



MANAGEMENT BOARD

Koprivnica, 29.03.2012.

PODRAVKA GROUP

2011.

ANNUAL REPORT

PODRAVKA Inc, Koprivnica, Ante Starčevića 32, The Commercial Court Varaždin, MBS: 010006549, PIN: 18928523252, foundation capital: 1.626.000.900,00 kunas, paid in full, total number of shares issued: 5.420.003, nominal share value: 300,00 kunas, Privredna banka Zagreb d. d.. Zagreb, Račkoga 6, bank account: 2340009-1100098526, president of the Supervisory Board D. Štimac, president of the Management Board Z. Mršić, members of the Management Board J. Ivanković, O. Jakupec, M. Klepač, J. Pedersen

Appendix 1
Reporting period:

1.1.2011

to

31.12.2011

Annual financial report of entrepreneur - GFI-POD

Registration number (MB) 03454088

Identification number of subject (MBS) 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

Consolidated statement DA

(at quarter end)
NKD/NWC code: 1039

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, Polska	5981449907
PODRAVKA LAGRIS a.s.	Dolní Lhota u Luhačovic, Česka	3042510487
PODRAVKA SARAJEVO d.o.o.	Sarajevo, BiH	20188537

Book keeping service:

Contact person: Čeliščak Draga
(authorised person for representation)

Phone number: 048 651 200

Fax number: 048 651 805

E-mail address: draga.celiscak@podravka.hr

Surname and name: Mršić Zvonimir

(authorised person for representation)

Disclosure documents:

1. Audited annual financial statements
2. Report of the Management Board on position of the Company
3. Statement of responsible persons for preparation of financial statements
4. The decision of the competent authority (the proposal) about the development of the annual financial statements
5. Decision on the allocation of profits or covering of losses

PODRAVKA
PREHRAMBENA INDUSTRIJA d.d.
M.P.
KOPRIVNICA 173

Zvonimir Mršić
(signed by authorised person for representation)

BALANCE SHEET
as at 31.12.2011.

Obligator: PODRAVKA prehrambena 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	1.891.921.160
I. INTANGIBLE ASSETS (004 to 009)	003	352.332.661	311.927.331
1. Assets development	004	4.235.380	5.647.170
2. Concessions, patents, licences fees, trade and service marks, software	005	285.308.114	244.280.446
3. Goodwill	006	44.293.000	41.129.000
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	1.519.648.607
1. Land	011	176.061.299	145.730.441
2. Buildings	012	966.278.616	877.174.067
3. Plant and equipment	013	418.780.995	416.715.386
4. Tools, facility inventory and transport assets	014	23.292.232	21.306.708
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	41.662.125
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	4.323.161
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	3.812.810
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	56.022.061
C) SHORT TERM ASSETS (035+043+050+058)	034	1.933.337.889	1.939.271.583
I. INVENTORIES (036 to 042)	035	700.861.151	758.240.952
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	180.954.554
5. Prepayments for inventories	040	0	0
6. Long - term assets held for sales	041	8.767.375	57.658.251
7. Biological assets	042	0	0
II. RECEIVABLES (044 to 049)	043	991.603.792	1.021.565.728
1. Receivables from related parties	044	0	0
2. Accounts receivable	045	946.272.822	973.000.722
3. Receivables from participating parties	046	0	0
4. Receivables from employees and members of related parties	047	2.518.619	2.699.198
5. Receivables from government and other institutions	048	34.687.811	41.429.788
6. Other receivables	049	8.124.540	4.436.020
III. SHORT TERM FINANCIAL ASSETS (051 to 057)	050	88.509.487	13.505.061
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	12.721.331
6. Loans, deposits, etc.	056	46.170.596	143.902
7. Other financial assets	057	403.675	639.828
IV. CASH AT BANK AND IN CASHIER	058	152.363.459	145.959.842
D) PREPAID EXPENSES AND ACCRUED REVENUE	059	18.226.022	23.527.372
E) TOTAL ASSETS (001+002+034+059)	060	4.008.189.109	3.854.720.115
F) OFF-BALANCE RECORDS	061	807.562.291	714.445.958

Obligator: PODRAVKA prehrambena industrija d.d., KOPRIVNICA			
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	1.695.787.380
I. SUBSCRIBED CAPITAL	063	1.626.000.900	1.626.000.900
II. CAPITAL RESERVES	064	22.337.176	24.569.630
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	59.331.755	52.039.980
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	32.786.025
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	69.281.062
1. Profit for the current year	076	84.235.325	69.281.062
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	34.326.066
1. Provisions for pensions, severance pay, and similar liabilities	080	22.431.979	23.334.629
2. Reserves for tax liabilities	081	0	0
3. Other reserves	082	7.605.659	10.991.437
C) LONG - TERM LIABILITIES (084 to 092)	083	566.097.840	904.612.677
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	897.615.677
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	090	0	0
8. Other long-term liabilities	091	0	0
9. Deferred tax liability	092	7.141.000	6.997.000
D) SHORT - TERM LIABILITIES (094 to 105)	093	1.682.185.308	1.125.366.071
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	501.810.449	533.328.778
6. Liabilities arising from debt securities	099	507.084.963	2.400.000
7. Liabilities to entrepreneurs in whom the entity holds participating	100	0	0
8. Liabilities to employees	101	61.340.528	59.022.620
9. Liabilities for taxes, contributions and similar fees	102	13.024.738	18.697.962
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	123.390.583	12.471.836
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED	106	95.050.617	94.627.921
F) TOTAL – CAPITAL AND LIABILITIES (062+079+083+093+106)	107	4.008.189.109	3.854.720.115
G) OFF-BALANCE RECORDS	108	807.562.291	714.445.958
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	1.661.000.016
2. Attributed to minority interest	110	34.347.150	34.787.364

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

Obligator: PODRAVKA prehrabena industrija d.d., KOPRIVNICA			
Item	AOP code	Last year	Current year
1	2	3	4
I. OPERATING REVENUE (112+113)	111	3.602.421.586	3.739.901.610
1. Sales revenue	112	3.522.272.227	3.625.161.695
2. Other operating revenues	113	80.149.359	114.739.915
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	3.367.808.306	3.546.177.509
1. Changes in value of work in progress and finished products □	115	-26.527.118	-25.889.237
2. Material costs (117 to 119)	116	2.212.335.178	2.347.231.969
a) Raw material and material costs	117	1.186.802.946	1.277.708.588
b) Costs of goods sold	118	477.606.430	516.034.640
c) Other external costs	119	547.925.802	553.488.741
3. Staff costs (121 to 123)	120	729.640.032	718.177.465
a) Net salaries and wages	121	477.592.124	465.651.531
b) Cost for taxes and contributions from salaries	122	158.726.175	159.413.576
c) Contributions on gross salaries	123	93.321.733	93.112.358
4. Depreciation	124	155.291.996	157.489.065
5. Other costs	125	202.183.739	213.420.932
6. Impairment (127+128)	126	28.216.378	61.565.811
a) Impairment of long-term assets (financial assets excluded)	127	0	48.393.035
b) Impairment of short - term assets (financial assets excluded)	128	28.216.378	13.172.776
7. Provisions	129	4.310.755	5.922.865
8. Other operating costs	130	62.357.346	68.258.639
III. FINANCIAL INCOME (132 to 136)	131	50.361.230	47.877.829
1. Interest income, foreign exchange gains, dividends and similar income from related	132	0	0
2. Interest income, foreign exchange gains, dividends and similar income from non -	133	45.212.992	46.951.129
3. Share in income from affiliated entrepreneurs and participating interests	134	0	0
4. Unrealized gains (income) from financial assets	135	5.097.263	926.700
5. Other financial income	136	50.975	0
IV. FINANCIAL EXPENSES (138 do 141)	137	175.638.356	148.448.430
1. Interest expenses, foreign exchange losses, dividends and similar expenses from	138	0	0
2. Interest expenses, foreign exchange losses, dividends and similar expenses from non -	139	133.149.319	138.884.512
3. Unrealized losses (expenses) on financial assets	140	42.489.037	9.563.918
4. Other financial expenses	141	0	0
V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS	142	0	0
VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS	143	0	0
VII. EXTRAORDINARY - OTHER INCOME	144	0	0
VIII. EXTRAORDINARY - OTHER EXPENSES	145	0	0
IX. TOTAL INCOME (111+131+142 + 144)	146	3.652.782.816	3.787.779.439
X. TOTAL EXPENSES (114+137+143 + 145)	147	3.543.446.662	3.694.625.939
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	109.336.154	93.153.500
1. Profit before taxation (146-147)	149	109.336.154	93.153.500
2. Loss before taxation (147-146)	150	0	0
XII. PROFIT TAX	151	25.262.095	23.724.438
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	84.074.059	69.429.062
1. Profit for the period (149-151)	153	84.074.059	69.429.062
2. Loss for the period (151-148)	154	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	69.281.062
2. Attributed to minority interest	156	161.266	148.000
STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS)			
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	84.074.059	69.429.062
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)	158	13.521.000	-10.692.000
1. Exchange differences on translation of foreign operations	159	13.521.000	-10.692.000
2. Movements in revaluation reserves of long - term tangible and intangible assets	160		
3. Profit or loss from revaluation 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	-10.692.000
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	97.595.059	58.737.062
APPENDIX to Statement of other comprehensive income (to be filled in by entrepreneur that prepares consolidated financial			
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD			
1. Attributed to equity holders of parent company	169	97.609.325	58.296.848
2. Attributed to minority interest	170	-14.266	440.214

STATEMENT OF CASH FLOWS - INDIRECT METHOD
for the period 01.01.2011. to 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	109.336.153	93.153.500
2. Depreciation	002	155.291.996	157.489.065
3. Increase in short term liabilities	003	0	0
4. Decrease in short term receivables	004	84.719.991	0
5. Decrease in inventories	005	0	0
6. Other increase in cash flow	006	100.653.200	88.740.300
I. Total increase in cash flow from operating activities (001 to 006)	007	450.001.340	339.382.865
1. Decrease in short term liabilities	008	158.242.569	70.883.411
2. Increase in short term receivables	009	0	50.531.479
3. Increase in inventories	010	49.942.000	7.371.410
4. Other decrease in cash flow	011	45.049.000	57.326.482
II. Total decrease in cash flow from operating activities (008 to 011)	012	253.233.569	186.112.782
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES	013	196.767.771	153.270.083
A2) NET DECREASE IN IN CASH FLOW FROM OPERATING ACTIVITIES	014	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash inflows from sales of long-term tangible and intangible assets	015	10.446.000	8.249.000
2. Cash inflows from sales of equity and debt instruments	016	75.176.000	111.103.000
3. Interests receipts	017	9.191.000	9.237.000
4. Dividend receipts	018	0	0
5. Other cash inflows from investing activities	019	3.080.000	73.962.000
III. Total cash inflows from investing activities (015 to 019)	020	97.893.000	202.551.000
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	7.133.700
IV. Total cash outflow for investing activities (021 do 023)	024	161.784.600	207.225.700
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-	025	0	0
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES	026	63.891.600	4.674.700
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Cash inflow from issuing property and debt financial instruments	027	0	0
2. Proceeds from the credit principal, promissory notes, borrowings and	028	758.899.400	679.468.000
3. Other proceeds from financial activities	029	0	0
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	830.791.000
2. Cash outflow for dividends paid	032	0	0
3. Cash outflow for financial lease	033	5.065.000	3.676.000
4. Cash outflow for purchase of treasury shares	034	0	0
5. Other cash outflow for financial activities	035	0	0
VI. Total cash outflow for financial activities (031 to 035)	036	884.682.000	834.467.000
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-	037	0	0
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES	038	125.782.600	154.999.000
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	7.093.571	0
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	0	6.403.617
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	6.403.617
Cash and cash equivalents at the end of the period	044	152.363.459	145.959.842

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	24.569.630
3. Reserves from profit	003	59.331.755	52.039.980
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	69.281.062
6. Revaluation of long - term tangible assets	006	0	0
7. Revaluation of intangible assets	007	0	0
8. Revaluation of financial assets available for sale	008	0	0
9. Other revaluation	009	34.347.150	34.787.364
10. Total capital and reserves (AOP 001 do 009)	010	1.634.817.706	1.695.787.380
11. Currency gains and losses arising from net investement in foreign operations	011	13.521.000	-10.692.000
12. Current and deferred taxes (part)	012	0	0
13. Cash flow hedging	013	0	0
14. Changes in accounting policy	014	0	0
15. Correction of significant errors in prior period	015	0	0
16. Other changes of capital	016	82.200.715	71.661.674
17. Total increase or decrease in capital (AOP 011 do 016)	017	95.721.715	60.969.674
17 a. Attributed to equity holders of parent company	018	95.735.981	60.529.460
17 b. Attributed to minority interest	019	-14.266	440.214

Notes

The accounting policy in 2011 year did not change.



COMPANY MANAGEMENT

Koprivnica, 29 March 2012

MANAGEMENT REPORT ON THE CONSOLIDATED AND AUDITED BUSINESS RESULTS OF THE PODRAVKA GROUP FOR THE YEAR 2011

The Podravka Group achieved operating income in the amount of 3.740 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 year 2010. The aforesaid sales increase results from a higher level of sales on foreign markets (4%), primarily on 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 market 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 amounted to 3.546 billion HRK and compared to the year 2010 have increased by 5%. The increase of costs of raw material and material due to a significant rise in the prices of raw material had the highest impact on the stated increase.

In the year 2011, the Podravka Group realised net profit in the amount of 69.3 million HRK. Non-recurrent items had a significant influence on the achieved business results. Positive non-recurrent items refer to the return of insurance funds in the amount of 23.7 million HRK in the SBA Pharmaceuticals (as 4.9 million HRK were tax liabilities, the net profit was corrected by 18.8 million HRK), recording of the SMS brand (7.8 million HRK) and recording gains in respect of options generated as a positive difference between the recorded liabilities in prior years and paid obligations in accordance with the Settlement Agreement between Podravka d.d., OTP and MOL concluded at the year end of 2011 (19.1 million HRK).



COMPANY MANAGEMENT

Negative non-recurrent items referred to the impairment of long-term assets held for sale (16.6 million HRK), loss from reduced values of brands and pharmacy rights (41 million HRK), bond value adjustments (3.7 million HRK), impairment of goodwill (7.1 million HRK), value adjustments of fund investments (3.5 million HRK) and severance payments (8.7 million HRK). Most of the aforementioned negative non-recurrent items refer to the impairment of assets acquired through acquisitions in previous years.

The total value of assets of the Podravka Group as of 31 December 2011 is 3.855 billion HRK and compared to the year before has been reduced by 153.5 million HRK.

The total indebtedness of the Podravka Group as of 31 December 2011 is 1.383 billion HRK and compared to the year before has been reduced by 9% or 128.5 million HRK, respectively. The financial stability of the Podravka Group has been assured with the completion of the refinancing process in the first year half of 2011.

In the last quarter, or more precisely on 23 November 2011, Podravka d.d., OTP Bank Plc and MOL Hungarian Oil and Gas Company, Plc from Budapest concluded a Settlement Agreement by which all mutual claims and liabilities of the contractual parties arising from the contracts of 27 March 2009 referring to 10.64% of Podravka shares have been discharged.

The past year was a year of consolidation and creating a healthy foundation to enable major breakthrough in the forthcoming period. The New Management Board has set ambitious plans based on sales growth, efficiency and profitability. We wish to achieve this along with optimizing the product portfolio and highly focusing on brands that are the strength of the company. Innovation and higher productivity, taking into account market competitiveness, will guarantee Podravka the status of region leader. Podravka is returning to the values built over many years which will provide further development, satisfied employees and shareholders, respecting the requests of all our consumers.


President of the Management Board
Zvonimir Mršić



COMPANY MANAGEMENT

Koprivnica, 29 March 2012

STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

The consolidated and audited 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.

The audited financial statements of the Podravka Group significantly differ from the unaudited earlier disclosed statements due to an impairment of value of both tangible assets for sale and intangible assets (brands, goodwill).

Accounting Director:
Draga Celiščak

Board Member:
Miroslav Klepač



SUPERVISORY BOARD

Number: NO-81-2-2012.
Koprivnica, 29 March 2012

Pursuant to Articles 300.c and 300.d of the Company Act (Official Gazette "Narodne novine" no. 111-1993, 34-1999, 121-1999, 52-2000, 118-2003, 107-2007, 146-2008 and 137-2009), the Supervisory Board of Podravka d.d. at its 81st session on 29 March 2012 adopted the following

DECISION

on the approval of establishing the annual financial statements of Podravka d.d. and dependant companies and the state of the company reports for the business year 2011

I.

The annual financial statements of Podravka d.d. and dependant companies (consolidated statements of the Podravka Group) for the business year 2011 with the accompanying reports and opinions of certified auditors are hereby established.

II.

The following annual financial statements for the business year 2011 which the company Management has drawn up in compliance with applicable regulations are hereby established:

1. Statement of total income
2. Company statement of financial position
3. Statement of changes in equity
4. Statement of cash flow
5. Notes to financial statements
6. Annual report

III.

The Statement of total income for the business year 2011, in which profit in the amount of 69,281 thousand HRK has been declared, is hereby established.

The Statement of financial position as of 31 December 2011 shows the sum of assets and liabilities, respectively, in the amount of 3,854,720 thousand HRK.

IV.

The Annual report of the Management Board of Podravka d.d. on the business operations of Podravka d.d. and dependant companies and the state of the company for the business year 2011 is hereby established.

V.

This Decision shall enter into force on the day of its adoption.


PODRAVKA
President of the Supervisory Board:
PREHRAMBENA INDUSTRIJA d.d.
KOPRIVNICA 173
Dubravko Štimac

PODRAVKA d.d., Koprivnica, Ante Starčevića 32, Commercial Court of Varaždin, Company no. 010006549, PIN 18928523252

Privredna banka Zagreb d.d., Zagreb, Račkoga 6, Giro account no. 2340009-1100098526, share capital 1,626,000,900.00 HRK paid in full, number of shares: 5,420,003, nominal share value: 300.00 HRK, President of the Supervisory Board: D. Štimac, President of the Management Board: Z. Mršić, Board members: J. Ivanković, O. Jakupec, M. Klepač, J. Pedersen



SUPERVISORY BOARD

Number: NO-81-3-2012.
Koprivnica, 29 March 2012

Pursuant to Article 27 of the Articles of Association of Podravka d.d. Koprivnica and Article 23 of the Rules of Procedure of the Supervisory Board of Podravka d.d., the Supervisory Board of Podravka d.d. at its 81st session on 29 March 2012 adopted the following

DRAFT DECISION
on the carried forward loss of the business year 2011

I.

The loss of Podravke d.d. (Company no. 03454088, PIN 18928523252) for the business year 2011 amounts to 9,534,378.44 HRK.

The realised loss shall be carried forward to the future period.

II.

This Draft decision shall be referred to the General Assembly of Podravka d.d. for adoption.

President of the Supervisory Board:

Dobravko Štimac
 **PODRAVKA**
PREHRAMBENA INDUSTRIJA d.d.
KOPRIVNICA 173