

**Appendix 1**

Reporting period:

1.1.2010

to

30.9.2010

**Quarterly financial report of entrepreneur -TFI-POD**

Registration number (MB)

Identification number of subject

Personal identification number (OIB)

Issuer company:

Postal code and place

Street and number

E-mail address:

Internet adresa:

Code and name of comune/to

Code and county name   Number of employees   
(at quarter end)

Consolidated statement  NKD/NWC code:

Subsidiaries subject to consolidation (according to IFRS):

Registration number:

BELUPO d.d.	Koprivnica	3805140
DANICA d.o.o.	Koprivnica	0991279
ITAL-ICE d.o.o.	Poreč	3746011
PODRAVKA POLSKA SP z.o.o.	Kostrzyn, Poljska	5981449907
PODRAVKA LAGRIS a.s.	Dolni Lhota u Luhačovic, Češka	3042510487
PODRAVKA SARAJEVO d.o.o.	Sarajevo, BiH	20188537

Book keeping service: Contact person: 

(fill in only surname and name of contact person)

Phone number:  Fascimile: E-mail address: Surname and name 

(authorised person for representation)

Disclosure documents:

1. Financial statements (balance sheet, profit and loss account, cash flow statement, statement of changes in shareholders' equity and notes to the financial statements)
2. Statement of responsible persons for preparation of financial statements
3. Report of the Management Board on position of the Company

M.P.

(signed by authorised person for representation)

## BALANCE SHEET

as at

30 September 2010

in kunas

Item	AOP code	Last year (net) 31 December	Current year (net)
1	2	3	4
<b>ASSETS</b>			
<b>A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL</b>	<b>001</b>		
<b>B) NON-CURRENT ASSETS</b>	<b>002</b>	2.131.294.388	2.071.342.739
I. INTANGIBLE ASSETS	003	354.486.038	347.857.768
II. TANGIBLE ASSETS	004	1.711.646.007	1.657.805.864
III. NON-CURRENT FINANCIAL ASSETS	005	10.467.739	10.913.822
IV. RECEIVABLES	006	1.105.497	0
V. DEFERRED TAX ASSETS	007	53.589.107	54.765.286
<b>C) CURRENT ASSETS</b>	<b>008</b>	<b>1.993.707.566</b>	<b>1.941.827.774</b>
I. INVENTORIES	009	646.839.335	696.359.812
II. RECEIVABLES	010	1.101.946.158	1.018.762.700
III. CURRENT FINANCIAL ASSETS	011	99.652.185	72.528.866
IV. CASH AT BANK AND IN HAND	012	145.269.888	154.176.395
<b>D) PREPAID EXPENSES AND ACCRUED REVENUE</b>	<b>013</b>	<b>11.699.154</b>	<b>9.978.515</b>
<b>E) LOSS BEYOND CAPITAL</b>	<b>014</b>	<b>0</b>	<b>0</b>
<b>F) TOTAL ASSETS</b>	<b>015</b>	<b>4.136.701.108</b>	<b>4.023.149.028</b>
<b>G) OFF-BALANCE RECORDS</b>	<b>016</b>	<b>977.432.372</b>	<b>918.428.151</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>			
<b>A) CAPITAL AND RESERVES</b>	<b>017</b>	<b>1.632.027.991</b>	<b>1.722.572.460</b>
I. SUBSCRIBED CAPITAL	018	1.626.000.900	1.626.000.900
II. CAPITAL RESERVES	019	25.294.074	25.294.074
III. RESERVES FROM PROFIT	020	42.220.550	53.313.381
IV. REVALUATION RESERVES	021	0	0
V. RETAINED EARNINGS	022	192.210.400	0
VI. LOSS CARRIED FORWARD	023	0	98.565.600
VII. PROFIT FOR THE BUSINESS YEAR	024	0	82.305.705
VIII. LOSS FOR THE BUSINESS YEAR	025	288.059.140	0
IX. MINORITY INTERESTS	026	34.361.207	34.224.000
<b>B) PROVISIONS</b>	<b>027</b>	<b>29.226.422</b>	<b>28.062.014</b>
<b>C) NON-CURRENT LIABILITIES</b>	<b>028</b>	<b>796.832.112</b>	<b>406.264.867</b>
<b>D) CURRENT LIABILITIES</b>	<b>029</b>	<b>1.446.219.561</b>	<b>1.733.238.222</b>
<b>E) DEFERRED PAYMENT OF COSTS AND ACCRUED REVENUE</b>	<b>030</b>	<b>232.395.022</b>	<b>133.011.464</b>
<b>F) TOTAL - LIABILITIES</b>	<b>031</b>	<b>4.136.701.108</b>	<b>4.023.149.028</b>
<b>G) OFF-BALANCE RECORDS</b>	<b>032</b>	<b>977.432.372</b>	<b>918.428.151</b>
<b>APPENDIX to balance sheet (to be filled in by entrepreneur that prepares consolidated annual financial report)</b>			
<b>CAPITAL AND RESERVES</b>			
1. Subscribed to shareholders in mother company	033	1.597.666.784	1.688.348.460
2. Subscribed to minority interest	034	34.361.207	34.224.000

**PROFIT & LOSS ACCOUNT**

for the period 1.1.2010 to 30.9.2010

in kunas

Item	AOP code	Last year		Current year	
		Comulative	Quartely	Comulative	Quartely
		3	4	5	6
1	2	3	4	5	6
<b>I. OPERATING REVENUE</b>	<b>035</b>	<b>2.781.195.209</b>	<b>959.381.934</b>	<b>2.711.315.186</b>	<b>956.571.313</b>
1. Sales revenue	036	2.663.481.000	925.835.724	2.593.831.265	931.093.303
2. Revenue from use of own products, goods and services	037	55.759.000	18.405.931	55.186.846	19.456.403
3. Other operating revenues	038	61.955.209	15.140.279	62.297.075	6.021.607
<b>II. OPERATING EXPENSES</b>	<b>039</b>	<b>2.639.997.463</b>	<b>905.801.614</b>	<b>2.519.278.361</b>	<b>870.464.442</b>
1. Decrease of inventories	040				
2. Increase of inventories	041	19.626.000	4.452.397	43.815.801	36.269.495
3. Material costs	042	1.754.344.476	609.729.011	1.713.402.395	627.265.896
4. Staff costs	043	569.939.015	186.108.967	550.788.476	184.285.984
5. Depreciation	044	121.213.000	40.298.606	116.636.939	38.908.737
6. Other costs	045	144.288.521	50.771.716	130.533.655	44.466.887
7. Value adjustment	046	14.462.000	4.079.980	21.531.260	5.277.821
8. Provisions	047	6.715.000	3.819.264	432.502	354.307
9. Other operating costs	048	48.661.451	15.446.467	29.768.935	6.174.305
<b>III. FINANCIAL REVENUES</b>	<b>049</b>	<b>61.681.747</b>	<b>8.081.757</b>	<b>34.355.106</b>	<b>2.471.255</b>
1. Interests, currency differences, dividends and other revenues based on relation	050				
2. Interests, currency differences, dividends and other revenues based on relations	051	61.681.747	8.081.757	31.882.372	2.053.944
3. Portion of revenue from associated parties and participating interests	052				
4. Unrealized gains (revenues)	053	0	0	2.472.734	417.311
5. Other financial revenues	054				
<b>IV. FINANCIAL EXPENSE</b>	<b>055</b>	<b>151.300.955</b>	<b>34.158.887</b>	<b>132.892.568</b>	<b>34.898.279</b>
1. Interests, currency differences and other expenses with related parties	056				
2. Interests, currency differences and other expenses with unrelated parties and	057	131.960.411	31.331.140	97.861.899	27.761.119
3. Unrealized loss (expense) from financial assets	058	19.340.544	2.827.747	35.030.669	7.137.160
4. Other financial expense	059				
<b>V. EXTRA - OTHER REVENUES</b>	<b>060</b>				
<b>VI. EXTRA - OTHER EXPENSE</b>	<b>061</b>				
<b>VII. TOTAL REVENUES</b>	<b>062</b>	<b>2.842.876.956</b>	<b>967.463.691</b>	<b>2.745.670.292</b>	<b>959.042.568</b>
<b>VIII. TOTAL EXPENSE</b>	<b>063</b>	<b>2.791.298.418</b>	<b>939.960.501</b>	<b>2.652.170.929</b>	<b>905.362.721</b>
<b>IX. PROFIT BEFORE TAX</b>	<b>064</b>	<b>51.578.538</b>	<b>27.503.190</b>	<b>93.499.363</b>	<b>53.679.847</b>
<b>X. LOSS BEFORE TAX</b>	<b>065</b>				
<b>XI. INCOME TAX</b>	<b>066</b>	9.092.551	2.503.898	11.315.887	2.983.763
<b>XII. PROFIT IN THE PERIOD</b>	<b>067</b>	<b>42.485.987</b>	<b>24.999.292</b>	<b>82.183.476</b>	<b>50.696.084</b>
<b>XIII. LOSS IN THE PERIOD</b>	<b>068</b>				
<b>APPENDIX to P&amp;L account (to be filled in by entrepreneur that prepares consolidated annual financial report)</b>					
<b>XIV.* PROFIT SUBSCRIBED TO HOLDERS OF CAPITAL IN MOTHER COMPANY</b>	<b>069</b>	42.199.403	24.891.179	82.305.705	51.147.460
<b>XV.* PROFIT SUBSCRIBED TO MINORITY INTERESTS</b>	<b>070</b>	286.584	108.113		
<b>XVI.* LOSS SUBSCRIBED TO HOLDERS OF CAPITAL IN MOTHER COMPANY</b>	<b>071</b>			122.229	451.376
<b>XVII.* LOSS SUBSCRIBED TO MINORITY INTEREST</b>	<b>072</b>				

## CASH FLOW STATEMENT - INDIRECT METHOD

for the period 1.1.2010 to 30.9.2010

in kunas

Item	AOP code	Last year	Current year
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	073	51.291.954	93.499.363
2. Depreciation	074	121.213.000	116.636.939
3. Increase in current liabilities	075		
4. Decrease in current receivables	076	221.011.000	81.640.104
5. Decrease in inventories	077		
6. Other increase in cash flow	078	11.540.046	22.850.801
<b>I. Total increase in cash flow from operating activities</b>	<b>079</b>	<b>405.056.000</b>	<b>314.627.207</b>
1. Decrease in current liabilities	080	103.595.000	123.626.000
2. Increase in current receivables	081		
3. Increase in inventories	082	60.713.000	51.531.812
4. Other decrease in cash flow	083	0	
<b>II. Total decrease in cash flow from operating activities</b>	<b>084</b>	<b>164.308.000</b>	<b>175.157.812</b>
<b>A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>085</b>	<b>240.748.000</b>	<b>139.469.395</b>
<b>A2) NET DECREASE IN IN CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>086</b>		
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1. Cash inflows from sales of non-current tangible and intangible assets	087	15.169.000	6.546.000
2. Cash inflows from sales of ownership and debt instruments	088	0	14.875.000
3. Interest income	089	9.789.000	7.502.000
4. Dividend income	090		
5. Other cash inflows from investing activities	091	0	1.402.000
<b>III. Total cash inflows from investing activities</b>	<b>092</b>	<b>24.958.000</b>	<b>30.325.000</b>
1. Cash outflow for purchase of non-current tangible and intangible assets	093	107.609.000	63.325.000
2. Cash outflow for acquisition of ownership and debt financial instruments	094	8.500.000	0
3. Other cash outflow for investing activities	095	70.805.000	1.219.000
<b>IV. Total cash outflow for investing activities</b>	<b>096</b>	<b>186.914.000</b>	<b>64.544.000</b>
<b>B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>097</b>		
<b>B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>098</b>	<b>161.956.000</b>	<b>34.219.000</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
1. Cash inflow from issue of ownership and debt financial instruments	099		
2. Proceeds from the credit principal, promissory notes, borrowings and other loans	100	541.200.000	433.781.000
3. Other proceeds from financial activities	101		
<b>V. Total cash inflows from financial activities</b>	<b>102</b>	<b>541.200.000</b>	<b>433.781.000</b>
1. Cash outflow for repayment of credit principal and bonds	103	658.991.000	526.898.000
2. Cash outflow for dividends paid	104		
3. Cash outflow for financial lease	105	2.559.000	3.226.000
4. Cash outflow for purchase of treasury shares	106	6.390.000	0
5. Other cash outflow for financial activities	107		
<b>VI. Total cash outflow for financial activities</b>	<b>108</b>	<b>667.940.000</b>	<b>530.124.000</b>
<b>C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>109</b>	<b>0</b>	<b>0</b>
<b>C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>110</b>	<b>126.740.000</b>	<b>96.343.000</b>
Total increase in cash flow	111	240.748.000	139.469.395
Total decrease in cash flow	112	288.696.000	130.562.000
Cash and cash equivalents at the beginning of the period	113	270.609.000	145.269.000
Increase of cash and cash equivalents	114	0	8.907.395
Decrease of cash and cash equivalents	115	47.948.000	0
Cash and cash equivalents at the end of the period	116	222.661.000	154.176.395

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

from 1.1.2010 to 30.9.2010

in kunas

Item	AOP code	31.12. Last year	Increase	Decrease	Current year
1	2			3	4
1. Subscribed capital	117	1.626.000.900			1.626.000.900
2. Capital reserves	118	25.294.074			25.294.074
3. Reserves from profit	119	44.465.550	2.653.831	0	47.119.381
4. Retained earnings or loss carried forward	120	192.210.400	0	290.776.000	-98.565.600
5. Profit or loss for the bussines year	121	-288.059.140	82.305.705	-288.059.140	82.305.705
6. Revaluation tangible assets	122				0
7. Revaluation intangible assets	123				0
8. Revaluation non-current financial assets	124				0
9. Other revaluation	125				0
10. Effect of changes in foreign exchange rates	126	-2.245.000	8.439.000	0	6.194.000
11. Deffered taxes	127				0
12. Protection of cash flow	128				0
13. Change of accounting policy	129				0
14. Correction significant mistakes of previous period	130				0
15. Other changes of capital	131	34.361.207	0	137.207	34.224.000
<b>16. Total increase or decrease of equity</b>	<b>132</b>	<b>1.632.027.991</b>	<b>93.398.536</b>	<b>2.854.067</b>	<b>1.722.572.460</b>
16a. Subscribed to shareholders in mother company	133	1.597.666.784	93.398.536	2.716.860	1.688.348.460
16b. Subscribed to minority interest	134	34.361.207	0	137.207	34.224.000

## Notes



COMPANY MANAGEMENT

Koprivnica, 29 October 2010

## **INTERIM MANAGEMENT REPORT ON THE ACHIEVED BUSINESS RESULTS OF THE PODRAVKA GROUP FOR THE THIRD QUARTER AND THE PERIOD JANUARY – SEPTEMBER 2010**

The Podravka Group achieved operating income in the amount of 2.71 billion HRK in the period January – September 2010, which is a 3% decrease compared to the same period of last year.

Within the operating income structure 96% or 2.59 billion HRK belongs to sales revenue which compared to the previous year is 3% lesser. This sales drop is generated by the sales drop of both the SBA Food and beverages by 3% and the SBA Pharmaceuticals by 2%.

The sales revenue of the SBA Food and beverages amounted to 2.08 billion HRK with a growth of 3% on foreign markets while on the domestic market, where there are still no traces of recovery of domestic consumption, a sales drop of 8% was realised.

The SBA Pharmaceuticals achieved sales in the amount of 513.9 million HRK, which represents a sales drop of 2% compared to the same period of the year before. The quoted drop arises from lower sales on the Croatian market (8%), while income achieved on foreign markets recorded a growth of 10%.

The total operating costs/expenses reached the amount of 2.52 billion HRK, recording a bigger fall (5%) compared to the drop of operating profit.

Material costs, which within the operating costs/expenses structure participate with the highest share (68%), in the amount of 1.17 billion HRK have been reduced 2% compared with the same period of the year before. Labour costs total 550.8 million HRK and have been reduced compared to the same period of the year before by 3%.

The realised net profit in the observed period totalled 82.3 million HRK and is 95% higher compared to the same period of the previous year.

Operating income in the amount of 956.6 million HRK was realised in the third quarter of the current year of which 931 million HRK refer to sales revenue that compared to the same quarter of last year recorded a 1% increase.

Operating costs/expenses in the third quarter are 870.5 million HRK and have been reduced by 4% compared to the same quarter of last year.

The realised net profit in the third quarter is 51.1 million HRK.

The assets of the Podravka Group as of 30 September 2010 compared to the end of last year have been reduced by 113 million HRK of which 60 million HRK refers to a reduction of long term tangible assets (investments below the amortisation level). An increase of stock was noticed within current assets while trade account receivables and current financial assets have been reduced compared to the 2009 year end balance.

Despite the fact that at the beginning of the year liabilities arising from the Bill Financing Agreement concluded with Fima Grupa d.d. in the amount of 102.7 million HRK were settled, the Podravka Group reduced its indebtedness by 70 million HRK.



Koprivnica, 29 October 2010

## STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Consolidated financial statements for the period January – September 2010 have been prepared in accordance with the Croatian Accounting Act and International Financial Reporting Standards (IFRS) which give a true and fair view of the state of affairs and results of Podravka d.d. and its subsidiaries ("the Podravka Group") for that period.

There have been no changes in accounting policies of the Podravka Group in the observed period.

Finance Director



Draga Celiščak

Member of the Board for Finance



Lidija Kljajić