

Appendix 1

Reporting period:

01.01.2011.

do

30.09.2011.

Quarterly financial report of entrepreneur - TFI-POD

Registration number (MB) | 03454088

Identification number of subject | 010006549

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

Postal code and place | 48000

| **KOPRIVNICA**Street and number | **ANTE STARČEVIĆA 32**E-mail address: | podravka@podravka.hrInternet address: | www.podravka.comCode and name of comune/town | 201 | **KOPRIVNICA**Code and county name | 6 | **KOPRIVNIČKO-KRIŽEVAČKA**Number of employees | **6.695**
(at quarter end)Consolidated statement | **Yes**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, 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: | **Celiščak Draga**

(fill in only surname and name of contact person)

Phone number: | **048 651 200**Facsimile: | **048 651 805**E-mail address: | draga.celiscak@podravka.hrSurname 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

M.P.

(signed by authorised person for representation)

BALANCE SHEET
as at 30.09.2011.

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	2.005.681.413
I. INTANGIBLE ASSETS (004 to 009)	003	352.332.661	354.679.451
1. Assets development	004	4.235.380	5.809.445
2. Concessions, patents, licences fees, trade and service marks, software and other rights	005	285.308.114	281.105.351
3. Goodwill	006	44.293.000	44.293.000
4. Prepayments for purchase of intangible assets	007	0	0
5. Intangible assets in preparation	008	18.496.167	23.471.655
6. Other intangible assets	009	0	0
II. TANGIBLE ASSETS (011 to 019)	010	1.642.820.313	1.593.507.673
1. Land	011	176.061.299	175.072.182
2. Buildings	012	966.278.616	926.326.421
3. Plant and equipment	013	418.780.995	397.091.805
4. Tools, facility inventory and transport assets	014	23.292.232	21.671.308
5. Biological assets	015	0	0
6. Prepayments for tangible assets	016	5.361.777	7.108.338
7. Tangible assets in progress	017	49.188.929	62.392.358
8. Other tangible assets	018	3.856.465	3.845.261
9. Investments in buildings	019	0	0
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	9.142.431	6.897.040
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	1.292.358
6. Loans, deposits and similar assets	026	7.538.295	5.274.682
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	50.597.249
C) SHORT TERM ASSETS (035+043+050+058)	034	1.933.337.889	1.984.791.318
I. INVENTORIES (036 to 042)	035	692.093.776	765.479.104
1. Raw-material and supplies	036	222.393.816	237.876.627
2. Work in progress	037	36.289.847	60.254.129
3. Finished goods	038	246.637.351	273.638.960
4. Merchandise	039	186.772.762	193.709.388
5. Prepayments for inventories	040	0	0
6. Long - term assets held for sales	041	0	0
7. Biological assets	042	0	0
II. RECEIVABLES (044 to 049)	043	991.603.792	1.026.643.761
1. Receivables from related parties	044	0	0
2. Accounts receivable	045	946.272.822	967.451.282
3. Receivables from participating parties	046	0	0
4. Receivables from employees and members of related parties	047	2.518.619	1.899.858
5. Receivables from government and other institutions	048	34.687.811	38.605.967
6. Other receivables	049	8.124.540	18.686.654
III. SHORT TERM FINANCIAL ASSETS (051 to 057)	050	97.276.862	68.869.329
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	12.627.898
6. Loans, deposits, etc.	056	46.170.596	46.808.920
7. Other financial assets	057	9.171.050	9.432.511
IV. CASH AT BANK AND IN CASHIER	058	152.363.459	123.799.124
D) PREPAID EXPENSES AND ACCRUED REVENUE	059	18.226.022	20.200.850
E) TOTAL ASSETS (001+002+034+059)	060	4.008.189.109	4.010.673.581
F) OFF-BALANCE RECORDS	061	807.562.291	862.716.916

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	1.722.764.904
I. SUBSCRIBED CAPITAL	063	1.626.000.900	1.626.000.900
II. CAPITAL RESERVES	064	22.337.176	22.337.176
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	59.331.755	51.504.850
1. Reserves prescribed by law	066	19.785.012	20.727.012
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	32.331.895
IV. REVALUATION RESERVES	071	0	0
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	-191.434.600	-111.803.316
1. Retained earnings	073	0	0
2. Accumulated loss	074	191.434.600	111.803.316
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	075	84.235.325	100.430.628
1. Profit for the current year	076	84.235.325	100.430.628
2. Loss for the current year	077	0	0
IX. MINORITY INTERESTS	078	34.347.150	34.294.666
B) PROVISIONS (080 to 082)	079	30.037.638	31.417.808
1. Provisions for pensions, severance pay, and similar liabilities	080	22.431.979	22.851.669
2. Reserves for tax liabilities	081	0	0
3. Other reserves	082	7.605.659	8.566.139
C) LONG - TERM LIABILITIES (084 to 092)	083	566.097.840	934.514.694
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	928.458.694
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	6.056.000
D) SHORT - TERM LIABILITIES (094 to 105)	093	1.682.185.308	1.216.119.897
1. Liabilities to related parties	094	0	0
2. Liabilities for loans, deposits etc.	095	12.068	412.061
3. Liabilities to banks and other financial institutions	096	472.129.696	461.843.306
4. Liabilities for received prepayments	097	2.705.585	988.889
5. Accounts payable	098	496.474.625	539.077.364
6. Liabilities arising from debt securities	099	507.084.963	5.837.867
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100	0	0
8. Liabilities to employees	101	61.340.528	59.355.642
9. Liabilities for taxes, contributions and similar fees	102	13.024.738	14.699.857
10. Liabilities to share - holders	103	686.698	684.699
11. Liabilities for long-term assets held for sale	104	0	0
12. Other short - term liabilities	105	128.726.407	133.220.212
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	95.050.617	105.856.278
F) TOTAL – CAPITAL AND LIABILITIES (062+079+083+093+106)	107	4.008.189.109	4.010.673.581
G) OFF-BALANCE RECORDS	108	807.562.291	862.716.916
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	1.688.470.238
2. Attributed to minority interest	110	34.347.150	34.294.666

PROFIT AND LOSS ACCOUNT
for the period 01.01.2011. do 30.09.2011.

Item	AOP code	Last year		Current year	
		Comulative	Quartely	Comulative	Quartely
1	2	3	4	5	6
I. OPERATING REVENUE (112+113)	111	2.647.757.925	934.661.534	2.756.300.236	968.545.337
1. Sales revenue	112	2.593.831.264	931.093.302	2.690.290.194	966.119.459
2. Other operating revenues	113	53.926.661	3.568.232	66.010.042	2.425.878
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	2.455.699.178	848.532.741	2.560.994.837	876.121.351
1. Changes in value of work in progress and finished products	115	-43.828.455	-36.282.149	-50.667.769	-33.235.428
2. Material costs (117 to 119)	116	1.649.557.904	607.223.479	1.762.990.727	632.312.604
a) Raw material and material costs	117	895.143.147	341.357.601	965.635.616	353.947.343
b) Costs of goods sold	118	350.504.286	131.508.552	388.361.750	136.404.511
c) Other external costs	119	403.910.471	134.357.326	408.993.361	141.960.750
3. Staff costs (121 to 123)	120	550.788.476	184.285.984	542.924.919	181.680.165
a) Net salaries and wages	121	370.216.215	116.178.148	366.725.666	114.446.902
b) Cost for taxes and contributions from salaries	122	114.986.296	43.138.085	111.641.338	42.557.681
c) Contributions on gross salaries	123	65.585.965	24.969.751	64.557.915	24.675.582
4. Depreciation	124	116.636.938	38.908.736	117.961.616	39.080.070
5. Other costs	125	132.555.173	43.454.496	142.524.544	44.741.198
6. Impairment (127+128)	126	21.512.304	5.258.865	11.113.916	4.589.101
a) Impairment of long-term assets (financial assets excluded)	127	0	0	0	0
b) Impairment of short - term assets (financial assets excluded)	128	21.512.304	5.258.865	11.113.916	4.589.101
7. Provisions	129	432.502	354.307	673.308	400.478
8. Other operating costs	130	28.044.336	5.329.023	33.473.576	6.553.163
III. FINANCIAL INCOME (132 to 136)	131	31.921.032	37.181	33.536.422	7.427.890
1. Interest income, foreign exchange gains, dividends and similar income from related	132	0	0	0	0
2. Interest income, foreign exchange gains, dividends and similar income from non -	133	31.891.640	2.063.212	32.537.169	9.088.845
3. Share in income from affiliated entrepreneurs and participating interests	134	0	0	0	0
4. Unrealized gains (income) from financial assets	135	29.392	-2.026.031	999.253	-1.660.955
5. Other financial income	136	0	0	0	0
IV. FINANCIAL EXPENSES (138 do 141)	137	130.480.449	32.486.160	110.291.007	48.251.569
1. Interest expenses, foreign exchange losses, dividends and similar expenses from related	138	0	0	0	0
2. Interest expenses, foreign exchange losses, dividends and similar expenses from non -	139	97.893.122	27.792.342	103.674.366	45.458.894
3. Unrealized losses (expenses) on financial assets	140	32.587.327	4.693.818	6.616.641	2.792.675
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	2.679.678.957	934.698.715	2.789.836.658	975.973.227
X. TOTAL EXPENSES (114+137+143 + 145)	147	2.586.179.627	881.018.901	2.671.285.844	924.372.920
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	93.499.330	53.679.814	118.550.814	51.600.307
1. Profit before taxation (146-147)	149	93.499.330	53.679.814	118.550.814	51.600.307
2. Loss before taxation (147-146)	150	0	0	0	0
XII. PROFIT TAX	151	11.315.880	2.983.756	18.382.186	6.846.637
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	82.183.450	50.696.058	100.168.628	44.753.670
1. Profit for the period (149-151)	153	82.183.450	50.696.058	100.168.628	44.753.670
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	82.305.450	51.147.143	100.430.628	44.863.753
2. Attributed to minority interest	156	-122.000	-451.085	-262.000	-110.083
STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	82.183.450	50.696.058	100.168.628	44.753.670
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)	158	8.424.253	-453.194	-11.228.984	-10.156.596
1. Exchange differences on translation of foreign operations	159	8.424.253	-453.194	-11.228.984	-10.156.596
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	8.424.253	-453.194	-11.228.984	-10.156.596
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	90.607.703	50.242.864	88.939.644	34.597.074
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	90.744.910	50.519.223	88.992.128	34.473.253
2. Attributed to minority interest	170	-137.207	-276.359	-52.484	123.821

STATEMENT OF CASH FLOWS - INDIRECT METHOD
for the period 01.01.2011. do 30.09.2011.

Item	AOP code	Last year	Current year
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	93.499.363	118.550.815
2. Depreciation	002	116.636.939	117.961.616
3. Increase in short term liabilities	003		51.390.636
4. Decrease in short term receivables	004	81.640.104	
5. Decrease in inventories	005		
6. Other increase in cash flow	006	22.850.801	24.272.384
I. Total increase in cash flow from operating activities (001 to 006)	007	314.627.207	312.175.451
1. Decrease in short term liabilities	008	123.626.000	
2. Increase in short term receivables	009		27.974.719
3. Increase in inventories	010	51.531.812	72.939.104
4. Other decrease in cash flow	011		32.375.000
II. Total decrease in cash flow from operating activities (008 to 011)	012	175.157.812	133.288.823
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES	013	139.469.395	178.886.628
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	6.546.000	2.448.000
2. Cash inflows from sales of equity and debt instruments	016	14.875.000	11.354.000
3. Interests receipts	017	7.502.000	5.147.158
4. Dividend receipts	018		
5. Other cash inflows from investing activities	019	1.402.000	2.466.000
III. Total cash inflows from investing activities (015 to 019)	020	30.325.000	21.415.158
1. Cash outflow for purchase of long-term tangible and intangible assets	021	63.325.000	68.476.400
2. Cash outflow for acquisition of equity and debt financial instruments	022		2.001.000
3. Other cash outflow for investing activities	023	1.219.000	4.861.000
IV. Total cash outflow for investing activities (021 do 023)	024	64.544.000	75.338.400
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025	0	0
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES	026	34.219.000	53.923.242
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	433.781.000	606.707.000
3. Other proceeds from financial activities	029		
V. Total cash inflows from financial activities (027 to 029)	030	433.781.000	606.707.000
1. Cash outflow for repayment of credit principal and bonds	031	526.898.000	757.293.000
2. Cash outflow for dividends paid	032		
3. Cash outflow for financial lease	033	3.226.000	2.941.000
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	530.124.000	760.234.000
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES	037	0	0
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES	038	96.343.000	153.527.000
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	8.907.395	0
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	0	28.563.614
Cash and cash equivalents at the beginning of the period	041	145.269.000	152.362.738
Increase of cash and cash equivalents	042	8.907.395	
Decrease of cash and cash equivalents	043		28.563.614
Cash and cash equivalents at the end of the period	044	154.176.395	123.799.124

STATEMENT OF CHANGES IN EQUITY
for the period **01.01.2011** do **30.09.2011**

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	22.337.176
3. Reserves from profit	003	59.331.755	51.504.850
4. Retained earnings or accumulated loss	004	-191.434.600	-111.803.316
5. Profit or loss for the current year	005	84.235.325	100.430.628
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	34.294.666
10. Total capital and reserves (AOP 001 do 009)	010	1.634.817.706	1.722.764.904
11. Currency gains and losses arising from net investement in foreign operations	011	13.374.000	-11.438.500
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	99.385.698
17. Total increase or decrease in capital (AOP 011 do 016)	017	95.721.715	87.947.198
17 a. Attributed to equity holders of parent company	018	95.735.715	87.999.682
17 b. Attributed to minority interest	019	-14.000	-52.484

Notes

Main business characteristics and significant events in 2011

1. The total sales of the Podravka Group in the first nine months of the year 2011 amounted to 2,690.3 million HRK, which represents a sales growth of 4% compared to the same period of the year before. Sales of the Strategic Business Area (SBA) Food and Beverages totalled 2,132.2 million HRK, which represented a sales growth of 3%, while the sales of the SBA Pharmaceuticals was 558.1 million HRK, which is an 8% sales increase.
2. The operating profit (EBIT) of the Podravka Group increased by 21% and amounted to 193.5 million HRK, while the operating margin (EBIT margin) is 7.2%.
3. The realised net profit of the Podravka Group is 100.4 million HRK, which represents a 22% increase, while the net margin is 3.7%.
4. The total value of capital investments in the observed period amounted to 68.5 million HRK.
5. The General Assembly of Podravka d.d. was held on 14 July 2011 where it was decided that last year's net profit in the amount of 10.9 million HRK would be distributed for the coverage of the loss brought forward from previous years. Apart from this, resolutions were passed on the amendments to the Articles of Association of Podravka d.d. and members of the Management and Supervisory Boards were discharged, accordingly.
6. A total of 576,880 shares of Podravka d.d. in the ownership of FIMA AMI Ltd. was sold on 19 July 2011. The average price in the transaction was 312.87 HRK, and the buyers were from mandatory pension funds (75.57%), voluntary pension funds (4.27%) and other domestic funds (17.44%), insurances (1.59%) and foreign investors (1.13%).

The accounting policy in 2011 year did not change.



COMPANY MANAGEMENT

Koprivnica, 28 October 2011

INTERIM MANAGEMENT REPORT ON THE ACHIEVED BUSINESS RESULTS OF THE PODRAVKA GROUP FOR JANUARY - SEPTEMBER 2011 AND THE THIRD QUARTER OF THE YEAR 2011

In the period from January to September 2011 the Podravka Group achieved operating income in the amount of 2,756 million HRK, which is a 4% increase compared to the same period of the year before.

Sales revenue of the Podravka Group amounted to 2,690.3 million HRK and are 4% higher compared to the same period of the year 2010.

Sales of the SBA Food and Beverages totalled 2,132.2 million HRK, which is a 3% sales growth compared to the same period of the year 2010. This growth was a result of a higher level of sales on foreign markets (5%), and the foreign markets which have recorded an increase of sales of the SBA Food and Beverages are South-East Europe (7%), with the most prominent markets of Bosnia and Herzegovina (6%), Serbia (14%) and Slovenia (4%), then Central Europe (6%) with the Czech Republic (16%) and Poland (4%) followed by Western Europe, overseas countries and Orient (3%), where Austria (59%) and Australia (14%) recorded the highest growth.

The SBA Pharmaceuticals achieved sales in the amount of 558.1 million HRK, which is a sales growth of 8% compared to the same period of the year 2010. Sales growth of the SBA Pharmaceuticals was mostly generated by the 16% growth on foreign markets with the highest contribution coming from the markets of Russia (26%), Bosnia and Herzegovina (10%), Slovenia (41%) and Turkey (114%). Sales on the domestic market in the observed period also grew (3%) based on a higher level of sales of prescription drugs (3%) and increased sales of the OTC programme (1%). According to the ATC classification, product groups which achieved the most significant growth are drugs with effect on the nervous system (12%) and drugs for infection system treatment (16%).

The total operating costs/expenses amounted to 2,561 million HRK and have increased by 4.3%. Material costs cover 69% of operating costs/expenses and have increased by 6.9% compared to same period of the year before. The increase of material costs was primarily influenced by higher costs of raw material and material and higher incoming prices.

Staff costs (21.2%) with a decrease of 1.4% also hold a significant share in the structure of operating costs/expenses.



COMPANY MANAGEMENT

The realised net profit is 100.4 million HRK and is 22% higher than the realised net profit of the same period the year before. The recovery of insurance funds within the SBA Pharmaceuticals in the amount of 23.7 million HRK had significant effect on the realised net profit.

Operating income in the amount of 968.5 million HRK was realised in the third quarter of which 966 million HRK refers to sales revenue, which increased by 4% compared to the same quarter of last year.

Operating costs/expenses in the third quarter amounted to 876.1 million HRK and have increased by 3% compared to the same period of the year before.

The realised net profit of the third quarter is 44.8 million HRK.

The total value of assets of the Podravka Group as of 30 September 2011 is 4,011 million HRK and remains almost unchanged compared to the year end balance of 2010. The structure of assets has changed as the value of non-current assets decreased by 50.9 million HRK, while at the same time current assets increased by 51.4 million HRK.

Inventories (73.4 million HRK) and receivables (35.0 million HRK) have increased within the structure of current assets. Short-term financial assets have been reduced by 28.4 million HRK as well as the balance of cash and cash equivalents by 28.6 million HRK compared to the year end of 2010.

The total indebtedness of the Podravka Group in the period from January to September of the current year has been reduced by 131.2 million HRK (from 1,511 million HRK as of 31 December 2010 to 1,380 million HRK as of 30 September 2011). The net debt amounts to 1,256 million HRK.

President of the Management Board:


Miroslav Vitković



COMPANY MANAGEMENT

Koprivnica, 28, October 2011

STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Consolidated and unaudited financial statements of the Podravka Group for the period January – September 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, liabilities, profit and loss, financial position and business operations of the Group and all related companies involved in the consolidation.

During the observed period, there were no changes in accounting policies of the Podravka Group.

Accounting Director:
Draga Celiščak

Board Member for Finance:
Lidija Kljajić