSETS (021 do 028)</b>                                       | <b>020</b> | 105.635.895     | 103.118.882    |
| 1. Share in related parties   | 021        |                 |                |
| 2. Loans given to related parties   | 022        |                 |                |
| 3. Participating interests (shares)   | 023        | 505.120         | 505.120        |
| 4. Loans given to companies in which the entity holds participating interest                | 024        |                 |                |
| 5. Investments in securities  | 025        | 40.840.612      | 41.100.797     |
| 6. Loans, deposits and similar assets   | 026        | 60.637.549      | 58.032.681     |
| 7. Other non-current financial assets   | 027        | 1.285.847       | 1.267.097      |
| 8. Equity-accounted investments   | 028        | 2.366.767       | 2.213.187      |
| <b>IV. RECEIVABLES (030 do 032)</b>   | <b>029</b> | 3.039.708       | 3.039.158      |
| 1. Receivables from related parties   | 030        |                 |                |
| 2. Receivables arising from sales on credit   | 031        |                 |                |
| 3. Other receivables  | 032        | 3.039.708       | 3.039.158      |
| <b>V. DEFERRED TAX ASSETS</b>   | <b>033</b> | 9.749.784       | 9.526.711      |
| <b>C) CURRENT ASSETS (035+043+050+058)</b>  | <b>034</b> | 1.846.135.996   | 1.931.289.480  |
| <b>I. INVENTORIES (036 do 042)</b>  | <b>035</b> | 470.948.734     | 512.658.151    |
| 1. Raw materials and supplies   | 036        | 163.931.493     | 190.069.921    |
| 2. Production in progress   | 037        | 78.101.323      | 65.830.610     |
| 3. Finished goods   | 038        | 83.154.525      | 110.686.875    |
| 4. Merchandise  | 039        | 140.709.207     | 140.876.672    |
| 5. Advances for inventories   | 040        | 3.669.787       | 3.845.768      |
| 6. Long term assets held for sale   | 041        | 1.382.399       | 1.348.305      |
| 7. Biological assets  | 042        | 0               |                |
| <b>II. RECEIVABLES (044 do 049)</b>   | <b>043</b> | 359.225.627     | 387.883.628    |
| 1. Receivables from related parties   | 044        |                 |                |
| 2. Receivables from end-customers   | 045        | 333.630.577     | 357.604.324    |
| 3. Receivables from participating entities  | 046        |                 |                |
| 4. Receivables from employees and members of the company                                    | 047        | 826.851         | 1.009.911      |
| 5. Receivables from government and other institutions                                       | 048        | 18.403.196      | 24.162.105     |
| 6. Other receivables  | 049        | 6.365.003       | 5.107.288      |
| <b>III. CURRENT FINANCIAL ASSETS (051 do 057)</b>   | <b>050</b> | 990.046.722     | 1.018.875.529  |
| 1. Share in related parties   | 051        |                 |                |
| 2. Loans given to related parties   | 052        |                 |                |
| 3. Participating interests (shares)   | 053        |                 |                |
| 4. Loans given to companies in which the entity holds participating interest                | 054        |                 |                |
| 5. Investments in securities  | 055        | 1.055.000       | 3.408.913      |
| 6. Loans, deposits and similar assets   | 056        | 988.991.722     | 1.015.466.616  |
| 7. Other financial assets   | 057        |                 |                |
| <b>IV. CASH AND CASH EQUIVALENTS</b>  | <b>058</b> | 25.914.913      | 11.872.172     |
| <b>D) PREPAYMENTS AND ACCRUED INCOME</b>  | <b>059</b> | 10.170.917      | 19.832.928     |
| <b>E) TOTAL ASSETS (001+002+034+058)</b>  | <b>060</b> | 2.558.895.389   | 2.632.087.658  |
| <b>F) OFF BALANCE SHEET ITEMS</b>   | <b>061</b> |                 |                |

10) Leda Group: Consolidated unaudited financial statements for the first quarter of 2016

| <b>EQUITY AND LIABILITIES</b>   |            |               |               |
|---|------------|---------------|---------------|
| <b>A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>           | <b>062</b> | 1.779.628.552 | 1.759.411.263 |
| <b>I. SUBSCRIBED SHARE CAPITAL</b>  | <b>063</b> | 119.289.600   | 119.289.600   |
| <b>II. CAPITAL RESERVES</b>   | <b>064</b> | 713.232.769   | 713.232.769   |
| <b>III. RESERVES FROM PROFIT (066+067-068+069+070)</b>                        | <b>065</b> | 107.389.196   | 106.084.491   |
| 1. Legal reserves   | <b>066</b> | 27.091.699    | 26.783.594    |
| 2. Reserve for own shares   | <b>067</b> | 0             |               |
| 3. Treasury shares and stakes (deductible items)                              | <b>068</b> | 0             |               |
| 4. Statutory reserves   | <b>069</b> | 0             |               |
| 5. Other reserves   | <b>070</b> | 80.297.497    | 79.300.897    |
| <b>IV. REVALUATION RESERVES</b>   | <b>071</b> | 56.182.256    | 56.182.256    |
| <b>V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)</b>                     | <b>072</b> | 516.697.639   | 766.678.775   |
| 1. Retained earnings  | <b>073</b> | 516.697.639   | 766.678.775   |
| 2. Accumulated loss   | <b>074</b> |               |               |
| <b>VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)</b>                        | <b>075</b> | 266.837.092   | -2.056.628    |
| 1. Net profit for the period  | <b>076</b> | 266.837.092   |               |
| 2. Net loss for the period  | <b>077</b> |               | 2.056.628     |
| <b>VII. MINORITY INTEREST</b>   | <b>078</b> |               |               |
| <b>B) PROVISIONS (080 do 082)</b>   | <b>079</b> | 4.739.693     | 4.678.167     |
| 1. Provisions for pensions, severance pay and similar liabilities             | <b>080</b> | 4.739.693     | 4.678.167     |
| 2. Provisions for tax liabilities   | <b>081</b> |               |               |
| 3. Other provisions   | <b>082</b> |               |               |
| <b>C) NON-CURRENT LIABILITIES (084 do 092)</b>                                | <b>083</b> | 16.246.291    | 16.060.122    |
| 1. Liabilities to related parties   | <b>084</b> |               |               |
| 2. Liabilities for loans, deposits, etc.                                      | <b>085</b> | 2.292.351     | 2.111.878     |
| 3. Liabilities to banks and other financial institutions                      | <b>086</b> |               |               |
| 4. Liabilities for received advances  | <b>087</b> |               |               |
| 5. Trade payables   | <b>088</b> |               |               |
| 6. Commitments on securities  | <b>089</b> |               |               |
| 7. Liabilities to companies in which the entity holds participating interest  | <b>090</b> |               |               |
| 8. Other non-current liabilities  | <b>091</b> |               |               |
| 9. Deferred tax liabilities   | <b>092</b> | 13.953.940    | 13.948.244    |
| <b>D) CURRENT LIABILITIES (094 do 105)</b>                                    | <b>093</b> | 755.044.335   | 836.905.750   |
| 1. Liabilities to related parties   | <b>094</b> |               |               |
| 2. Liabilities for loans, deposits, etc.                                      | <b>095</b> | 53.369.636    | 58.133.671    |
| 3. Liabilities to banks and other financial institutions                      | <b>096</b> | 420.670.247   | 430.644.712   |
| 4. Liabilities for advances   | <b>097</b> | 6.548.044     | 4.898.861     |
| 5. Trade payables   | <b>098</b> | 230.713.983   | 288.990.312   |
| 6. Commitments on securities  | <b>099</b> |               |               |
| 7. Liabilities to companies in which the entity holds participating interest  | <b>100</b> |               |               |
| 8. Liabilities to employees   | <b>101</b> | 13.968.772    | 14.616.571    |
| 9. Liabilities for taxes, contributions and similar fees                      | <b>102</b> | 27.682.265    | 37.862.061    |
| 10. Liabilities to shareholders arising from share in the result              | <b>103</b> | 366.527       | 364.212       |
| 11. Liabilities arising from non-current assets held for sale                 | <b>104</b> |               |               |
| 12. Other current liabilities   | <b>105</b> | 1.724.861     | 1.395.350     |
| <b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>                                | <b>106</b> | 3.236.518     | 15.092.354    |
| <b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>                  | <b>107</b> | 2.558.895.389 | 2.632.087.656 |
| <b>G) OFF BALANCE SHEET ITEMS</b>   | <b>108</b> |               | 0             |
| <b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b> |            |               |               |
| <b>ISSUED CAPITAL AND RESERVES</b>  |            |               |               |
| 1. Attributable to majority owners  | <b>109</b> | 1.779.628.552 | 1.759.411.263 |
| 2. Attributable to minority interest  | <b>110</b> | 0             | 0             |

**Income statement**  
period 01.01.2016 to 31.03.2016

Company: LEDO Consolidated

| Position  | AOP        | Previous period    |                    | Current period     |                    |
|---|------------|--------------------|--------------------|--------------------|--------------------|
|   |            | Cummulative        | Quarter            | Cummulative        | Quarter            |
| 1   | 2          | 3                  | 4                  | 5                  | 6                  |
| <b>I. OPERATING INCOME (112 do 113)</b>   | <b>111</b> | <b>329.985.989</b> | <b>329.985.989</b> | <b>352.102.047</b> | <b>352.102.047</b> |
| 1. Sales revenue  | 112        | 329.117.061        | 329.117.061        | 361.693.806        | 351.693.806        |
| 2. Other operating income   | 113        | 868.928            | 868.928            | 408.161            | 408.161            |
| <b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>   | <b>114</b> | <b>336.545.488</b> | <b>336.545.488</b> | <b>358.239.953</b> | <b>358.239.953</b> |
| 1. Change in inventories of work in progress and finished goods   | 115        | -22.287.601        | -22.287.001        | -18.269.516        | -18.269.516        |
| 2. Material expenses (117 do 119)   | 116        | 253.232.250        | 253.232.250        | 294.348.065        | 284.348.065        |
| a) Costs of raw materials   | 117        | 111.944.177        | 111.944.177        | 118.980.181        | 118.980.181        |
| b) Cost of goods sold   | 118        | 91.055.218         | 91.055.218         | 88.390.988         | 88.390.988         |
| c) Other material expenses  | 119        | 49.332.855         | 49.332.855         | 56.977.516         | 56.977.516         |
| 3. Staff costs (121 do 123)   | 120        | 53.955.448         | 53.955.448         | 55.200.895         | 55.200.895         |
| a) Net salaries and wages   | 121        | 32.893.559         | 32.893.559         | 33.575.308         | 33.575.308         |
| b) Tax and contributions from salary expenses   | 122        | 13.417.534         | 13.417.534         | 13.883.210         | 13.883.210         |
| c) Contributions on gross salaries  | 123        | 7.644.355          | 7.644.355          | 7.742.316          | 7.742.316          |
| 4. Depreciation and amortisation  | 124        | 22.918.956         | 22.918.956         | 23.429.831         | 23.429.831         |
| 5. Other expenses   | 125        | 28.506.521         | 28.506.521         | 33.364.825         | 33.364.825         |
| 6. Write down of assets (127+128)   | 126        | 219.914            | 219.914            | 166.053            | 166.053            |
| a) non-current assets (excluding financial assets)  | 127        |                    |                    |                    |                    |
| b) current assets (excluding financial assets)  | 128        | 219.914            | 219.914            | 166.053            | 166.053            |
| 7. Provisions   | 129        |                    |                    |                    |                    |
| 8. Other operating costs  | 130        |                    |                    |                    |                    |
| <b>III. FINANCIAL INCOME (132 do 136)</b>   | <b>131</b> | <b>25.457.547</b>  | <b>25.457.547</b>  | <b>20.238.845</b>  | <b>20.238.845</b>  |
| 1. Interest, foreign exchange gains, dividends and similar income from related parties                  | 132        |                    |                    |                    |                    |
| 2. Interest, foreign exchange gains, dividends and similar income from third parties                    | 133        | 25.457.547         | 25.457.547         | 20.238.845         | 20.238.845         |
| 3. Part of income from associates and participating interests   | 134        |                    |                    |                    |                    |
| 4. Unrealised gains (income) from financial assets  | 135        |                    |                    |                    |                    |
| 5. Other financial income   | 136        |                    |                    |                    |                    |
| <b>IV. FINANCIAL EXPENSES (138 do 141)</b>  | <b>137</b> | <b>14.093.043</b>  | <b>14.093.043</b>  | <b>8.332.078</b>   | <b>8.332.078</b>   |
| 1. Interest, foreign exchange losses, dividends and similar expenses from related parties               | 138        |                    |                    |                    |                    |
| 2. Interest, foreign exchange losses, dividends and similar expenses from third parties                 | 139        | 14.093.043         | 14.093.043         | 8.332.078          | 8.332.078          |
| 3. Unrealised losses (expenses) from financial assets   | 140        |                    |                    |                    |                    |
| 4. Other financial expenses   | 141        |                    |                    |                    |                    |
| <b>V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES</b>   | <b>142</b> |                    |                    |                    |                    |
| <b>VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES</b>  | <b>143</b> |                    |                    |                    |                    |
| <b>VII. EXTRAORDINARY - OTHER INCOME</b>  | <b>144</b> |                    |                    |                    |                    |
| <b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>   | <b>145</b> |                    |                    |                    |                    |
| <b>IX. TOTAL INCOME (111+131+144)</b>   | <b>146</b> | <b>355.443.536</b> | <b>355.443.536</b> | <b>372.340.892</b> | <b>372.340.892</b> |
| <b>X. TOTAL EXPENSES (114+137+143+145)</b>  | <b>147</b> | <b>350.638.531</b> | <b>350.638.531</b> | <b>366.572.031</b> | <b>366.572.031</b> |
| <b>XI. PROFIT OR LOSS BEFORE TAXES (146-147)</b>  | <b>148</b> | <b>4.805.005</b>   | <b>4.805.005</b>   | <b>5.768.861</b>   | <b>5.768.861</b>   |
| 1. Profit before taxes (146-147)  | 149        | 4.805.005          | 4.805.005          | 5.768.861          | 5.768.861          |
| 2. Loss before taxes (147-146)  | 150        | 0                  | 0                  | 0                  | 0                  |
| <b>XII. CORPORATE INCOME TAX</b>  | <b>151</b> | <b>7.529.125</b>   | <b>7.529.125</b>   | <b>7.825.489</b>   | <b>7.825.489</b>   |
| <b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>  | <b>152</b> | <b>-2.724.120</b>  | <b>-2.724.120</b>  | <b>-2.056.628</b>  | <b>-2.056.628</b>  |
| 1. Profit for the period (149-151)  | 153        | 0                  | 0                  | 0                  | 0                  |
| 2. Loss for the period (151-148)  | 154        | 2.724.120          | 2.724.120          | 2.056.628          | 2.056.628          |
| <b>ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)</b>                 |            |                    |                    |                    |                    |
| <b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>   |            |                    |                    |                    |                    |
| 1. Attributable to majority owners  | 155        | -2.724.120         | -2.724.120         | -2.056.628         | -2.056.628         |
| 2. Attributable to minority interest  | 156        | 0                  | 0                  | 0                  | 0                  |
| <b>STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)</b>                                 |            |                    |                    |                    |                    |
| <b>I. PROFIT OR LOSS FOR THE PERIOD (=152)</b>  | <b>157</b> | <b>-2.724.120</b>  | <b>-2.724.120</b>  | <b>-2.056.628</b>  | <b>-2.056.628</b>  |
| <b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)</b>                                    | <b>158</b> | <b>2.812.554</b>   | <b>2.812.554</b>   | <b>-18.160.681</b> | <b>-18.160.681</b> |
| 1. Exchange differences from international settlement   | 159        | 2.812.554          | 2.812.554          | -18.160.681        | -18.160.681        |
| 2. Changes in revaluation reserves of long-term tangible and intangible assets                          | 160        |                    |                    |                    |                    |
| 3. Profit or loss from re-valuation of financial assets held for sale                                   | 161        |                    |                    |                    |                    |
| 4. Profit or loss from cash flow hedging  | 162        |                    |                    |                    |                    |
| 5. Profit or loss on efficient hedge of net investments in foreign countries                            | 163        |                    |                    |                    |                    |
| 6. Share in other comprehensive income/loss of associated companies                                     | 164        |                    |                    |                    |                    |
| 7. Actuarial gains/losses from defined benefit plans  | 165        |                    |                    |                    |                    |
| <b>III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>                                       | <b>166</b> |                    |                    |                    |                    |
| <b>IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158 TO 166)</b>                           | <b>167</b> | <b>2.812.554</b>   | <b>2.812.554</b>   | <b>-18.160.681</b> | <b>-18.160.681</b> |
| <b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>   | <b>168</b> | <b>88.434</b>      | <b>88.434</b>      | <b>-20.217.289</b> | <b>-20.217.289</b> |
| <b>ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)</b> |            |                    |                    |                    |                    |
| <b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>  |            |                    |                    |                    |                    |
| 1. Attributable to majority owners  | 169        | 88.434             | 88.434             | -20.217.289        | -20.217.289        |
| 2. Attributable to minority interest  | 170        | 0                  | 0                  | 0                  | 0                  |

**Cash flow statement - indirect method**  
period 01.01.2016 to 31.03.2016

| <b>Company: LEDO Consolidated</b>                                    |            |                    |                    |
|--|------------|--------------------|--------------------|
| Position   | AOP        | Previous period    | Current period     |
| 1  | 2          | 3                  | 4                  |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                           |            |                    |                    |
| 1. Profit before tax   | 001        | 4.805.005          | 5.768.861          |
| 2. Depreciation and amortisation                                     | 002        | 22.918.956         | 23.429.831         |
| 3. Increase in current liabilities                                   | 003        | 110.217.271        | 58.276.329         |
| 4. Decrease in current receivables                                   | 004        |                    |                    |
| 5. Decrease of inventories   | 005        |                    |                    |
| 6. Other cash flow increases   | 006        | 27.458.758         | 24.647.513         |
| <b>I. Total Increase of cash flow from operating activities</b>      | <b>007</b> | <b>165.399.990</b> | <b>112.122.534</b> |
| 1. Decrease in current liabilities                                   | 008        |                    |                    |
| 2. Increase in current receivables                                   | 009        | 33.631.939         | 27.446.250         |
| 3. Increase of inventories   | 010        | 51.404.704         | 41.743.511         |
| 4. Other cash flow decreases   | 011        | 57.624.802         | 46.096.738         |
| <b>II. Total decrease of cash flow from operating activities</b>     | <b>012</b> | <b>142.661.445</b> | <b>115.286.499</b> |
| <b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>       | <b>013</b> | <b>22.738.545</b>  | <b>0</b>           |
| <b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>       | <b>014</b> | <b>0</b>           | <b>3.163.965</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                           |            |                    |                    |
| 1. Receipts from sale of non-current assets                          | 015        | 21.617             | 581.562            |
| 2. Receipts from sale of non-current financial assets                | 016        |                    |                    |
| 3. Interest received   | 017        | 11.894.165         | 10.027.608         |
| 4. Dividend received   | 018        |                    |                    |
| 5. Other proceeds from investing activities                          | 019        |                    | 2.740.636          |
| <b>III. Total cash inflows from investing activities</b>             | <b>020</b> | <b>11.915.782</b>  | <b>13.349.806</b>  |
| 1. Purchase of non-current assets                                    | 021        | 33.873.636         | 10.571.171         |
| 2. Purchase of non-current financial assets                          | 022        | 702.378            |                    |
| 3. Other cash outflows from investing activities                     | 023        | 31.146.873         | 28.215.439         |
| <b>IV. Total cash outflows from investing activities</b>             | <b>024</b> | <b>65.722.887</b>  | <b>38.786.610</b>  |
| <b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>       | <b>025</b> | <b>0</b>           | <b>0</b>           |
| <b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>       | <b>026</b> | <b>53.807.105</b>  | <b>25.436.804</b>  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                           |            |                    |                    |
| 1. Cash inflows from issuing equity and debt financial instruments   | 027        |                    |                    |
| 2. Cash inflows from loans, debentures, credits and other borrowings | 028        | 52.124.650         | 66.876.378         |
| 3. Other proceeds from financing activities                          | 029        |                    |                    |
| <b>V. Total cash inflows from financing activities</b>               | <b>030</b> | <b>52.124.650</b>  | <b>66.876.378</b>  |
| 1. Repayment of loans and bonds                                      | 031        | 40.217.982         | 52.318.350         |
| 2. Dividends paid  | 032        |                    |                    |
| 3. Cash outflows for finance lease                                   | 033        |                    |                    |
| 4. Purchase of treasury shares                                       | 034        |                    |                    |
| 5. Other cash outflows from financing activities                     | 035        |                    |                    |
| <b>VI. Total cash outflows from financing activities</b>             | <b>036</b> | <b>40.217.982</b>  | <b>52.318.350</b>  |
| <b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>       | <b>037</b> | <b>11.906.668</b>  | <b>14.558.028</b>  |
| <b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>       | <b>038</b> | <b>0</b>           | <b>0</b>           |
| Total increases of cash flow   | 039        | 0                  | 0                  |
| Total decreases of cash flow   | 040        | 19.161.892         | 14.042.741         |
| Cash and cash equivalents at the beginning of the period             | 041        | 30.878.256         | 25.914.913         |
| Increase of cash and cash equivalents                                | 042        |                    |                    |
| Decrease of cash and cash equivalents                                | 043        | 19.161.892         | 14.042.741         |
| Cash and cash equivalents at the end of period                       | 044        | 11.716.364         | 11.872.172         |

**STATEMENT OF CHANGES IN EQUITY**  
**period 1.1.2016 to 31.12.2016**

| Position   | AOP        | Previous year        | Current year         |
|--|------------|----------------------|----------------------|
| 1  | 2          | 3                    | 4                    |
| 1. Subscribed share capital  | 001        | 119.289.600          | 119.289.600          |
| 2. Capital reserves  | 002        | 713.232.769          | 713.232.769          |
| 3. Reserves from profit  | 003        | 107.389.196          | 106.084.490          |
| 4. Retained earnings or accumulated loss                                       | 004        | 516.697.639          | 766.678.775          |
| 5. Net profit or loss for the period   | 005        | 266.837.092          | -2.056.628           |
| 6. Revaluation of tangible assets  | 006        | 57.700.990           | 57.700.990           |
| 7. Revaluation of intangible assets  | 007        |                      |                      |
| 8. Revaluation of financial assets available for sale                          | 008        | -1.365.231           | -1.365.231           |
| 9. Other revaluation   | 009        | -153.503             | -153.502             |
| <b>10. Total equity and reserves (AOP 001 to 009)</b>                          | <b>010</b> | <b>1.779.628.552</b> | <b>1.759.411.263</b> |
| 11. Currency profit or loss arising from net investments in foreign operations | 011        | -4.298.704           | -18.160.661          |
| 12. Current and deferred taxes   | 012        |                      |                      |
| 13. Cash flow hedge  | 013        |                      |                      |
| 14. Change of accounting policies  | 014        |                      |                      |
| 15. Correction of significant errors in prior periods                          | 015        |                      |                      |
| 16. Other changes in capital   | 016        | 189.070.034          | -2.056.628           |
| <b>17. Total increase or decrease of equity (AOP 011 to 016)</b>               | <b>017</b> | <b>184.771.330</b>   | <b>-20.217.289</b>   |
| 17 a. Attributable to majority owners  | 018        | 184.771.330          | -20.217.289          |
| 17 b. Attributable to minority interest  | 019        | 0                    | 0                    |



## Notes with financial statements

Notes to Financial Statements provide additional and supplementary information which are not presented in the statement of financial position, income statement, cash flow statement and statement of changes in equity in accordance with the regulations of the relevant international financial reporting standards.

In the observed period there were no significant events that would affect the understanding of financial position and success of the Ledo Group.



dioničko društvo  
za proizvodnju i  
promet sladoleda  
i smrznute hrane



## Declaration of key personnel responsible for preparation of financial statements

Consolidated financial statements for Ledo d.d. for the period from 1 January 2016 till 31 March 2016 are prepared in accordance with the International Financial Reporting Standards and they give a complete and true state of assets and liabilities, financial result and affairs of Ledo d.d.

Management report contains true and fair view of affairs and results of Ledo d.d. and all material significant transactions are stated appropriately.

Head of Accounting department

  
Jelena Lisjak



Finance Director

  
Ankica Slobodanac



dioničko društvo  
za proizvodnju i  
promet sladoleda  
i smrznute hrane



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Korporativne aktivnosti: 01/2385-525

**IBAN** HR39 2503 0071 1000 2063 6  
**SWIFT** VBCRHR22  
kod SBERBANK d.d., upisano u registar Trgovačkog suda u Zagrebu  
pod brojem: MBS 080002964.  
Temeljni kapital Društva iznosi 119.289.600,00 kuna uplaćen u  
cjelosti. Izdano je 313.920 dionica u nominalnom iznosu od  
380,00 kuna po dionici.

**Uprava**  
Predsjednik Uprave  
mr.sc. Dario Vrabec  
član Uprave  
Ankica Slobodanac, dipl.oec  
Predsjednik Nadzornog odbora  
Ljerka Puljić, dipl.oec