

Appendix 1

Reporting period:

01.01.2011.

do

31.12.2011.

Quarterly financial report of entrepreneur - TFI-POD

Registration number (MB) | 03454088 |

Identification number of subject | 010006549 |

Personal identification number
(OIB) | 18928523252 |Issuer company: | **PODRAVKA prehrambena industrija d.d., KOPRIVNICA** |

Postal code and place | 48000 |

| **KOPRIVNICA** |Street and number | **ANTE STARČEVIĆA 32** |E-mail address: | podravka@podravka.hr |Internet address: | www.podravka.com |Code and name of comune/town | 201 | **KOPRIVNICA** |Code and county name | 6 | **KOPRIVNIČKO-KRIŽEVAČKA** |Number of employees | **6.377** |
(at quarter end)Consolidated statement | **Yes** |NKD/NWC code: | **1039** |

Subsidiaries subject to consolidation (according to IFRS):

Registration number:

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

Contact person: | **Celiščak Draga** |
(fill in only surname and name of contact person)Phone number: | **048 651 200** |Fascimile: | **048 651 805** |E-mail address: | draga.celiscak@podravka.hr |Surname and name | **Vitković Miroslav** |
(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



PODRAVKA
PREHRAMBENA INDUSTRIJA d.d.
KOPRIVNICA 173


 (signed by authorised person for representation)

BALANCE SHEET

as at 31.12.2011.

Obligator: PODRAVKA prehrabena industrija d.d., KOPRIVNICA			
Item	AOP code	Last year (net)	Current year (net)
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001		
B) LONG-TERM ASSETS (003+010+020+029+033)	002	2.056.625.198	1.928.731.591
I. INTANGIBLE ASSETS (004 to 009)	003	352.332.661	351.346.331
1. Assets development	004	4.235.380	5.647.170
2. Concessions, patents, licences fees, trade and service marks, software and other rights	005	285.308.114	276.565.446
3. Goodwill	006	44.293.000	48.263.000
4. Prepayments for purchase of intangible assets	007	0	0
5. Intangible assets in preparation	008	18.496.167	20.870.715
6. Other intangible assets	009	0	0
II. TANGIBLE ASSETS (011 to 019)	010	1.642.820.313	1.523.782.212
1. Land	011	176.061.299	147.613.046
2. Buildings	012	966.278.616	877.174.067
3. Plant and equipment	013	418.780.995	416.714.661
4. Tools, facility inventory and transport assets	014	23.292.232	21.307.633
5. Biological assets	015	0	0
6. Prepayments for tangible assets	016	5.361.777	13.219.507
7. Tangible assets in progress	017	49.188.929	43.912.925
8. Other tangible assets	018	3.856.465	3.840.373
9. Investments in buildings	019	0	0
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	9.142.431	4.325.987
1. Investments (shares) with related parties	021	0	0
2. Loans given to related parties	022	0	0
3. Participating interest (shares)	023	330.000	330.000
4. Loans to entrepreneurs in whom the entity holds participating interests	024	0	0
5. Investments in securities	025	1.274.116	180.351
6. Loans, deposits and similar assets	026	7.538.295	3.815.636
7. Other long - term financial assets	027	20	0
8. Investments accounted by equity method	028	0	0
IV. RECEIVABLES (030 to 032)	029	0	0
1. Receivables from related parties	030	0	0
2. Receivables from based on trade loans	031	0	0
3. Other receivables	032	0	0
V. DEFERRED TAX ASSETS	033	52.329.793	49.277.061
C) SHORT TERM ASSETS (035+043+050+058)	034	1.933.337.889	1.957.054.620
I. INVENTORIES (036 to 042)	035	700.861.151	774.215.487
1. Raw-material and supplies	036	222.393.816	213.149.271
2. Work in progress	037	36.289.847	50.870.289
3. Finished goods	038	246.637.351	255.608.587
4. Merchandise	039	186.772.762	182.170.011
5. Prepayments for inventories	040	0	0
6. Long - term assets held for sales	041	8.767.375	72.417.329
7. Biological assets	042	0	0
II. RECEIVABLES (044 to 049)	043	991.603.792	1.023.259.887
1. Receivables from related parties	044	0	0
2. Accounts receivable	045	946.272.822	973.003.796
3. Receivables from participating parties	046	0	0
4. Receivables from employees and members of related parties	047	2.518.619	2.699.482
5. Receivables from government and other institutions	048	34.687.811	41.461.590
6. Other receivables	049	8.124.540	6.095.019
III. SHORT TERM FINANCIAL ASSETS (051 to 057)	050	88.509.487	13.034.714
1. Shares (stocks) in related parties	051	0	0
2. Loans given to related parties	052	0	0
3. Participating interests (shares)	053	0	0
4. Loans to entrepreneurs in whom the entity holds participating interests	054	0	0
5. Investments in securities	055	41.935.216	12.221.331
6. Loans, deposits, etc.	056	46.170.596	173.555
7. Other financial assets	057	403.675	639.828
IV. CASH AT BANK AND IN CASHIER	058	152.363.459	146.544.532
D) PREPAID EXPENSES AND ACCRUED REVENUE	059	18.226.022	23.530.446
E) TOTAL ASSETS (001+002+034+059)	060	4.008.189.109	3.909.316.657
F) OFF-BALANCE RECORDS	061	807.562.291	800.602.182

Item	AOP code	Last year (net)	Current year (net)
1	2	3	4
LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.634.817.706	1.747.532.500
I. SUBSCRIBED CAPITAL	063	1.626.000.900	1.626.000.900
II. CAPITAL RESERVES	064	22.337.176	24.272.000
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	59.331.755	52.368.535
1. Reserves prescribed by law	066	19.785.012	20.808.012
2. Reserves for treasury shares	067	35.344.592	35.344.592
3. Treasury stocks and shares (deduction)	068	67.604.502	67.604.502
4. Statutory reserves	069	28.036.954	30.705.853
5. Other reserves	070	43.769.699	33.114.580
IV. REVALUATION RESERVES	071	0	0
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	-191.434.600	-110.891.556
1. Retained earnings	073	0	0
2. Accumulated loss	074	191.434.600	110.891.556
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	075	84.235.325	120.995.257
1. Profit for the current year	076	84.235.325	120.995.257
2. Loss for the current year	077	0	0
IX. MINORITY INTERESTS	078	34.347.150	34.787.364
B) PROVISIONS (080 to 082)	079	30.037.638	35.158.066
1. Provisions for pensions, severance pay, and similar liabilities	080	22.431.979	23.870.629
2. Reserves for tax liabilities	081	0	0
3. Other reserves	082	7.605.659	11.287.437
C) LONG - TERM LIABILITIES (084 to 092)	083	566.097.840	903.486.277
1. Liabilities to related parties	084	0	0
2. Liabilities for loans, deposits etc.	085	0	0
3. Liabilities to banks and other financial institutions	086	558.956.840	897.613.277
4. Liabilities for received prepayments	087	0	0
5. Accounts payable	088	0	0
6. Liabilities arising from debt securities	089	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	090	0	0
8. Other long-term liabilities	091	0	0
9. Deferred tax liability	092	7.141.000	5.873.000
D) SHORT - TERM LIABILITIES (094 to 105)	093	1.682.185.308	1.126.906.893
1. Liabilities to related parties	094	0	0
2. Liabilities for loans, deposits etc.	095	12.068	0
3. Liabilities to banks and other financial institutions	096	472.129.696	496.251.565
4. Liabilities for received prepayments	097	2.705.585	2.508.612
5. Accounts payable	098	496.474.625	533.894.621
6. Liabilities arising from debt securities	099	507.084.963	2.400.000
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100	0	0
8. Liabilities to employees	101	61.340.528	59.024.139
9. Liabilities for taxes, contributions and similar fees	102	13.024.738	20.455.406
10. Liabilities to share - holders	103	686.698	684.698
11. Liabilities for long-term assets held for sale	104	0	0
12. Other short - term liabilities	105	128.726.407	11.687.852
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	95.050.617	96.232.921
F) TOTAL – CAPITAL AND LIABILITIES (062+079+083+093+106)	107	4.008.189.109	3.909.316.657
G) OFF-BALANCE RECORDS	108	807.562.291	800.602.182
APPENDIX to balance sheet(to be filled in by entrepreneur that prepares consolidated annual financial report)			
CAPITAL AND RESERVES			
1. Attributed to equity holders of parent company	109	1.600.470.556	1.712.745.136
2. Attributed to minority interest	110	34.347.150	34.787.364

PROFIT AND LOSS ACCOUNT
for the period 01.01.2011. do 31.12.2011.

Obligator: PODRAVKA prehrambena industrija d.d., KOPRIVNICA

Item	AOP code	Last year		Current year	
		Comulative	Quarterly	Comulative	Quarterly
1	2	3	4	5	6
I. OPERATING REVENUE (112+113)	111	3.602.421.586	954.663.661	3.743.595.369	987.295.133
1. Sales revenue	112	3.522.272.227	928.440.963	3.625.213.692	934.923.498
2. Other operating revenues	113	80.149.359	26.222.698	118.381.677	52.371.635
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	3.367.808.306	912.109.128	3.491.390.729	930.395.892
1. Changes in value of work in progress and finished products	115	-26.527.118	17.301.337	-25.889.237	24.778.532
2. Material costs (117 to 119)	116	2.212.335.178	562.777.274	2.345.798.915	582.808.188
a) Raw material and material costs	117	1.186.802.946	291.659.799	1.277.706.513	312.070.897
b) Costs of goods sold	118	477.606.430	127.102.144	514.821.958	126.460.208
c) Other external costs	119	547.925.802	144.015.331	553.270.444	144.277.083
3. Staff costs (121 to 123)	120	729.640.032	178.851.556	718.171.312	175.246.393
a) Net salaries and wages	121	477.592.124	107.375.909	465.645.378	98.919.712
b) Cost for taxes and contributions from salaries	122	158.726.175	43.739.879	159.413.576	47.772.238
c) Contributions on gross salaries	123	93.321.733	27.735.768	93.112.358	28.554.443
4. Depreciation	124	155.291.996	38.655.058	157.489.065	39.527.449
5. Other costs	125	202.183.739	69.628.566	214.438.884	71.914.340
6. Impairment (127+128)	126	28.216.378	6.704.074	22.465.811	11.351.895
a) Impairment of long-term assets (financial assets excluded)	127	0	0	9.293.035	9.293.035
b) Impairment of short - term assets (financial assets excluded)	128	28.216.378	6.704.074	13.172.776	2.058.860
7. Provisions	129	4.310.755	3.878.253	5.922.865	5.249.557
8. Other operating costs	130	62.357.346	34.313.010	52.993.114	19.519.538
III. FINANCIAL INCOME (132 to 136)	131	50.361.230	18.440.198	47.871.104	14.334.682
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132	0	0	0	0
2. Interest income, foreign exchange gains, dividends and similar income from non - related parties and other entities	133	45.212.992	13.321.352	46.944.404	14.407.235
3. Share in income from affiliated entrepreneurs and participating interests	134	0	0	0	0
4. Unrealized gains (income) from financial assets	135	5.097.263	5.067.871	926.700	-72.553
5. Other financial income	136	50.975	50.975	0	0
IV. FINANCIAL EXPENSES (138 do 141)	137	175.638.356	45.157.907	148.469.985	38.178.978
1. Interest expenses, foreign exchange losses, dividends and similar expenses from related parties	138	0	0	0	0
2. Interest expenses, foreign exchange losses, dividends and similar expenses from non - related parties and other entities	139	133.149.319	35.256.197	138.906.067	35.231.701
3. Unrealized losses (expenses) on financial assets	140	42.489.037	9.901.710	9.563.918	2.947.277
4. Other financial expenses	141	0	0	0	0
V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS	142	0	0	0	0
VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS	143	0	0	0	0
VII. EXTRAORDINARY - OTHER INCOME	144	0	0	0	0
VIII. EXTRAORDINARY - OTHER EXPENSES	145	0	0	0	0
IX. TOTAL INCOME (111+131+142 + 144)	146	3.652.782.816	973.103.859	3.791.466.473	1.001.629.815
X. TOTAL EXPENSES (114+137+143 + 145)	147	3.543.446.662	957.267.035	3.639.860.714	968.574.870
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	109.336.154	15.836.824	151.605.759	33.054.945
1. Profit before taxation (146-147)	149	109.336.154	15.836.824	151.605.759	33.054.945
2. Loss before taxation (147-146)	150	0	0	0	0
XII. PROFIT TAX	151	25.262.095	13.946.215	30.461.930	12.079.744
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	84.074.059	1.890.609	121.143.829	20.975.201
1. Profit for the period (149-151)	153	84.074.059	1.890.609	121.143.829	20.975.201
2. Loss for the period (151-148)	154	0	0	0	0
APPENDIX to P&L account (to be filled in by entrepreneur that prepares consolidated financial report)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributed to equity holders of parent company	155	84.235.325	1.929.875	120.995.257	20.564.629
2. Attributed to minority interest	156	-161.266	-39.266	148.572	-110.083
STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	84.074.059	1.890.609	121.143.829	20.975.201
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)	158	13.521.000	5.096.747	-10.365.150	863.834
1. Exchange differences on translation of foreign operations	159	13.521.000	5.096.747	-10.365.150	863.834
2. Movements in revaluation reserves of long - term tangible and intangible assets	160				
3. Profit or loss from reevaluation of financial assets available for sale	161				
4. Gains or losses on efficient cash flow hedging	162				
5. Gains or losses on efficient hedge of a net investment in foreign countries	163				
6. Share in other comprehensive income / loss of associated companies	164				
7. Actuarial gains / losses on defined benefit plans	165				
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)	167	13.521.000	5.096.747	-10.365.150	863.834
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	97.595.059	6.987.356	110.778.679	21.839.035
APPENDIX to Statement of other comprehensive income (to be filled in by entrepreneur that prepares consolidated financial report)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributed to equity holders of parent company	169	97.609.325	6.864.415	110.338.829	21.346.701
2. Attributed to minority interest	170	-14.266	122.941	439.850	492.334

STATEMENT OF CASH FLOWS - INDIRECT METHOD

for the period 01.01.2011. do 31.12.2011.

Obligator: PODRAVKA prehrambena industrija d.d., KOPRIVNICA			
Item	AOP code	Last year	Current year
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	109.336.154	151.605.759
2. Depreciation	002	155.291.996	157.489.065
3. Increase in short term liabilities	003		
4. Decrease in short term receivables	004	84.719.990	
5. Decrease in inventories	005		
6. Other increase in cash flow	006	100.653.200	32.688.196
I. Total increase in cash flow from operating activities (001 to 006)	007	450.001.340	341.783.020
1. Decrease in short term liabilities	008	158.242.569	67.539.872
2. Increase in short term receivables	009		30.527.776
3. Increase in inventories	010	49.942.000	8.586.158
4. Other decrease in cash flow	011	45.049.000	58.706.000
II. Total decrease in cash flow from operating activities (008 to 011)	012	253.233.569	165.359.806
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	196.767.771	176.423.214
A2) NET DECREASE IN IN CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash inflows from sales of long-term tangible and intangible assets	015	10.446.000	8.201.000
2. Cash inflows from sales of equity and debt instruments	016	75.176.000	111.603.000
3. Interests receipts	017	9.191.000	9.233.000
4. Dividend receipts	018		
5. Other cash inflows from investing activities	019	3.080.000	50.239.000
III. Total cash inflows from investing activities (015 to 019)	020	97.893.000	179.276.000
1. Cash outflow for purchase of long-term tangible and intangible assets	021	91.068.000	102.249.000
2. Cash outflow for acquisition of equity and debt financial instruments	022	68.299.600	97.843.000
3. Other cash outflow for investing activities	023	2.417.000	6.426.741
IV. Total cash outflow for investing activities (021 do 023)	024	161.784.600	206.518.741
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025	0	0
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES (024-020)	026	63.891.600	27.242.741
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Cash inflow from issuing property and debt financial instruments	027		
2. Proceeds from the credit principal, promissory notes, borrowings and other loans	028	758.899.400	679.468.000
3. Other proceeds from financial activities	029		
V. Total cash inflows from financial activities (027 to 029)	030	758.899.400	679.468.000
1. Cash outflow for repayment of credit principal and bonds	031	879.617.000	830.791.400
2. Cash outflow for dividends paid	032		
3. Cash outflow for financial lease	033	5.065.000	3.676.000
4. Cash outflow for purchase of treasury shares	034		
5. Other cash outflow for financial activities	035		
VI. Total cash outflow for financial activities (031 to 035)	036	884.682.000	834.467.400
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)	037	0	0
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)	038	125.782.600	154.999.400
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	196.767.771	176.423.214
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	189.674.200	182.242.141
Cash and cash equivalents at the beginning of the period	041	145.269.888	152.363.459
Increase of cash and cash equivalents	042	7.093.571	0
Decrease of cash and cash equivalents	043	0	5.818.927
Cash and cash equivalents at the end of the period	044	152.363.459	146.544.532

STATEMENT OF CHANGES IN EQUITY

for the period 1.1.2011 do 31.12.2011

Item	AOP code	Last year	Current year
1	2	3	4
1. Subscribed capital	001	1.626.000.900	1.626.000.900
2. Capital reserves	002	22.337.176	24.272.630
3. Reserves from profit	003	59.331.755	52.367.905
4. Retained earnings or accumulated loss	004	-191.434.600	-110.891.556
5. Profit or loss for the current year	005	84.235.325	120.995.257
6. Revaluation of long - term tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of financial assets available for sale	008		
9. Other revaluation	009	34.347.150	34.787.364
10. Total capital and reserves (AOP 001 do 009)	010	1.634.817.706	1.747.532.500
11. Currency gains and losses arising from net investement in foreign operations	011	13.374.000	-10.656.990
12. Current and deferred taxes (part)	012		
13. Cash flow hedging	013		
14. Changes in accounting policy	014		
15. Correction of significant errors in prior period	015		
16. Other changes of capital	016	82.347.715	123.371.784
17. Total increase or decrease in capital (AOP 011 do 016)	017	95.721.715	112.714.794
17 a. Attributed to equity holders of parent company	018	95.735.715	111.834.346
17 b. Attributed to minority interest	019	-14.000	440.214

Notes

The accounting policy in 2011 year did not change.



COMPANY MANAGEMENT

Koprivnica, 31 January 2012

**INTERIM MANAGEMENT REPORT ON THE ACHIEVED CONSOLIDATED AND UNAUDITED
BUSINESS RESULTS OF THE PODRAVKA GROUP FOR THE FOURTH QUARTER OF 2011
AND THE PERIOD JANUARY – DECEMBER 2011**

The Podravka Group achieved operating income in the amount of 3.743 billion HRK in the year 2011, which is a 4% increase compared to the year 2010.

Sales revenue, which in the total operating income structure participates with 97%, was realized in the amount of 3.625 billion HRK and represents an increase of 3%.

Sales of the SBA Food and Beverages totalled 2.829 billion HRK, which represents a sales increase of 2% compared to the same period of the year 2010. The aforesaid sales increase results from a higher level of sales on foreign markets (4%) and the foreign market with the highest sales increase of the SBA Food and Beverages is the market of South-East Europe (7%) with the highest contribution coming from the markets of Serbia (16%), Bosnia and Herzegovina (6%) and Slovenia (4%). The markets of Western Europe, overseas countries and the Orient also achieved an increase in the sales of the SBA Food and Beverages (2%) with a significant growth from the market of Australia (15%), while the markets of Central Europe achieved a sales increase of the aforesaid SBA by 1% with the highest contribution from the market of the Czech Republic (9%).

The SBA Pharmaceuticals achieved sales in the amount of 796.3 million HRK, which represents a sales increase of 7% compared to the same period of the year 2010. The sales increase of the SBA Pharmaceuticals is mostly contributed by foreign markets which recorded a growth of 13% with the highest contribution coming from the markets of Russia (22%), Bosnia and Herzegovina (8%) and Slovenia (28%). Sales on the Croatian market have also increased (3%) due to a higher level of sales of prescription drugs (2%) and a growth of sales of OTC products (1%).

The total operating costs/expenses of the Podravka Group amounted to 3.491 billion HRK and compared to the year 2010 have increased by 4%. The main reason for the increase of operating costs/expenses are material costs which in the structure of total operating costs/expenses participate with 67% and have increased 6% compared to the year before. The increase of material costs was influenced mainly by higher costs of raw material and material due to an increase of incoming prices. A significant part in the structure of operating costs/expenses belongs to staff costs (20.6%) which recorded a drop of 1.6%.

In the year 2011 the Podravka Group realised net profit in the amount of ca. 121.0 million HRK. Considering that the Podravka Group achieved positive nonrecurrent items in 2011, the corrected result is at a lower level than the reported one, and therefore the accompanying profit margins are also lower. Positive nonrecurrent items result from the return of insurance funds in the amount of 23.7 million HRK in the SBA Pharmaceuticals, value adjustments of long-term material assets (2



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million HRK) and the release of reserves based on the contractual relationship with OTP Bank (19.1 million HRK). Namely, Podravka d.d., OTP Bank Plc and MOL Hungarian Oil and Gas Company, Plc from Budapest have concluded a Settlement Agreement by which all mutual claims and liabilities of the contractual parties have been discharged and as a result of this Podravka has achieved a positive effect on the result due to the release of earlier reserved funds.

Other nonrecurrent items in the observed period were negative and referred to severance payments (8.7 million HRK), bond value adjustments (3.7 million HRK), value adjustments of fund investments (3.5 million HRK) and the net effect of recording and adjusting brand values (1.3 million HRK).

If only the fourth quarter of the year 2011 is observed, then it can be said that the Podravka Group achieved operating income in the amount of 987.3 million HRK, which compared to the fourth quarter of the year before is an increase of 3%. The reason for this increase lies in the increase of sales revenue of 1% and a double increase of other operating income within which the above mentioned positive effect of the settlement referring to the earlier provided reserves is disclosed.

At the end of last year, 21 million HRK of expenses arising from contractual relations between Podravka d.d. and OTP Bank Nyrt Budapest were additionally recorded in the financial reports. These facts are the main reason for the realised net profit of the Group in the amount of ca. 21 million HRK in the last quarter of 2011 and its significant increase compared to the profit realised in the last quarter of the year before.

The total value of assets of the Podravka Group as of 31 December 2011 was 3.909 billion HRK and compared to the year before has been reduced by 98.9 million HRK (reduction of long-term assets by 127.9 million HRK and an increase of short-term assets by 29.1 million HRK).

The total indebtedness of the Podravka Group as of 31 December 2011 was 1.383 billion HRK and compared to the year before has been reduced by 128.5 million HRK.

President of the Management Board:

Miroslav Vitković



Koprivnica, 31 January 2012

STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

The interim consolidated and unaudited financial statements of the Podravka Group for the period January – December 2011 have been prepared in compliance with the Accounting Act of the Republic of Croatia and International Financial Reporting Standards (IFRS) and provide an overall and true presentation of assets and liabilities, profit and loss, financial position and business operations of the Group and all related companies involved in the consolidation.

As the audit of the financial reports of the companies within the Podravka Group is still in progress, the submitted data may differ from the annual audited financial reports of the Podravka Group.

Accounting Director:

Draga Celiščak

A handwritten signature in blue ink, appearing to read "Draga Celiščak".

Board Member for Finance:

Lidija Kljajić

A handwritten signature in blue ink, appearing to read "Lidija Kljajić".