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MONTHLY REPORT ON ECONOMIC AND FINANCIAL STATE AND THE IMPLEMENTATION OF THE MEASURES OF EXTRAORDINARY ADMINISTRATION OF AGROKOR D.D.

FOR THE PERIOD BETWEEN 11 SEPTEMBER AND 10 OCTOBER 2017.

Prepared pursuant to Article 12 paragraph 9 of the Act on the procedure of extraordinary administration in commercial companies of systemic importance for the Republic of Croatia (Official Gazette 32/2017)

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1. Executive summary

This monthly report provides an update on the economic and financial state of, and implementation of activities and measures, under the Extraordinary Administration of Agrokor d.d. in the period 11 September and 10 October 2017. The ongoing demanding process of financial and operational restructuring of the Group companies in the reporting period continues to improve the overall state of the Group.

On 5 October 2017, the audit of the financial statements was completed including 27 companies legally subject to auditing in the Republic of Croatia, three companies in Serbia and three companies in Bosnia and Herzegovina. The audit for the nine key companies was presented. The retail group generated a loss in the amount of HRK 2.2 billion for the period to 31 December 2016, the agriculture group generated a loss of HRK 329 million, and the food group generated a loss of HRK 741 million. The most significant negative effect on profits in 2016 came from contingency provisions/reserves of 50% on the mutual accounts receivable within the Group.

The audit found that Konzum, instead of making a profit of HRK 235 million for the period to 31 December 2015, as previously reported, made a loss of HRK 1.4 billion. According to those financial statements, the Retail Group made a profit of HRK 247 million in the year ending 31 December 2015, where in fact it suffered a loss of HRK 1.471 billion. The loss of the Agriculture Group was shown as HRK 88 million where in fact the audit found it was HRK 223 million, and the Food Group's profit was shown as HRK 661 million, while the audit found it was HRK 635 million.

On 9 October 2017, the audited financial statement for Agrokor d.d. and the consolidated financial statements of the Agrokor Group for the year 2016 were presented. The audit contains significant adjustments to Agrokor's statements from previous periods including the total equity decrease (impairment) of the Agrokor Group for the period from 31 December 2014 to 31 December 2016 amounting to HRK 21.7 billion. The loss for 2016 amounted to HRK 11 billion and the loss in 2015 after all restatements have been made amounted to HRK 3.6 billion, while the previous Management Bord stated profits in the amount of HRK 1.2 billion in 2015.

Key account irregularities found during the preparation and audit of the financial statements of Agrokor group for 2016 are: undisclosed liabilities in the amount of HRK 3.9 billion, undisclosed operating and financial expenses for the period from 2010 to 2015 in the amount of HRK 2.2 billion and inappropriate classification of HRK 2.1 billion of cash and cash equivalents. The audit also found inadequate use of the so-called equity method at Agrokor d.d. in the period from 2006 to 2011, resulting in an equity value adjustment in the amount of HRK 3.5 billion, i.e. overstated revenues in previous periods.

Audited financial statements for Agrokor d.d., the consolidated financial statements for the Group and audited financial statements for the nine key companies have been published on the Group website, www.agrokor.hr, and on the websites of each of the companies in question. Further detail on the audit results can be found in section 3 of this report.

As previously reported, retail performance in the first half of 2017 was supressed by the Group's liquidity problems. Following on from the stability provided by new financing in June 2017, the retail businesses have shown consistent strength month-on-month throughout the summer period, being a direct result of the new financing securing employees and maintaining stock levels throughout the summer period. Despite the challenges faced, the retail businesses have responded well and consequently footfall and revenue have continued to improve, whilst cost-reduction programmes have begun to deliver early results.

Food companies have continued to deliver solid results for the eight month period to August 2017. Following the improved stock service level from the previous period, the food companies have continued to increase sales although still lower than the same period in 2016. However, EBITDA for the food companies has increased compared to the same period in 2016, building on strong operating results primarily from beverages and oils groups, focusing on a profitable portfolio in both meat and frozen groups and continuous restructuring efforts across all of the food companies.

In the eight months to August 2017, the agricultural companies have achieved mixed results through a slower realisation of revenues and a strong increase in EBITDA. Trading activities in the agriculture group have continued to decline and a new strategy for this segment is already being executed. The overall liquidity remains sound and should be adequate for the coming autumn period, which should continue to positively affect the profitability of the agriculture companies overall. All Group companies continue to develop, implement and maintain cost optimisation and restructuring measures with a view to further improving performance for 2017 and beyond.

To date, members of the Temporary Creditors Council have approved payment for more than 2,500 suppliers in Pool A which includes family farms, craft traders, micro-companies and small entrepreneurs with annual revenue of less than HRK 5.2 million. These suppliers have received 100% settlement of their pre-petition debt. After additional internal adjustments and evaluations of claims, a final evaluation of payment in Pool A was completed leading to the decision of the Temporary Creditors Council delivered on 29 September 2017 to approve additional payment in the amount of EUR 0.1 million. Therefore, payments to creditors in Pool A total EUR 20.5 million. Audit results for the period to 31 December 2016 for both individual companies and the Group were also discussed with the Temporary Creditors Council on 9 October 2017.

Further progress has been made on the viability plans for the individual businesses and divisions as well as the aggregated Group viability plan, which are all now close to final. As a result of the finalisation of the 2016 Group audited accounts, and in line with the requirements of the facility agreement, a summary is envisioned to be made available by the end of October 2017.

Developments in litigation and enforcement proceedings formally issued against Agrokor d.d. and a number of affiliates in the present reporting period are detailed in section 6 of this report, and includes new decisions delivered in Croatia. The High Commercial Court in Croatia rejected the appeal of Sberbank of Russia and confirmed the decision of the Commercial Court in Zagreb dismissing the temporary injunction proceedings issued by Sberbank of Russia seeking to prevent Agrokor d.d. from entering into the super senior facility agreement, and the Commercial Court in Zagreb dismissed petitions of Sberbank of Russia to declare the provisions of the Super Priority Term Facilities Agreement which allow “roll-up” financing of old debt and bond redemption, as well as all other restrictive provisions of that Agreement, null and void, to declare null and void the transaction in which Agrokor d.d. redeemed bonds at their nominal value, and to have the Commercial Court in Zagreb submit a request to the Constitutional court to examine the constitutionality of Articles 40 and 41 of the Act on Extraordinary Administration.

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2. State of companies under the Extraordinary Administration during the reporting period

The financial information in the table below relates to the eight months (year-to-date) revenue, gross margin and EBITDA for certain key companies of the Group. Financial results for individual Group companies for the first eight months of 2017 included in this section of the report, are not audited.

Jan - Aug 2017 performance*

HRK m	Retail and Wholesale	Food	Agriculture
Revenue	10,321m	5,974m	1,809m
Gross margin	1,411m	2,162m	460m
Gross margin %	*13.7%*	*36.2%*	*25.4%*
EBITDA	-193m	946m	207m
EBITDA %	*-1.9%*	*15.8%*	*11.4%*

- **Retail and Wholesale** includes 5 companies summarized results:
  - Retail: Konzum Croatia, Konzum B&H, Tisak
  - Wholesale: Velpro centar and Velpro B&H
- **Food** includes 9 companies summarized results:
  - Bevarages: Jamnica, Sarajevski kiseljak and Roto dinamic
  - Ice Cream and Frozen Food: Ledo, Frikom and Ledo Čitluk
  - Oil: Zvijezda and Dijamant
  - Meat: PIK Vrbovec
- **Agriculture** includes 4 companies summarized results:
  - Belje, PIK Vinkovci, Vupik and Agrokor Trgovina

- *Summarized YTD results, i.e. no elimination of intercompany transactions and no consolidation adjustments*
- *Revenue includes sales of goods and services (domestic and foreign)*
- *EBITDA = EBIT + Depreciation and amortization + value adjustments and impairments + provisions*
- *COGS calculated as Cost of materials plus cost of goods sold +/- change in inventory*
- *Preliminary results*
- *FY16 audit is still ongoing and certain audit adjustments not yet recorded by companies – may result in changes of eight months results reported by companies (amounts and/or classification)*

Source: company data

****NOTE: All results are estimated***

As previously reported, retail performance in the first half of 2017 was supressed by the Group's liquidity problems. Following on from the stability provided by the new financing in June 2017, the retail businesses have shown consistent strength month-on-month throughout the summer period, being a direct result of the new financing, securing employees and maintaining stock levels throughout the summer period. Despite the challenges faced, the retail businesses have responded well and consequently footfall and revenue have continued to improve, whilst cost-reduction programmes have begun to deliver early results.

Velpro was re-stocked and focused on its most profitable channels, allowing it to deliver much improved margins. Tisak was able to extend its assortment in key areas to drive additional profitable revenue. Margins improved in Konzum as the business moved beyond June 2017 and was able to adjust its promotional model. Overall, performance was helped by good weather and selective restocking, although held-back by the lack of availability of staff on the coast and some continued supply issues due to trade credit insurance issues. Suppliers' and landlords' cooperation will be key going forward as the retail businesses enter a period of quieter trading in the run-up to Christmas.

Food companies have continued to deliver solid results for the eight month period to August 2017. Following the improved stock service level from the previous period, food companies have continued to increase sales although still lower than the same period in 2016. However, EBITDA for the food companies has increased compared to the same period in 2016, building on strong operating results primarily from beverages and oils groups, focusing on a profitable portfolio in both meat and frozen groups and continuous restructuring efforts across all of the food companies.

In the eight months to August 2017, the agricultural companies have achieved mixed results through a slower realisation of revenues and a strong increase in EBITDA. Trading activities in the agriculture group have continued to decline and a new strategy for this segment is already being executed. The overall liquidity remains sound and should be adequate for the coming autumn period, which should continue to positively affect profitability of the agricultural companies overall.

All Group companies continue to develop, implement and maintain cost optimisation and restructuring measures with a view to further improving performance for 2017 and beyond.

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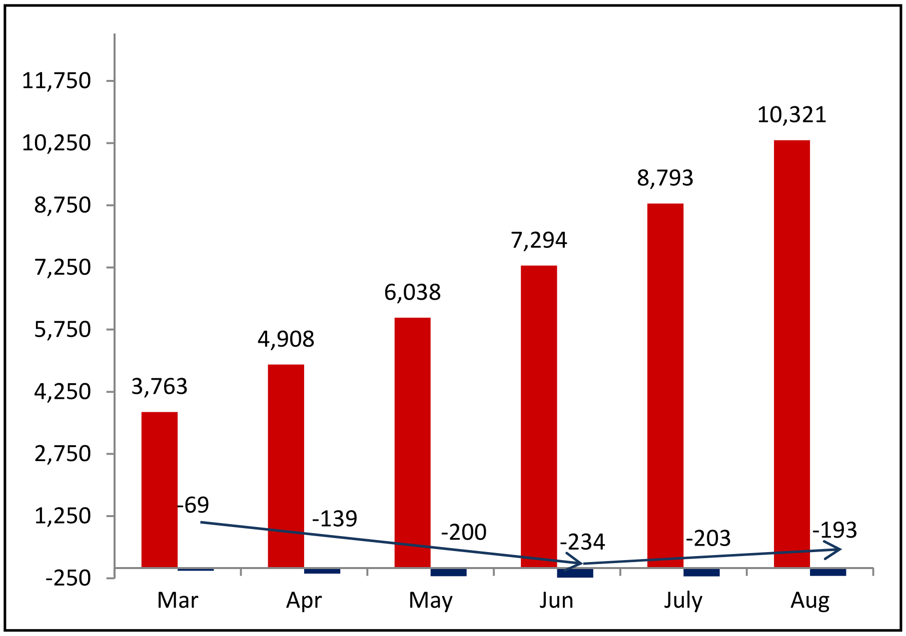
2.1. Companies in the retail and wholesale sector

Companies in the retail and wholesale sector are Konzum, Konzum B&H, Tisak, Velpro centar, and Velpro B&H. The table below shows the cumulative revenue and EBITDA by month for the sector, with results of Croatian individual companies portrayed in detail in subsections which follow.

Cumulative revenue and EBITDA by month 2017 (HRK m)*

Retail & Wholesale



- Includes 5 companies summarized results:
  - Retail: Konzum Croatia, Konzum B&H, Tisak
  - Wholesale: Velpro centar and Velpro B&H

Revenue EBITDA

NOTE: All results are estimated.

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2.1.1. Companies in the retail and wholesale sector: Konzum d.d.

2.1.1.1. Financial results YTD and KPIs

Financial results*	Jan – Aug (HRK m)
Revenue	6,127
EBITDA	-18
EBITDA %	-0.3%
Key performance indicators	**Jan – Aug 2017**
Gross margin %	14.4%
DSO	15 days
DIO	31 days

NOTE: All results are estimated.

2.1.1.2. Commentary on recent trading

- Lower sales revenues for the eight month period to August 2017 are primarily a consequence of the termination of the Kozmo business.
- Although Konzum realised positive EBITDA of HRK 8.8 million in August 2017, cumulative EBITDA for the eight month period to August 2017 remains modestly negative
- Inventory levels for the eight month period to August 2017 decreased due to the inventory stock-outs, resulting in DIO decreasing. Stock-outs are lower than prior months in 2017 although still present an on-going challenge
- The DSO decrease in August 2017 reflects better collection of receivables from both internal and external buyers compared to July 2017

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2.1.2. Companies in the retail and wholesale sector: Tisak d.d.

2.1.2.1. Financial results YTD and KPIs

Financial results*	Jan – Aug (HRK m)
Revenue	1,385
EBITDA	-23
EBITDA %	-1.7%
Key performance indicators	**Jan – Aug 2017**
Gross margin %	21.1%
DSO	23 days
DIO	25 days

NOTE: All results are estimated.

2.1.2.2. Commentary on recent trading

- In August 2017, Tisak's retail performance was driven by the smaller retail network due to following the closure of a number of unprofitable points of sale. Tisak's wholesale performance worsened slightly due to reduced sales of telecom vouchers. Since this business runs with a modest margin there was no significant reduction of the wholesale gross margin
- The reduction in the cost of goods sold in the eight months to August 2017 outweighs the decrease in revenues for the same period, subsequently improving Tisak's overall gross margin. This is driven by higher drinks and ice cream margins, and the wholesale business being a smaller proportion of the total
- The decrease in DSO for the eight month period to August 2017 reflects the improved collection of receivables

2.1.3. Companies in the retail and wholesale sector: Velpro - Centar d.o.o.

2.1.3.1. Financial results YTD and KPIs

Financial results*	Jan – Aug (HRK m)
Revenue	1,236
EBITDA	-65
EBITDA %	-5.3%
Key performance indicators	**Jan – Aug 2017**
Gross margin %	5.2%
DSO	74 days
DIO	21 days

NOTE: All results are estimated.

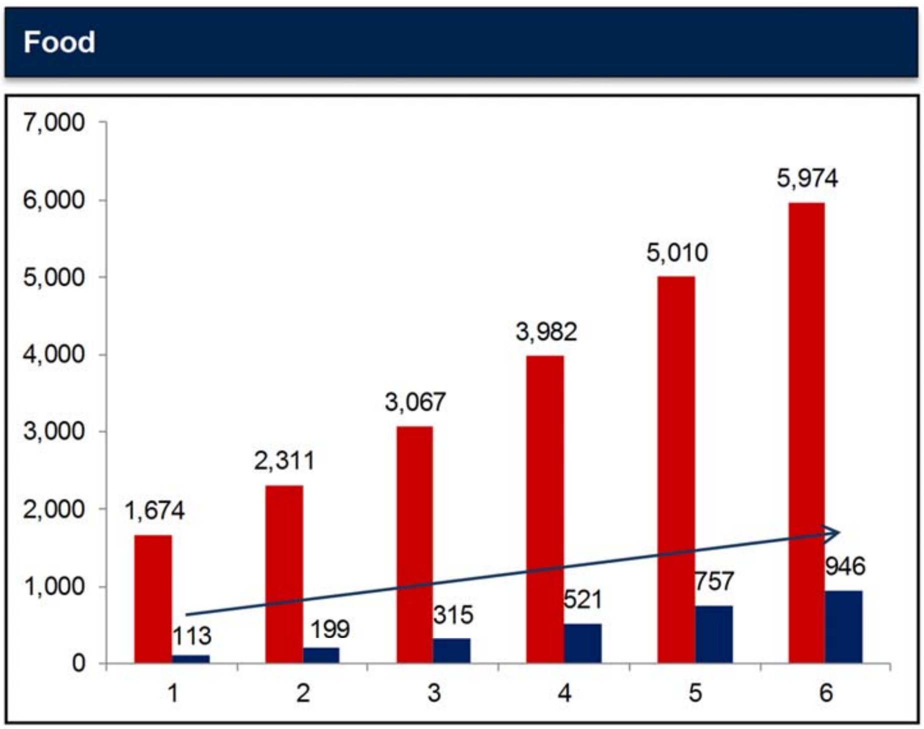
2.1.3.2. Commentary on recent trading

- Velpro's sales revenues for the eight months to August 2017 were affected by the cancellation of the compensation policy as well as negative perception of some customers regarding the situation within the Group
- With a view to optimising operations, Velpro has terminated business with unprofitable customers which has had a positive impact on its August gross margin
- The reduced turnover resulted in a lower level of supplier rebates, which has negative impacted EBITDA for the eight months to August 2017
- Compared to July 2017 figures, DSO for August is lower due to more efficient collection of receivables

2.2. Companies in the food sector

Companies in the food sector are Jamnica, Sarajevski kiseljak, Roto dinamic, Ledo, Frikom, Ledo Čitluk, Zvijezda, Dijamant, and PIK Vrbovec. The table below shows cumulative revenue and EBITDA by month for the sector, with results of Croatian individual companies portrayed in detail in subsections which follow.

Cumulative revenue and EBITDA by month 2017 (HRK m)*



- Includes 9 companies summarized results:
  - Bevarage: Jamnica, Sarajevski kiseljak and Roto dinamic
  - Ice Cream and Frozen Food: Ledo, Frikom and Ledo Čitluk
  - Oil: Zvijezda and Dijamant
  - Meat: PIK Vrbovec

Revenue EBITDA

NOTE: All results are estimated.

2.2.1. Companies in the food sector: Jamnica d.d.

2.2.1.1. Financial results YTD and KPIs

Financial results*	Jan – Aug 2017 (HRK m)
Revenue**	1,053
EBITDA	258
EBITDA %	24.5%
Key performance indicators	**Jan – Aug 2017**
Gross margin %***	56.2%
DSO	118 days
DIO	54 days

NOTE: All results are estimated.

***Revenue is calculated as sales revenue of goods and services (domestic and foreign)*

**** Gross margin is calculated based on revenue less cost of material & cost of goods sold +/- change in inventory*

2.2.1.2. Commentary on recent trading

- Jamnica d.d.'s sales revenue decline of 3.0% is a result of lower distribution of wines, discontinuation of Red Bull distribution and Juicy Fruits export versus 2016, as well as a one-time effect on sale of the production line to Kiseljak that increased other revenue in 2016. Comparing like-for-like, revenues increased by 6.2% against 2016.
- Jamnica's EBITDA has increased due to better sales results, production cost optimisation, cost of goods sold reduction and gross margin improvement, as well as comprehensive restructuring process initiated in 2016
- Lower inventory levels, compared to July 2017, are a consequence of the termination of the distribution of part of the wine assortment for Konzum, and Red Bull for Croatia
- Compared to previous months DSO increased in August due to higher sales

2.2.2. Companies in the food sector: Roto dinamic d.o.o.

2.2.2.1. Financial results YTD and KPIs

Financial results*	Jan – Aug 2017 (HRK m)
Revenue	739
EBITDA	51
EBITDA %	6.9%
Key performance indicators	**Jan – Aug 2017**
Gross margin %	19.7%
DSO	56 days
DIO	41 days

NOTE: All results are estimated.

2.2.2.2. Commentary on recent trading

- Revenues continue to have a positive trend through August reaching HRK 739m in the eight months to August 2017
- Roto's EBITDA margin has increased from 6.1% in July 2017 to 6.9% in August, and the company is focussed on further profit improving measures
- Collection of receivables improved throughout August as Roto focused on working capital optimisation

2.2.3. Companies in the food sector: Ledo d.d.

2.2.3.1. Financial results YTD and KPIs

Financial results*	Jan – Aug 2017 (HRK m)
Revenue	821
EBITDA	199
EBITDA %	24.3%
Key performance indicators	**Jan – Aug 2017**
Gross margin %	45.0%
DSO	87 days
DIO	72 days

NOTE: All results are estimated.

2.2.3.2. Commentary on recent trading

- Ledo's August revenues are affected by the loss of certain Horeca customers, due to the liquidity issues in the first half of 2017
- During August, Ledo continued to implement cost reduction measures (marketing, representation, FTE) and improve its logistics processes
- DIO improved compared to July as a result of an optimised relationship between procurement, production and sales needs

2.2.4. Companies in the food sector: Zvijezda d.d.

2.2.4.1. Financial results YTD and KPIs

Financial results*	Jan - Aug 2017 (HRK m)
Revenue	433
EBITDA	40
EBITDA %	9.2%
Key performance indicators	**Jan - Aug 2017**
Gross margin %	27.5%
DSO	100 days
DIO	45 days

NOTE: All results are estimated.

2.2.4.2. Commentary on recent trading

- Zvijezda maintained stable sales of its most important products in August through all sales channels including retail, Horeca and B2B
- Business relationships were established with new customers in domestic and foreign markets
- In the past few months Zvijezda has focused on its most profitable products, which, combined with improved operational efficiency, had a positive impact on EBITDA in August 2017
- The financial stability provided by the new lending facility has enabled the regular deliveries of goods from suppliers which has resulted in increased production of finished goods in August 2017

2.2.5. Companies in the food sector: PIK Vrbovec d.d.

2.2.5.1. Financial results YTD and KPIs

Financial results*	Jan – Aug 2017 (HRK m)
Revenue	1,192
EBITDA	75
EBITDA %	6.3%
Key performance indicators	**Jan – Aug 2017**
Gross margin %	24.6%
DSO	129 days
DIO	35 days

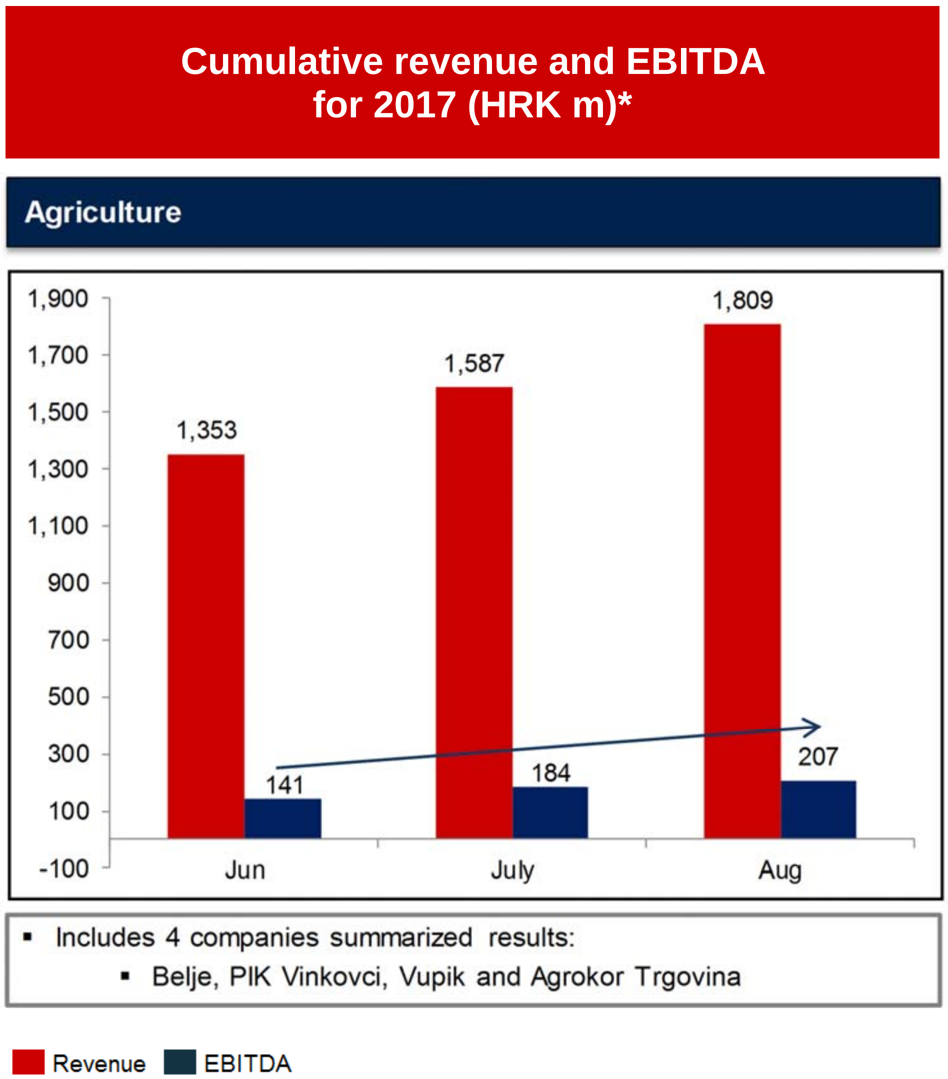
NOTE: All results are estimated.

2.2.5.2. Commentary on recent trading

- Sales revenue in August 2017 continues to be negatively influenced by the lack of raw materials, and consequently lower production levels in March and April 2017
- Unfavorable movements in raw material prices have also caused a slight decrease in gross margin compared to July 2017
- PIK Vrbovec did however achieve significant cost reductions (including personnel expenses, marketing, representation costs and other expenses) which has resulted in a steady improvement in EBITDA through June, July and August 2017
- The main reason for the decrease in inventory levels is the lack of inventory build up in March and April and currently, although production is at maximum capacity, all finished goods are sold immediately

2.3. Companies in the agriculture sector

Companies in the agriculture sector are Belje, PIK Vinkovci, Vupik and Agrokor Trgovina. The table below shows the cumulative revenue and EBITDA for the sector, with results of individual companies portrayed in detail in subsections which follow.



NOTE: All results are estimated.

2.3.1. Companies in the agriculture sector: Belje d.d.

2.3.1.1. Financial results YTD and KPIs

Financial results*	Jan – Aug 2017 (HRK m)
Revenue	828
EBITDA	128
EBITDA %	15.5%
Key performance indicators	**Jan – Aug 2017**
Gross margin %	32.6%
DSO	90 days
DIO	206 days

NOTE: All results are estimated.

2.3.1.2. Commentary on recent trading

- The increase in sales revenue in August 2017 is mostly driven by high yields of agricultural crops (wheat, oilseed rape, sunflower) and tomatoes. Feedstock, however, still remains a challenge, due to issues with raw materials in the first quarter of 2017 and cancellation of orders by third-party customers
- High yields of agricultural crops sold in August 2017 combined with cost savings, low materials costs and excellent natural indicators in cattle production resulted in an EBITDA margin of 15.5%
- Inventory levels in August 2017 are roughly the same as July 2017

2.3.2. Companies in the agriculture sector: PIK Vinkovci d.d.

2.3.2.1. Financial results YTD and KPIs

Financial results*	Jan – Aug 2017 (HRK m)
Revenue	214
EBITDA	17
EBITDA %	8.1%
Key performance indicators	**Jan – Aug 2017**
Gross margin %	35.8%
DSO	74 days
DIO	399 days

NOTE: All results are estimated.

2.3.2.2. Commentary on recent trading

- August 2017 revenues were positively impacted by sales of PIK Vinkovci's produced wheat, barley and soy
- The company maintained cost optimisation measures with a view to improving EBITDA
- The reduction in receivables during August 2017 is a consequence of prompt payments from other Group companies
- A lower level of inventories in August 2017, compared to previous months, is a consequence of the sale of inventories to generate cash for the purchase of goods from sub-contractors

2.3.3. Companies in the food sector: Vupik d.d.

2.3.3.1. Financial results YTD and KPIs

Financial results*	Jan – Aug 2017 (HRK m)
Revenue	197
EBITDA	45
EBITDA %	22.9%
Key performance indicators	**Jan – Aug 2017**
Gross margin %	38.1%
DSO	79 days
DIO	264 days

NOTE: All results are estimated.

2.3.3.2. Commentary on recent trading

- Vupik's sales revenues in August 2017 were impacted by a reduced amount of lending in the co-operation segment, and lower sales of wine due to a switch to consignment business with Konzum
- EBITDA for August 2017 improved due to rationalisation and cost optimisation activities
- The higher gross margin in both July and August 2017 is the result of the harvest and sale of new agricultural and vegetable crops, as well as increased revenues from services at the reloading port.

2.3.4. Companies in the food sector: Agrokor trgovina d.o.o.

2.3.4.1. Financial results YTD and KPIs

Financial results*	August 2017 (HRK m)
Revenue	570
EBITDA	16
EBITDA %	2.8%
Key performance indicators	**August 2017**
Gross margin %	6.8%
DSO	48 days
DIO	4 days

NOTE: All results are estimated.

2.3.4.2. Commentary on recent trading

- In August 2017 the majority of revenues came from rapeseed, wheat, soybean meal and the fertiliser business. Export volumes came predominantly from rapeseed, wheat and soybean meal. A reduced wheat crop in Croatia together with current uncompetitive market prices are the main drivers of lower volume in general at this time of the year
- Collection of receivables from some buyers remains a challenge, particularly where those companies cooperate with other Group companies and have pre-petition debt claims owed to them by these sister-companies; however, improvements have been made
- In August 2017, Agrokor Trgovina signed agreements with several key suppliers to return to pre-petition trading terms

3. Results of the audit of financial statements of Agrokor d.d., of consolidated financial statements of the Agrokor Group and of the individual companies for the year ending 31 December 2016

In May 2017 Price Waterhouse Coopers d.o.o. (PWC) was appointed as legal auditor of the Group's Croatia-based companies. Audited financial statements of the Group's operating companies for the year ending 31 December 2016 were presented by the Extraordinary Trustee in the press conference held on 5 October 2017. The audit of the financial statements of Agrokor d.d. and the consolidated financial Group statements were presented at a press conference held on 9 October 2017.

The audit performed by PWC included 27 companies legally subject to auditing in the Republic of Croatia, three companies in Serbia and three companies in Bosnia and Herzegovina. The scope of the Group audit has been covered either by PWC Croatia itself or under the supervision of PwC Croatia, and encompasses 99% of the Group's revenues and 98% of the Group's profits for the year ended as at 31 December 2016.

Due to the protection provided to the companies by the Act on Extraordinary Administration whilst restructuring and continuing the businesses, the audit reports were prepared on a going concern basis. If the reports had been prepared on a liquidation basis, the loss of value would have been significantly higher. Some of the statements contain significant corrections both to the statements for the year ending 31 December 2015 as published previously, and those for the year ending 31 December 2016, where the companies had previously published results for the first three quarters of 2016**.**

3.1. Summary of audited financial statements of Agrokor d.d. and of the consolidated financial statements of the Group for 2016

On 9 October 2017 audited financial reports for Agrokor d.d. and Group consolidated financial reports for 2016 were published. The audit results contain significant adjustments to Agrokor's statements from previous periods, including a total equity decrease (impairment) of the Group for the period from 31 December 2014 to 31 December 2016, which amounted to HRK 21.7 billion. The loss in 2016 amounts to HRK 11.2 billion and the loss in 2015 after all restatements have been made amounts to HRK 3.6 billion, against profits of HRK 1.2 billion as stated by the previous Management Board for the year 2015.

In producing and auditing the financial statements of the Group for the year ending 31 December 2016, the following key accounting irregularities were found: undisclosed liabilities in the amount of HRK 3.9 billion, undisclosed operating and financial expenses for the period from 2010 to 2015 in the amount of HRK 2.2 billion and inappropriate classification of HRK 2.1 billion of cash and cash equivalents. The audit has also shown inadequate usage of the so-called equity method at Agrokor d.d. in the period from 2006 to 2011, resulting in a equity value adjustment in the sum of HRK 3.5 billion, i.e. overstated revenues in previous periods.

3.1.1. Consolidated results for the Group

Consolidated balance sheet of the Agrokor Group for 2016 and restated 2015 - assets

in 000 HRK	Notes	*31.12.2016*	*Restated 31.12.2015*	*Restated 1.1.2015*
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	17	24.925.021	24.975.581	27.513.409
Investment property	18	240.557	222.952	135.436
Intangible assets	14	1.262.474	3.443.118	3.370.301
Biological assets	19	427.461	431.615	442.120
Investments in associates using the equity method	15	275.680	174.821	55.863
Other non-current financial assets	16	2.149.975	3.214.527	2.966.715
Deffered tax assets	36	199.237	161.623	198.427
TOTAL NON-CURRENT ASSETS		**29.480.405**	**32.624.237**	**34.682.271**
CURRENT ASSETS				
Inventories	23	5.271.079	6.331.021	5.518.412
Biological assets	19	328.238	360.573	355.146
Assets held for sale	20	122.870	1.809.428	308.902
Loans and deposits	21	842.834	1.643.845	2.126.022
Account receivables	24	3.459.209	6.145.999	6.173.944
Recourse receivables	34	468.658	1.135.494	269.314
Other current assets	25	1.222.865	1.420.819	1.734.164
Cash and cash equivalents	26	556.986	597.040	583.963
TOTAL CURRENT ASSETS		**12.272.739**	**19.444.219**	**17.069.867**
TOTAL ASSETS		**41.753.144**	**52.068.456**	**51.752.138**

Consolidated balance sheet of the Agrokor Group for 2016 and restated 2015 - liabilities

in 000 HRK	Notes	*31.12.2016*	*Restated 31.12.2015*	*Restated 1.1.2015*
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Share capital	27	180.123	180.123	180.123
Reserves	27	(18.084.429)	(7.551.067)	(3.192.059)
		(17.904.306)	**(7.370.944)**	**(3.011.936)**
NON-CONTROLLING INTERESTS	28	3.370.562	4.442.520	4.655.360
TOTAL EQUITY		**(14.533.744)**	**(2.928.424)**	**1.643.424**
LIABILITIES				
NON-CURRENT LIABILITIES				
Borrowings	31	27.096.437	24.611.689	23.674.543
Provisions	32	441.333	599.728	323.984
Deferred tax liability	36	593.194	1.036.905	1.091.566
Other non-current liabilities		283.628	382	-
TOTAL NON-CURRENT LIABILITIES		**28.414.592**	**26.248.704**	**25.090.093**
CURRENT LIABILITIES				
Accounts payable	33	10.599.437	10.109.865	14.257.679
Bills of exchange and recourse liabilities	34	1.718.379	1.918.139	-
Income tax payable	36	93.518	129.531	121.760
Borrowings	31	12.984.856	14.360.935	8.567.172
Liabilities due to shareholders for dividends	38	-	3.336	7.388
Other current liabilities	35	2.476.105	2.226.371	2.064.623
TOTAL CURRENT LIABILITIES		**27.872.295**	**28.748.177**	**25.018.622**
TOTAL LIABILITIES		**56.286.887**	**54.996.881**	**50.108.715**
TOTAL EQUITY AND LIABILITIES		**41.753.143**	**52.068.457**	**51.752.139**

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Consolidated P&L of the Agrokor Group for 2016 and restated 2015

in 000 HRK	Note	**2016**	*Restated 2015*
Revenue	5	42.556.332	45.702.223
Sale of services	5	3.471.895	1.848.540
Other income	6	144.650	196.274
		46.172.877	**47.747.037**
Changes in inventories of finished goods and work in progress		260.867	-170.145
Cost of materials and goods sold		32.376.191	33.999.894
Cost of services	7	5.032.810	4.155.704
Staff costs	8	4.761.900	4.703.996
Depreciation and amortization		4.413.972	3.407.715
Other costs	9	6.866.773	2.321.126
Sale of properties, net		128.473	53.247
		53.840.986	**48.471.537**
Financial income	11	740.260	772.272
Financial expenses	12	4.249.260	3.311.341
		-3.509.000	**-2.539.069**
Share of loss of associates	**15**	**7.975**	**-3.957**
PROFIT BEFORE TAX		-11.169.136	-3.267.525
Taxation	36	-121.713	335.646
PROFIT/(LOSS) FOR THE YEAR		**-11.047.423**	**-3.603.171**
ATTRIBUTABLE TO:			
Equity holders of the parent		-10.107.192	-3.794.851
Non-controlling interests		-940.231	191.680

3.1.2. Overview of Agrokor audited results (consolidated and unconsolidated)

Overview of the audit – Agrokor Group consolidated

in mln HRK

P&L	2016. audited	2015. restated	2015. previously released	Difference 2015. restated vs previously released	Difference 2016. vs 2015. restated
Business revenues	46.173	47.747	49.403	-1.656	-1.574
Business expenses	-53.841	-48.472	-45.751	-2.721	-5.369
Net result	-11.047	-3.603	1.178	-4.781	-7.444

BALANCE SHEET	31.12.2016. audited	31.12.2015. restated	31.12.2015. previously released	Difference 2015. restated vs previously released	Difference 2016. vs 2015. restated
Total assets	41.753	52.068	52.820	-752	-11.067
Long term	29.480	32.624	32.445	179	-2.965
Short term	12.273	19.444	20.375	-931	-8.102
Total equity	-14.534	-2.928	7.519	-10.447	-22.053
Total liabilities*	56.287	54.997	45.300	9.697	10.987
Long term	28.415	26.249	20.973	5.276	7.442
Short term	27.872	28.748	24.327	4.421	3.545

Previously reported equity of the Agrokor Group in 2015 has been reduced by HRK 10,5 bn, that is HRK 22,1 bn including the result for 2016...

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Note: Stated liabilities do not represent the total claims of the Agrokor Group in 2017 since until the beginning of the Extraordinary Administration the company has raised further debt. The amount of total claims will be separately released.

Overview of the audit – Agrokor d.d.

in mln HRK

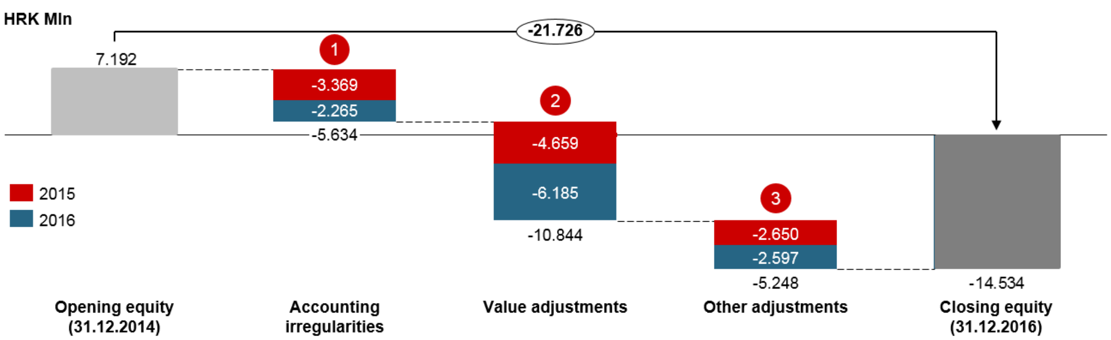
P&L	2016. audited	2015. restated	2015. previously released	Difference 2015. restated vs previously released	Difference 2016. vs 2015. restated
Business revenues	399	622	622	0	-223
Business expenses	-9.457	-1.354	-279	-1.075	-8.103
Net result	-10.835	-1.307	-198	-1.109	-9.528

BALANCE SHEET	31.12.2016. audited	31.12.2015. restated	31.12.2015. previously released	Difference 2015. restated vs previously released	Difference 2016. vs 2015. previously released
Total assets	15.413	25.472	24.450	1.022	-9.037
Long term	9.057	13.122	16.342	-3.220	-7.285
Short term	6.356	12.350	8.108	4.242	-1.752
Total equity	-13.497	-2.420	3.636	-6.056	-17.133
Total liabilities	28.911	27.891	20.813	7.078	8.098
Long term	18.979	16.357	14.020	2.337	4.959
Short term	9.932	11.534	6.793	4.741	3.139

...whilst the previously reported equity of Agrokor d.d. in 2015 has been reduced by HRK 6,1 bn, that is HRK 17,1 bn including the result for 2016

3.1.3. Key audit findings (consolidated)

Key factors affecting the change in consolidated equity



1 **Accounting irregularities**: improvement of the result through non-disclosure of operational and financial expenses, non-disclosure or improper classification of borrowings, inadequate classification of loans granted as cash and cash equivalents, failure to consolidate the entity AdriaticaNet

2 **Value adjustments**: tangible and intangible assets and receivables

3 **Other adjustments to the equity in 2015 and 2016:** reclassification of operational lease to financial lease, increase in expenses, drop in sales in 2016

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1 Accounting irregularities

Identified accounting irregularities

- 1a Improvement of the result through non-disclosure of operational and financial expenses
- 1b Non-disclosure or improper classification of borrowings
- 1c Inadequate classification of loans granted as cash and cash equivalents
- 1d Failure to consolidate the entity AdriaticaNet

The aforementioned transactions (a-c) are present in accounting records but were not disclosed in the financial statements.

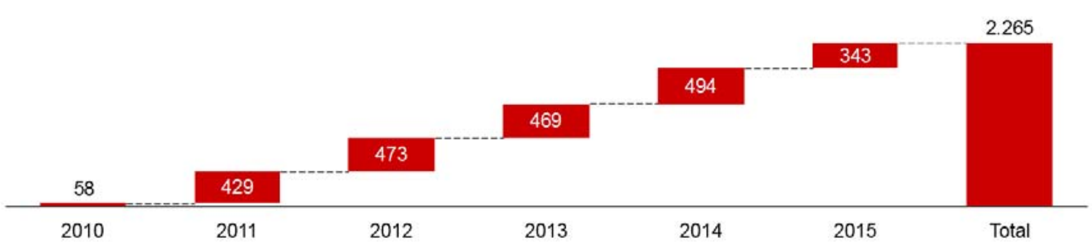
During the audit of financial statements for 2016, the abovementioned irregularities led to:

- Increase in liabilities in the amount of HRK 3.9 billion;
- Increase in operational and financial expenses of HRK 2.3 billion;
- Decrease in the amount of cash and cash equivalents in the amount of HRK 2.1 billion; and

Undisclosed loans granted and receivables in the amount of HRK 2.0 billion.

1a Improvement of the result through non-disclosure of operational and financial expenses (1/2)

Understatement of operating and interest expense over the years (HRK mln)



- Expenses outlined above were not disclosed in the financial statements in previous periods,
- Ivica Todorić entered into an agreement with Agrokor d.d. that regulated the expenses connected with the IPO of the Group or part of the Group.

- IPO expenses are related to advisors and other expenses related to this transaction.
- The agreement stipulated that Ivica Todorić would reimburse these expenses in case the IPO materialises, otherwise these expenses would be borne by Agrokor.
- The termination of the aforementioned agreement which was valid from 14 December 2016 to 30 December 2018, between Ivica Todorić and Agrokor d.d., stated that "based on the analysis of all the relevant and available information and facts, the IPO has not and shall not materialise (…) both parties terminate the agreement on 14 December 2016".
- This termination agreement confirms that Agrokor d.d. and Ivica Todorić agreed on 14 December 2016 that the IPO has not, and shall not, occur and that all the expenses that have not been disclosed nor recorded from 2010 until 2015, have become expenses of 2016.
- In the audit process it has been identified that only part of these expenses are related to the IPO.

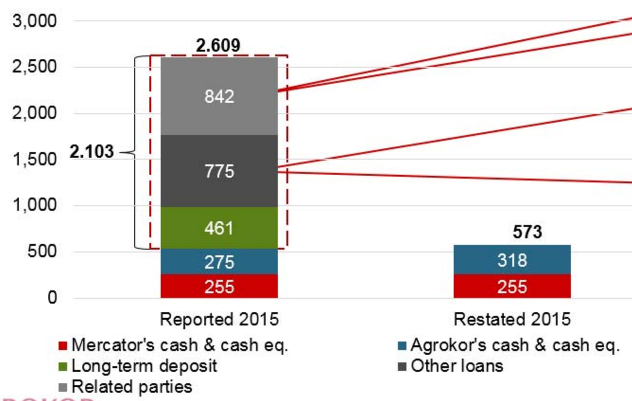
1b Non-disclosure or improper classification of borrowings

Undisclosed borrowings as at 31.12.2015:

Credit institution	(HRK mln)
Splitska banka	589
Zagrebačka banka	473
Sberbank Europe	382
Aquarius	382
ECP	305
BNP Paribas	191
Agram Invest	161
Banca Intesa	115
Croatia Osiguranje	100
OTP banka	42
Tehnika	31
Other	182
Total	**2.953**

Total undisclosed borrowings: **2,9 bn HRK**
+
Improper classification of Adris borrowings: **1 bn HRK**
=
Undisclosed and/or wrongly classified borrowings: **3,9 bn HRK**

1c Inadequate classification of loans granted as cash and cash equivalents



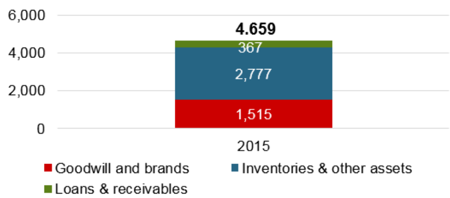
Related parties	
Ivica Todorić	650
Agrokor Projekti d.o.o.	192

Other loans	
Adriatica.net d.o.o.	264
Niva Inženjering d.d.	156
Zagreb Montaža d.o.o.	65
Lipa-Promet d.o.o.	51
Sun Energy d.o.o.	47
Prima Ulaganja d.o.o.	39
Zvečevo d.d.	34
Poliklinika Aviva	33
Vetel d.o.o.	30
SK-735 d.o.o.	20
Com Com d.o.o.	13
Dalmarina d.o.o.	10
Stega Tisak d.o.o.	7
Arka d.o.o.	4
TOTAL	**1.617**

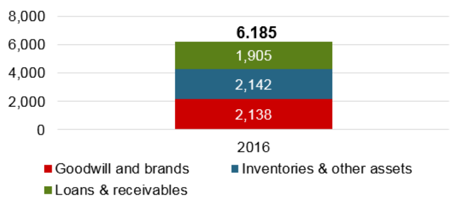
Error in classification of loans granted and deposits as cash and cash equivalents as at 31.12.2015.

2 Value adjustments

2015 (in HRK mln)



2016 (in HRK mln)



Key adjustments

Value adjustments were done on the following:

- **Intangible assets**:
  - HRK 1,5 bn in 2015 (related to Konzum Sarajevo)
  - HRK 2,1 bn in 2016 (predominantly Mercator brand)
- **Inventories and other assets**:
  - HRK 2,8 bn in 2015
  - HRK 2,1 bn in 2016
- **Loans and receivables**:
  - HRK 0,4 bn in 2015
  - HRK 1,9 bn in 2016

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3.2. Summary

HRKm

Net result	Dec.31, 2016	Dec.31,2015 restated	Dec.31,2015 published	Difference in 2015 restated vs published	Difference 2016 vs 2015 restated
Retail	**-2.247**	**-1.471**	**247**	**-1.718**	**-776**
Konzum	-1.859	-1.407	235	-1.642	-452
Tisak	-388	-64	12	-76	-324
Agriculture	**-329**	**-223**	**-88**	**-135**	**-106**
Belje	-45	-113	-62	-51	68
Pik Vinkovci	-233	-72	-5	-67	-161
Vupik	-51	-38	-21	-17	-13
Food	**-741**	**635**	**661**	**-26**	**-1.376**
Ledo	-270	262	267	-5	-532
Jamnica	-317	273	277	-4	-590
Zvijezda	-146	20	25	-5	-166
Pik Vrbovec	-8	80	92	-12	**-88**

Retail

The Retail division generated a net loss in the amount of HRK 2.2 billion in 2016, where Konzum accounted for HRK 1.9 billion of that. The total adverse effect on net profits for 2015 and 2016 amounted to HRK 2.5 billion.

Agriculture

In the Agriculture division the net loss generated in 2016 amounted to HRK 0.3 billion. The total adverse effect on net profits for 2015 and 2016 amounted to HRK 0.2 billion.

Food

Food division generated an overall net loss of HRK 0.7 billion in 2016. The total adverse effect on net profits for 2015 and 2016 amounted to HRK 1.4 billion.

The most significant negative effect on profits in 2016 came from contingency provisions/reserves of 50% on the mutual accounts receivable within the Group. The total negative effect on equity through the revision of 2015 numbers and the loss in 2016 amounts are as follows: Retail HRK 10.5 billion, Agriculture HRK 1.7 billion and Food HRK 1.2 billion.

HRKm

Total equity	31.12.2016	Dec.31,2015 restated	31.12.2015 published	Difference in 2015 restated vs.published	Difference 2016 vs 2015 published
Retail	**-7.618**	**-4.851**	**2.857**	**-7.708**	**-10.475**
Konzum	-7.416	-5.038	2.586	-7.624	-10.002

3.2.1. Konzum d.d.

Konzum is the individual company with the greatest impact and highest number of revisions. Revised operating revenues in 2015 mostly relate to the re-classification of discontinued operations transferred to Velpro (HRK 3.1 million) in order to make the 2016 data comparable, and netting of rebates provided by suppliers against the cost of goods sold (HRK 1.2 million).

Operating expenses have additionally been revised in order to include unrecorded costs relating to the year 2015 at HRK 523 million and value adjustments of accounts receivable, loans provided and investments in subsidiary companies of HRK 493 million. In 2016 Konzum generated a net loss of HRK 1.9 billion.

In Konzum's revised 2015 balance sheet, as a result of reclassifications of operating leases to financial leases, there was an increase in non-current assets to HRK 1.9 million and long-term liabilities to HRK 2.3 million). Non-current assets were reduced due to costs which had been stated as investments in subsidiary companies, where there was no actual connection to investments in subsidiary companies at HRK 2.1 million, and value reductions of investments in subsidiary companies and financial instruments of HRK 1.5 million.

Short-term liabilities have mainly been revised as a result of recognizing costs from previous periods which reduced the liabilities in previous years to HRK 2.2 million, and recognizing liabilities from recourse bills of exchange at HRK 293 million.

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HRKm

P&L	2016	2015 restated	2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 restated
Operating revenues	10.536	10.440	14.619	-4.179	96
Operating expenses	-11.622	-10.741	-14.110	3.369	-881
Net result	-1.859	-1.407	235	-1.642	-452

BALANCE SHEET	31.12.2016	31.12.2015 restated	31.12.2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 published
Total assets	8.239	10.238	12.865	-2.627	-4.626
Non-current	6.297	7.398	9.611	-2.213	-3.314
Current	1.942	2.840	3.254	-414	-1.312
Total equity	-7.416	-5.038	2.586	-7.624	-10.002
Total liabilities	15.654	15.276	10.279	4.997	5.375
Long-term	2.312	2.290	131	2.159	2.181
Short-term	13.342	12.986	10.148	2.838	3.194

*Note: Value adjustment of internal accounts receivable in 2016 amounts to HRK 108m

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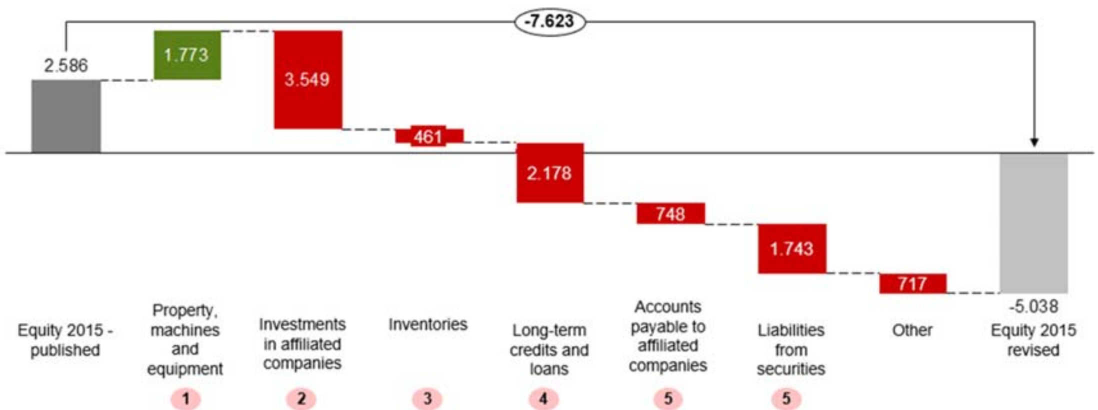
Konzum d.d. – comparison of published 2015 equity vs. revised 2015 equity (3/4)



1 Reclassification of operating leases which should have been stated as financial leases

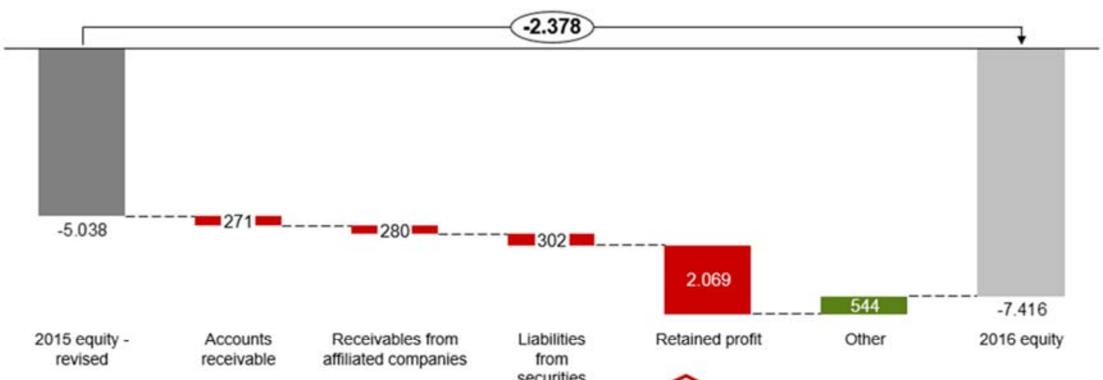
2 HRK 2.1bn are related to capitalized costs on investments in IDEA, while HRK 1.2bn are related to the reduction of investment value in IDEA

3 HRK 355m of capitalized costs included in inventory value, while not meeting the criteria for such classification

4 The increase mainly relates to financial leases

5 Recognition of costs from previous periods which had reduced the liabilities in previous years

Konzum d.d. – comparison of revised 2015 equity vs 2016 equity (4/4)



The most significant impact on the loss increase in 2016 came from current operations which generated a loss of HRK -1.9bn over the course of the year, with the most significant impact coming from:

- Increased cost of goods sold in the amount of HRK 0.6bn
- Increased amortization in the amount of HRK 0.5bn
- Increased cost of services and contingency provisions/reserves of HRK 0.2bn

3.2.2. Tisak d.d.

Tisak's revised 2015 profit and loss account contains operating revenue revisions in relation to the netting of rebates received from suppliers against cost of goods sold in the amount of HRK 64 million, and the recognition of litigation contingencies in the amount of HRK 76 million.

Tisak's revised 2015 balance sheet contains current assets and short-term liabilities that were revised by appropriately recognizing receivables and liabilities arising from recourse bills of exchange. Long-term liabilities were mainly revised due to recognizing litigation contingencies for which the probability of loss arose in 2015.

HRKm

P&L	2016	2015 restated	2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 restated
Operating revenues	2.737	2.837	2.901	-64	-100
Operating expenses	-3.146	-2.869	-2.857	-12	-277
Net result	-388	-64	12	-76	-324

BALANCE SHEET	31.12.2016	Dec.31,2015 restated	Dec.31,2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 published
Total assets	1.060	1.220	1.135	85	-75
Non-current	235	279	279	0	-44
Current	825	941	856	85	-31
Total equity	-202	187	271	-84	-473
Total liabilities	1.262	1.033	864	169	398
Long-term	106	97	13	84	93
Short-term	1.156	936	851	85	305

'Note: Value adjustment of internal accounts receivable in the year 2016 amounts to HRK 21[illegible]

3.2.3. Belje d.d.

In the revised 2015 profit and loss account, operating revenues were corrected on the grounds of unrecorded credit notes relating to the year 2015 in the amount of HRK 14 million. The operating expense revision mostly related to corrections of where the values of inventories and current biological assets were overstated by HRK 21 million, and unrecorded expenses arising from the reversal of book entries relating to plots of land which had been returned to the Republic of Croatia of HRK 11 million.

In the revised 2015 balance sheet, non-current assets were revised pursuant to a reduction in the value of building facilities which are not being used and overestimated values for assets in preparation of HRK 38 million as well as lost land property of HRK 13 million. The value of inventories and short-term biological assets as at the balance sheet dates was corrected by bringing it down to the net market / fair value at HRK 454 million. Previously unrecorded receivables and liabilities arising from recourse rights bills of exchange have been revised to HRK 123 million.

HRKm

P&L	2016	2015 restated	2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 restated
Operating revenues	1.626	1.656	1.670	-14	-30
Operating expenses	-1.606	-1.669	-1.631	-38	63
Net result	-45	-113	-62	-51	68

BALANCE SHEET	31.12.2016	31.12.2015 restated	31.12.2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 published
Total assets	3.156	3.211	3.629	-418	-473
Non-current	2.131	2.246	2.313	-67	-182
Current	1.025	965	1.316	-351	-291
Total equity	1.328	1.432	1.984	-552	-656
Total liabilities	1.828	1.780	1.645	135	183
Long-term	155	121	109	12	46
Short-term	1.673	1.659	1.536	123	137

*Note: Value adjustment of internal accounts receivable in the year 2016 amounts to HRK 3m

3.2.4. PIK Vinkovci d.d.

PIK's 2015 profit and loss account contains operating expense revisions in the amount of HRK 67 million that were mostly caused by corrections related to overestimated values of inventories and current biological assets (bringing them down to net market / fair value). The 2016 profit and loss account includes an increase in operating expenses compared to the previous year which mainly results from the value adjustments of loans and receivables from Group companies of HRK 188 million and the goodwill value reduction of HRK 39 million.

In the 2015. Balance Sheet non-current assets were corrected by reducing the value of building facilities which were not in use (HRK 16m) and overestimated investments in subsidiary companies (HRK 27m). The value of inventories and current biological assets as at the dates of the balance sheet were corrected by bringing them down to the net market / fair value (HRK 322 m). Short-term liabilities were increased by previously unrecorded liabilities arising from recourse rights (HRK 6.6m), calculated annual vacation (HRK 1.3m) and other liabilities which occurred in 2015 (HRK 6m). In the 2016 Balance Sheet receivables from agricultural grants were reduced by HRK 25m.

HRKm

P&L	2016	2015 restated	2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 restated
Operating revenues	519	446	446	0	73
Operating expenses	-710	-469	-401	-68	-241
Net result	-233	-72	-5	-67	-161

BALANCE SHEET	Dec.31, 2016	Dec. 31,2015 restated	Dec.31, 2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 published
Total assets	863	956	1.321	-365	-458
Non-current	458	514	557	-43	-99
Current	405	442	764	-322	-359
Total equity	-369	-136	242	-378	-611
Total liabilities	1.232	1.091	1.078	13	154
Long-term	47	17	18	-1	29
Short-term	1.185	1.074	1.060	14	125

*Note: Value adjustment of internal accounts receivable in 2016 amounts to HRK 188m

3.2.5. Vupik d.d.

Vupik's 2015 profit and loss account includes the revision of operating expenses in the amount of HRK 18 million that were mainly caused by the correction of overestimated values of inventories and current biological assets (bringing them down to net market / fair value). Its 2016 the profit and loss account contains a reduction in the value of revalued land property pursuant to the revaluation as at 31 December 2015 of HRK 43 million.

In Vupik's 2015 balance sheet, non-current assets were revised based on reducing the value of overestimated land property to HRK 104 million, and building facilities not in use of HRK 11 million. The value of inventories and current biological assets as at the balance sheet dates was corrected by bringing it down to the net market / fair value of HRK 217 million. Previously unrecorded receivables and liabilities arising from recourse rights were revised to HRK 4 million.

HRKm

P&L	2016	2015 restated	2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 restated
Operating revenues	420	415	414	1	5
Operating expenses	-442	-422	-404	-18	-20
Net result	-51	-38	-21	-17	-13

BALANCE SHEET	Dec. 31, 2016	Dec. 31,2015 restated	Dec.31,2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 published
Total assets	947	1.036	1.368	-332	-421
Non-current	765	843	961	-118	-196
Current	182	193	407	-214	-225
Total equity	302	391	721	-330	-419
Total liabilities	644	645	647	-2	-3
Long-term	34	46	53	-7	-19
Short-term	610	599	594	5	16

*Note: Due to the fact that by April 9 the majority of internal receivables were collected, there was no need for value adjustments

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3.2.6. Ledo d.d.

Ledo's 2015 profit and loss account included the revision (reduction) of operating revenues relating to a correction in the treatment of merchandizing costs directly connected to customer agreements in the amount of HRK 96 million. Apart from the aforementioned correction, operating expenses were revised in terms of reducing inventory values by HRK 4 million. The 2016 profit and loss account showed a significant growth in operating expenses mostly relating to the value of reduction of loans and receivables from Group companies in the amount of HRK 551 million.

In the 2015 balance sheet non-current assets were corrected through an increased amortization charge of HRK 3 million. The revision of current assets mostly related to the slow moving inventories of HRK 59 million and the reclassification of receivables in the amount of HRK 20 million. Previously unrecorded receivables and liabilities arising from recourse rights were also revised at HRK 32 million. With the exception of contingency provisions / reserves for receivables from Group companies, other corrections have no material adverse effect on the financial position of Ledo in the 2016 balance sheet.

u mil HRK

P&L	2016	2015 restated	2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 restated
Operating revenues	2.181	2.183	2.280	-97	-2
Operating expenses	-2.430	-1.903	-1.995	92	-527
Net result	-270	262	267	-5	-532

BALANCE SHEET	Dec. 31, 2016	Dec. 31,2015 restated	Dec. 31,2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 published
Total assets	2.088	2.550	2.559	-9	-471
Non-current	637	700	703	-3	-66
Current	1.451	1.850	1.856	-6	-405
Total equity	1.314	1.734	1.780	-46	-466
Total liabilities	774	816	779	37	-5
Long-term	20	21	21	0	-1
Short-term	754	795	758	37	-4

*Note: Value adjustment of internal accounts receivable in the year 2016 amounts to HRK 551m

3.2.7. Jamnica d.d.

The revision of the profit and loss account positions related to subsequent rebates, discounts and merchandising costs which in previous periods were stated as costs instead of reducing sales revenues. Regarding the balance sheet, in previous periods the Group did not report receivables and payables arising from bills of exchange bearing recourse rights. The aforementioned alignment resulted in an increase in accounts receivable and payable as at both 1 January 2015 and 31 December 2015 in the same amount. Except for the contingency provisions / reserves for receivables from Group companies, the other corrections had no material adverse effect on the financial position of the company.

HRKm

P&L	2016	2015 restated	2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 restated
Operating revenues	2.651	2.573	2.779	-206	78
Operating expenses	-2.962	-2.311	-2.513	202	-651
Net result	-317	273	277	-4	-590

BALANCE SHEET	31.12.2016	31.12.2015 restated	31.12.2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 published
Total assets	2.416	2.775	2.556	219	-140
Non-current	919	936	948	-12	-29
Current	1.497	1.839	1.608	231	-111
Total equity	1.232	1.643	1.654	-11	-422
Total liabilities	1.183	1.132	902	230	281
Long-term	174	55	56	-1	118
Short-term	1.009	1.077	846	231	163

*Note: Value adjustment of internal accounts receivable in the year 2016 amounts to HRK 616m.

3.2.8. Zvijezda d.d.

In previous periods subsequent rebates, discounts and merchandising were stated as costs instead of sales revenue reductions and thus the Group's management board adjusted the revenues and expenses in the overall profit report for the year ended 31 December 2015, included in the profit and loss account.

In 2016 the Group's management board prepared a detailed analysis of inventories and found that a proportion of the inventories in previous periods had been overestimated due to the inventory assessment (methodology) not being compliant with the requirements of IAS 2 Inventories. In previous periods the Group had not reported receivables and payables from bills of exchange bearing recourse rights. The aforementioned adjustment resulted in increased accounts receivable and payable as at 31 December 2015 in the same amount of HRK 227 million.

HRKm

P&L	2016	2015 restated	2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 restated
Operating revenues	873	890	905	-15	-17
Operating expenses	-1.013	-861	-871	10	-152
Net result	-146	20	25	-5	-166

BALANCE SHEET	Dec. 31, 2016	Dec. 31,2015 restated	Dec. 31,2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 published
Total assets	1.437	1.504	1.332	172	105
Non-current	744	726	739	-13	5
Current	693	778	593	185	100
Total equity	721	858	916	-58	-195
Total liabilities	715	646	415	231	300
Long-term	112	94	94	0	18
Short-term	603	552	321	231	282

*Note: Value adjustment of internal accounts receivable in the year 2016 amounts to HRK 174m

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3.2.9. PIK Vrbovec d.d.

The revised 2015 profit and loss account includes an increase in operating expenses as a result of revisions related to the valuation of inventories in 2015 and preceding years.

The revised 2015 balance sheet contains increases in current assets and short-term liabilities relating to unrecognized liabilities and receivables arising from recourse bills of exchange in the amount of HRK 78 million. Current assets have, on the other hand, been reduced by HRK 85 million as they related to costs which did not meet the criteria required for inclusion in inventory valuations.

HRKm

P&L	2016	2015 restated	2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 restated
Operating revenues	2.160	2.174	2.174	0	-14
Operating expenses	-2.126	-2.043	-2.032	-11	-83
Net result	-8	80	92	-12	-88

BALANCE SHEET	Dec. 31, 2016	Dec.31, 2015 restated	Dec.31, 2015 published	Difference 2015 restated vs published	Difference 2016 vs 2015 published
Total assets	1.415	1.213	1.221	-8	194
Non-current	726	744	744	0	-18
Current	689	469	477	-8	212
Total equity	651	629	723	-94	-72
Total liabilities	764	584	499	85	265
Long-term	66	50	50	0	16
Short-term	698	534	449	85	249

*Note: Value adjustment of internal accounts receivable in 2016 amounts to HRK 59m

3.2.10. Conclusion

The corrections, particularly in some companies, are significant but it is important to note that the majority of these adjustments are one-off in nature. The most significant impact on the result of the companies in 2016 comes from value adjustments relating to 50% of the mutual accounts receivable within the Group, which had built up over many years.

The company reports were produced on a going-concern basis, clearly confirms that the companies are operationally viable going forward. In parallel to the financial restructuring, operational restructurings of the companies are under way with the greatest changes in this regard being expected at those companies which faced the most significant adjustments to their financial statements, such as Konzum.

Despite the circumstances the companies have been able to run a successful summer season and further operating improvements are expected in the forthcoming period. The negative equity arising from the adjustments made will ultimately be addressed through the settlement plan which the Extraordinary Administration and its teams are working on.

4. Short-term cash position

4.1. Cash management

The business continues to actively manage its liquidity with cash flow forecasts being updated on a fortnightly basis, and weekly payment budgets being set and approved based on these forecasts. In the period since the new finance was raised in June 2017 to mid-September 2017 net funds of HRK 983 million have been deployed in the businesses to assist with liquidity.

As discussed in the previous monthly report, this cash has been used primarily for a combination of unwinding trade payables in relation to the period post 10 April 2017, and for restocking the businesses to allow them to prepare for the peak summer season.

The table below provides a summary of the current and previous cash flow forecast:

CW39 Forecast 19 Core Subsidiaries 13 Week STCF vs prior week (HRK m)

Financial results*	Current STCF (CW 39)	Prior week STCF (CW 37)
Minimum cash balance[a)] (13w)	648	586
Maximum cash balance[a)] (13w)	952	1.080
Minimum Liquidity covenant	296	296
Undrawn facility[b)]	962	962
Available liquidity (incl. undrawn facility)	**1.314 – 1.618**	**1.252 – 1.746**

4.2. Supplier claims settlement

It was communicated publicly in the week ending 28 July 2017 that there would be a tranche of €150m made available for settlement of pre-petition trade claims. This €150m tranche has been split into three pools:

- **Pool A (up to €30 million)**: Dedicated pool for 'micro' suppliers, defined as family farms (OPG), small entrepreneurs and micro-suppliers with annual revenue less than HRK 5.2 million, a maximum of HRK 2.6 million in assets and up to 10 employees

- **Pool B (€110 - €120 million)**: This pool is open to all suppliers (except the Pool A micro-suppliers). Suppliers must confirm they will return to historic and/or industry standard terms of supply in order to be eligible; and
- **Pool C (up to €10 million)**: Discretionary pool for settlement of pre-petition trade suppliers in accordance with identified business needs.

4.2.1. Pool A update

To date, over 2,500 micro companies, craft trades and small farmers have received 100% settlement of their pre-petition debt. A final reconciliation of the Pool A payments has now been completed and on 29 September 2017 the Temporary Creditors Council approved a further €0.1 million for adjusted or additional payments bringing total Pool A utilization to €20.5 million.

4.2.2. Pool B update

4.2.2.1. Allocation of funds

The funds in Pool B are to be allocated to suppliers based on their claims and ongoing support for the business, the overarching approach to allocation is split between the following two tranches:

- Pro rata tranche (Tranche 1): €27.5m distributed on a pro rata basis to all Old Debt suppliers that have filed their claims in the Extraordinary Administration
- Proportional tranche (Tranche 2): Up to €92.5m allocated on a proportional basis to suppliers holding Old Debt that have filed their claims in the Extraordinary Administration and have agreed to sign an agreement with the Agrokor Group company to return to historic supplier terms going forward

4.2.2.2. Eligibility assessment process

In order to determine the amounts to be allocated in Pool B, a two-step process is being applied:

1) Each Group company determined important suppliers and offered the new supply contracts;
2) Companies with signed contracts were eligible for allocation of €92.5m from Pool B.

4.2.2.3. Status update

Tranche 1 of €27.5m (including €1.5m contingency for errors) has been allocated on a pro rata basis to all Old Debt suppliers that have filed their claims in the Extraordinary Administration.

Tranche 2 of €52.8m has been allocated on a proportional basis to suppliers holding Old Debt that have filed their claims in the Extraordinary Administration and have agreed to sign an agreement with the Agrokor Group company to return to historic supplier terms going forward.

- 80% of Old debt will be paid after all requisite approvals have been received with payments commencing in the week commencing 25 September 2017; and
- 20% will be paid on or before 31 March 2017;

Once all approved amounts have been paid out under the €150m tranche, any residual funds will become available for operational use within the Group.

4.3. Trade finance facility

Expressions of interest were completed on 25 August 2017 for participation in the €50m trade finance facility with 305 indicative applications being received. After a filtering process for the applications the amount applied for exceeds the value of the available facility. Allocation of the €50m pool is currently ongoing with a focus on eligible suppliers that have a high goods or services turnover.

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5. Business reviews

The viability plans for the individual businesses and divisions as well as the aggregated Group viability plan are now close to being finalised. As a result of the finalization of the 2016 Group audited accounts, and in line with the requirements of the SPFA facility agreement, a summary will be made available by the end of October 2017.

6. Litigation

This reporting period saw some developments in the various litigation and enforcement proceedings formally issued against the Group, which were reported on in detail in the litigation update published on 15 September 2017.

In Croatia, the High Commercial Court rejected the appeal of Sberbank of Russia and confirmed the decision of the Commercial Court in Zagreb which dismissed the temporary injunction proceedings issued by Sberbank of Russia seeking to prevent Agrokor d.d. from entering into the super senior facility agreement. During September, the Commercial Court in Zagreb also dismissed the following three petitions of Sberbank of Russia as inadmissible:

1. The petition to declare the provisions of the Super Priority Term Facilities Agreement which allow roll-up financing of old debt and bond redemption, as well as all other restrictive provisions of that Agreement, null and void;
2. The petition to declare null and void the transaction in which Agrokor d.d. redeemed bonds at their nominal value; and
3. The petition to have the Commercial Court in Zagreb submit a request to the Constitutional court to examine the constitutionality of Articles 40 and 41 of the Act on Extraordinary Administration Proceedings in Companies of Systematic Importance for the Republic of Croatia.

In Serbia, the Commercial Court in Belgrade upheld the objections of Jamnica d.d. against the enforcement proceedings brought by each of the Croatian and Slovenian Sberbank companies in respect of the shares held by Jamnica d.d. in MG Mivela d.o.o. The Extraordinary Administration understands from publicly available information that both entities have filed appeals in the Appellate Commercial Court in Belgrade against these decisions. Also during the period, the Commercial Court in Zrenjanin accepted the Group's objections in the enforcement proceedings initiated by each of Banca Intesa, Sberbank d.d. Zagreb and Sberbank d.d. Ljubljana. These enforcement proceedings sought the sale of the shares held by Agrokor d.d. in Dijamant a.d. Zrenjanin, KRON d.o.o. Beograd, M-Profil SPV d.o.o. Beograd and Nova Sloga d.o.o. Trstenik.

The Extraordinary Administration has also filed appeals against the temporary injunctions granted in favour of Sberbank Rusija in respect of its shareholdings in Kron d,o.o., M-Profil SPV d.o.o. and Nova Sloga d.o.o. In addition, the Extraordinary Administration filed an appeal against the decision of the first instance court to reject the application for recognition of the Extraordinary Administration proceedings.

In Slovenia, the District Court in Ljubljana has directed the Extraordinary Administration to respond to the submissions filed by Sberbank of Russia in the recognition proceedings. Further submissions were also filed by the Republic of Slovenia in the recognition proceedings, which the Extraordinary Administration is reviewing with legal advisers and considering next steps. The existing proceedings in Slovenia remained suspended by operation of law pursuant to the recognition order granted on 14 July 2017.

In Bosnia, the hearing which was scheduled for 5 October 2017 in the injunction procedure on the motion of Sberbank Russia was postponed until the Court determines its competency to hear the matter. No further documents have been served during the reporting period in Bosnia and Herzegovina.

In Montenegro, the Extraordinary Administration became aware that Sberbank of Russia has filed an objection in the recognition proceedings, following an order for insight into the case file granted by the Montenegrin Commercial Court. The Extraordinary Administration has filed a reply to this objection and the decision of the court is awaited. Further, the enforcement officer responsible for the proceedings brought by Hipotekarna Banka Ad Podogorica against Ledo d.o.o. in Montenegro has scheduled a public auction of the property of Ledo d.o.o. for 16 October 2017. The Extraordinary Administration is considering the appropriate action with his legal advisers.

7. Temporary Creditors Council

The Temporary Creditors Council convened twice in the period from 11 September to 10 October (7th and 8th sessions).

The Temporary Creditors Council held its 7th meeting on 29 September 2017. All members attended the meeting.

By majority vote, the following items were approved:

1. Payment of pre-petition claims due and payable to family farms (OPG), small entrepreneurs and micro-suppliers (as defined in the last monthly report), being additional approvals to payments already approved on 26 July 2017 and 31 August 2017.
2. Payment of pre-petition claims due and payable to other suppliers, being amended and restated approval to approval of 31 August 2017.

The Temporary Creditors Council also held its 8th meeting on 9 October 2017. The meeting was attended by all members.

The key item discussed was the audit results for the period to 31 December 2016 for both individual companies and the Group which were published on 9 October 2017, as detailed further in section 3 of this report.

7. Registration of claims

During September, the teams in charge of processing of registered claims continued with the validation of each claim, examination of documentation delivered by creditors in order to support their claim, comparing with the relevant company information, as well as clarifying the position of any existing guarantees and co-debt arrangements within the Group, in order to accept or dispute individual claims. In September, deadlines for registering claims lapsed for three companies in the Group that were included in the Extraordinary Administration process in July 2017; therefore, the timeframe prescribed by law for registering claims against all companies within the Group captured by the Extraordinary Administration is complete.

A total of 12,610 claims were received from 5,904 creditors by the end of September, of which 215 were received after the prescribed timeframe for registering claims.

Details of all creditors and registered claims by company will be delivered to the Commercial Court in the next reporting period, in advance of the deadline prescribed by law to submit the same (being 60 days after the deadline to register claims has lapsed, and the last addendum extending the Extraordinary Administration Procedure, which denote a deadline of 20 November 2017).

8. Stakeholder relations and communications

During the present reporting period regular, direct and formal communication with all key stakeholders was maintained through a number of different channels encompassing creditors, suppliers, trade unions, employees and management, as well as representatives of the government and relevant institutions in countries where the Group operates.

At the same time, internal communication is still primarily focused on developments in retail, settlement of certain supplier debts, and the Group's operational restructuring.

The Extraordinary Administration has been dedicated to maintaining communication with all groups of creditors. During this particular reporting period, there were direct meetings with the creditors as well as two meetings of the Temporary Creditors Council, held on 29 September and 9 October 2017, as detailed in section 7 of this report.

Furthermore, direct communication with the media also continued during the reporting period. The Extraordinary Administration engaged in approximately 80 media-related activities in all the countries in the region where the Group operates; these activities included press releases, press conferences, media briefings and statements for the press, and approximately 70 responses to various media queries.

The key topics that dominated the media space during the reporting period included the publication of the audited consolidated financial reports for 2016 for the Group and individual companies, developments regarding the ongoing legal proceedings and relevant court rulings in countries where the Group operates; conclusion of the agreement between Agrokor d.d. and affiliates on the one side and Madison Pacific Trust Limited on the other, by which a right of pledge was established on certain trademarks in line with the refinancing agreement dated 8 June 2017.

With regard to the regional media, the key topics included plans for Bosnia and Herzegovina's market, stabilization of the operations and settlement of the debts to suppliers, recapitalization of Konzum d.o.o. Sarajevo by Ledo Čitluk and Sarajevski Kiseljak, the Group's loan to Konzum in the amount of EUR 15 million, and the return of Mercator to the market of Bosnia and Herzegovina.

In Serbia, the key topics included the changes in the management at Mercator-S and Frikom, where new general managers have been appointed.

On 13 September 2017, the Extraordinary Trustee joined the representatives of Group's companies operating in Bosnia and Herzegovina and met with the representatives of the country's relevant state institutions in Sarajevo. The meeting was attended by Mirko Šarović, Bosnia and Herzegovina's Minister of Foreign Trade and Economic Relations, Predrag Gluhaković, Republika Srpska's Minister of Trade and Tourism, and Zlatan Vujanović, Minister of Trade of the Federation of Bosnia and Herzegovina. At the meeting, the solutions to and plans for the Group's operational restructuring were presented in detail to the representatives of the relevant state bodies in Bosnia and Herzegovina.

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