



**SUPERVISORY BOARD**

No. NO-129-4-2016  
Koprivnica, 22 March 2016

Pursuant to Article 263, item 3, Article 280, item 3 and Article 300c and 300d of the Companies Law ("Official Gazette" no. 152/11, - clear version, 111/12, 68/13 and 110/15), the Supervisory Board of Podravka Inc., at its 129<sup>th</sup> session held on 22<sup>nd</sup> March 2016 accepted the

**PODRAVKA Inc. SUPERVISORY BOARD'S REPORT  
ON PERFORMED SUPERVISION OF PODRAVKA Inc.  
MANAGING BUSINESS OPERATIONS IN 2015**

This Report includes the period from 1<sup>st</sup> January 2015 until 31<sup>st</sup> December 2015.

The Supervisory Board of Podravka Inc. (hereinafter: the "Supervisory Board") according to its powers defined under the provisions of the Companies Law, the Articles of Association of Podravka Inc. and the Rules of Procedure of the Supervisory Board, has continuously supervised the business operations of Podravka Inc. in 2015 by making decisions and conclusions over fifteen sessions that have been held in 2015.

By supervising the business operations of Podravka Inc., the Supervisory Board discussed numerous issues regarding business operations of Podravka Inc. and its related companies in 2015 and has been regularly receiving the written reports by the Management Board. Supervisory Board was reported by the Management Board on all important business events, course of business, revenues and expenses, and generally on business operations of Podravka Inc. and Podravka Group. Management Board regularly submitted to the Supervisory Board quarterly, semi-annual and annual business reports.

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

The Audit Committee held six sessions and the Remuneration Committee held two sessions in 2015.

In the period from 1<sup>st</sup> January to 31<sup>st</sup> December 2015 the Supervisory Board members were: Dubravko Štimac – president, Mato Crkvenac – deputy president, Ivo Družić, Ivana Matovina, Petar Miladin, Dinko Novoselec, Milan Stojanović, Petar Vlaić, Martinka Mardetko-Vuković (up to 30<sup>th</sup> June 2015) and Ksenija Horvat (from 1<sup>st</sup> July 2015) – Supervisory Board members.

Having examined the management of business operations of Podravka Inc., the Supervisory Board established that Podravka Inc. acted in 2015 in accordance with laws, Articles of Association, acts of Podravka Inc. and resolutions of the General Assembly.

The Supervisory Board has examined, within legally proscribed term pursuant to Article 300 c of the Companies Act, the Annual Financial Statements of Podravka Inc. and its related companies for the year ended 31<sup>st</sup> December 2015, together with the opinion of the independent auditor KPMG Croatia Ltd., Zagreb, Eurotower, Ivana Lučića 2a/17, which have been submitted by Podravka Inc. Management Board. The Supervisory Board determined that the Annual Financial Statements of Podravka Inc. and its related companies (Podravka Group Consolidated Statements) and of Podravka Inc. (Company Non-consolidated Statements), for the year ended 31<sup>st</sup> December 2015 were constituted in



**SUPERVISORY BOARD**

accordance with positions in business records of Podravka Inc. and its related companies, presenting correctly the assets and business positions of Podravka Inc. and its related companies.

Pursuant to such findings, the Supervisory Board is compliant to the Annual Financial Statements for 2015 and Auditor's opinion, by which, pursuant to Article 300d of the Companies Act, the Management and the Supervisory Boards determine the Company's Annual Financial Statements.

Constituent parts of the Annual Financial Statements of Podravka Inc. and its related companies for the business year ended 31<sup>st</sup> December 2015 are as follows:

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

The Supervisory Board has also examined the Management Board's Annual Report on business operations of Podravka Inc. and its related companies and on the Status of the Company and its related companies for 2015, and determined that it presents correctly and objectively the current business situation and the status of the Company and its related companies. According to such findings, the Supervisory Board accepted the Management Board's Report on the Status of the Company and its related companies for the business year 2015.

The Management Board presented to the Supervisory Board a draft Decision on the allocation of profit of Podravka Inc. in 2015, establishing that Company net profit in 2015 amounts HRK 156,971,805.75 and suggesting that this amount shall be allocated to accumulated loss coverage in the amount of HRK 56,821,344.31, legal reserves in the amount of HRK 5,007,523.07, dividend payment to shareholders of PODRAVKA Inc. in the gross amount of 7.00 HRK per share and the last part of net profit shall be carried to other reserves.

The Supervisory Board complied with the suggested draft Decision on the allocation of profit of Podravka Inc. in 2015 and proposed General Assembly to pass such Decision.

President of the  
Supervisory Board:

Dubravko Štimac, v.r.