



MANAGEMENT BOARD

Koprivnica, 24, April 2012

PODRAVKA GROUP

1.- 3.2012.

QUARTERLY FINANCIAL REPORT

Appendix 1
Reporting period:

1.1.2012

to

31.03.2012.

Quarterly financial report of entrepreneur - TFI-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 (at quarter end) **6.446**

Consolidated statement **YES** NKD/NWC code: **1039**

Subsidiaries subject to consolidation (according to IFRS):

Headquarters:

Registration number:

| Subsidiaries subject to consolidation (according to IFRS): | Headquarters: | 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. | Dolni Lhota u Luhačovic, Češka | 3042510487 |
| PODRAVKA SARAJEVO d.o.o. | Sarajevo, BiH | 20188537 |

Book keeping service: _____

Contact person: **Celiščak Draga**
(authorised person for representation)

Phone number: **048 651 200** Fascimile: **048 651 805**


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

Surname and name **Mršić Zvonimir**
(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. Interim management Report
3. Statement of responsible persons for preparation of financial statements




(signed by authorised person for representation)

BALANCE SHEET
as at 31.03.2012.

| 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 | 1.891.921.160 | 1.879.248.935 |
| I. INTANGIBLE ASSETS (004 to 009) | 003 | 311.927.331 | 306.181.217 |
| 1. Assets development | 004 | 5.647.170 | 6.396.762 |
| 2. Concessions, patents, licences fees, trade and service marks, software and other rights | 005 | 244.280.446 | 238.132.897 |
| 3. Goodwill | 006 | 41.129.000 | 41.129.000 |
| 4. Prepayments for purchase of intangible assets | 007 | 0 | 356.460 |
| 5. Intangible assets in preparation | 008 | 20.870.715 | 20.166.098 |
| 6. Other intangible assets | 009 | 0 | 0 |
| II. TANGIBLE ASSETS (011 to 019) | 010 | 1.519.648.607 | 1.512.313.735 |
| 1. Land | 011 | 145.730.441 | 145.976.216 |
| 2. Buildings | 012 | 877.174.067 | 865.479.288 |
| 3. Plant and equipment | 013 | 416.715.386 | 405.165.231 |
| 4. Tools, facility inventory and transport assets | 014 | 21.306.708 | 20.649.008 |
| 5. Biological assets | 015 | 0 | 0 |
| 6. Prepayments for tangible assets | 016 | 13.219.507 | 13.996.313 |
| 7. Tangible assets in progress | 017 | 41.662.125 | 57.210.399 |
| 8. Other tangible assets | 018 | 3.840.373 | 3.837.280 |
| 9. Investments in buildings | 019 | 0 | 0 |
| III. LONG-TERM FINANCIAL ASSETS (021 to 028) | 020 | 4.323.161 | 2.840.822 |
| 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 | 180.351 | 179.830 |
| 6. Loans, deposits and similar assets | 026 | 3.812.810 | 2.330.992 |
| 7. Other long - term financial assets | 027 | 0 | 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 | 56.022.061 | 57.913.161 |
| C) SHORT TERM ASSETS (035+043+050+058) | 034 | 1.939.271.583 | 1.920.852.693 |
| I. INVENTORIES (036 to 042) | 035 | 758.240.952 | 761.129.869 |
| 1. Raw-material and supplies | 036 | 213.149.271 | 196.661.169 |
| 2. Work in progress | 037 | 50.870.289 | 43.787.894 |
| 3. Finished goods | 038 | 255.608.587 | 283.974.499 |
| 4. Merchandise | 039 | 180.954.554 | 178.899.238 |
| 5. Prepayments for inventories | 040 | 0 | 0 |
| 6. Long - term assets held for sales | 041 | 57.658.251 | 57.807.069 |
| 7. Biological assets | 042 | 0 | 0 |
| II. RECEIVABLES (044 to 049) | 043 | 1.021.565.728 | 1.022.813.401 |
| 1. Receivables from related parties | 044 | 0 | 0 |
| 2. Accounts receivable | 045 | 973.000.722 | 969.626.879 |
| 3. Receivables from participating parties | 046 | 0 | 0 |
| 4. Receivables from employees and members of related parties | 047 | 2.699.198 | 2.034.203 |
| 5. Receivables from government and other institutions | 048 | 41.429.788 | 44.102.457 |
| 6. Other receivables | 049 | 4.436.020 | 7.049.862 |
| III. SHORT TERM FINANCIAL ASSETS (051 to 057) | 050 | 13.505.061 | 14.355.838 |
| 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 | 12.721.331 | 13.543.949 |
| 6. Loans, deposits, etc. | 056 | 143.902 | 174.955 |
| 7. Other financial assets | 057 | 639.828 | 636.934 |
| IV. CASH AT BANK AND IN CASHIER | 058 | 145.959.842 | 122.553.585 |
| D) PREPAID EXPENSES AND ACCRUED REVENUE | 059 | 23.527.372 | 19.170.885 |
| E) TOTAL ASSETS (001+002+034+059) | 060 | 3.854.720.115 | 3.819.272.513 |
| F) OFF-BALANCE RECORDS | 061 | 714.445.958 | 718.859.475 |

Obligatory: 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 | 1.695.787.380 | 1.723.649.480 |
| I. SUBSCRIBED CAPITAL | 063 | 1.626.000.900 | 1.626.000.900 |
| II. CAPITAL RESERVES | 064 | 24.569.630 | 24.569.630 |
| III. RESERVES FROM PROFIT (066+067-068+069+070) | 065 | 52.039.980 | 61.923.873 |
| 1. Reserves prescribed by law | 066 | 20.808.012 | 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 | 30.705.853 | 30.705.853 |
| 5. Other reserves | 070 | 32.786.025 | 42.669.918 |
| IV. REVALUATION RESERVES | 071 | 0 | 0 |
| V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074) | 072 | -110.891.556 | -41.610.494 |
| 1. Retained earnings | 073 | 0 | 0 |
| 2. Accumulated loss | 074 | 110.891.556 | 41.610.494 |
| VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077) | 075 | 69.281.062 | 18.739.989 |
| 1. Profit for the current year | 076 | 69.281.062 | 18.739.989 |
| 2. Loss for the current year | 077 | 0 | 0 |
| IX. MINORITY INTERESTS | 078 | 34.787.364 | 34.025.582 |
| B) PROVISIONS (080 to 082) | 079 | 34.326.066 | 35.092.464 |
| 1. Provisions for pensions, severance pay, and similar liabilities | 080 | 23.334.629 | 23.284.612 |
| 2. Reserves for tax liabilities | 081 | 0 | 0 |
| 3. Other reserves | 082 | 10.991.437 | 11.807.852 |
| C) LONG - TERM LIABILITIES (084 to 092) | 083 | 904.612.677 | 857.794.120 |
| 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 | 897.615.677 | 850.942.120 |
| 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 | 6.997.000 | 6.852.000 |
| D) SHORT - TERM LIABILITIES (094 to 105) | 093 | 1.125.366.071 | 1.078.872.679 |
| 1. Liabilities to related parties | 094 | 0 | 0 |
| 2. Liabilities for loans, deposits etc. | 095 | 0 | 0 |
| 3. Liabilities to banks and other financial institutions | 096 | 496.251.565 | 492.414.789 |
| 4. Liabilities for received prepayments | 097 | 2.508.612 | 53.553 |
| 5. Accounts payable | 098 | 533.328.778 | 494.818.226 |
| 6. Liabilities arising from debt securities | 099 | 2.400.000 | 3.441.082 |
| 7. Liabilities to entrepreneurs in whom the entity holds participating interests | 100 | 0 | 0 |
| 8. Liabilities to employees | 101 | 59.022.620 | 60.598.283 |
| 9. Liabilities for taxes, contributions and similar fees | 102 | 18.697.962 | 22.024.327 |
| 10. Liabilities to share - holders | 103 | 684.698 | 683.878 |
| 11. Liabilities for long-term assets held for sale | 104 | 0 | 0 |
| 12. Other short - term liabilities | 105 | 12.471.836 | 4.838.541 |
| E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE | 106 | 94.627.921 | 123.863.770 |
| F) TOTAL – CAPITAL AND LIABILITIES (062+079+083+093+106) | 107 | 3.854.720.115 | 3.819.272.513 |
| G) OFF-BALANCE RECORDS | 108 | 714.445.958 | 718.859.475 |
| 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 | 1.661.000.016 | 1.689.623.898 |
| 2. Attributed to minority interest | 110 | 34.787.364 | 34.025.582 |

PROFIT AND LOSS ACCOUNT
for the period 01.01.2012. to 31.03.2012.

| Obligator: PODRAVKA prehrambena industrija d.d., KOPRIVNICA | | | | | |
|--|------------|-------------|-------------|--------------|-------------|
| Item | AOP code | Last Year | | Current year | |
| | | Comulative | Quartely | Comulative | Quartely |
| 1 | 2 | 3 | 4 | 5 | 6 |
| I. OPERATING REVENUE (112+113) | 111 | 811.867.658 | 811.867.658 | 831.041.215 | 831.041.215 |
| 1. Sales revenue | 112 | 797.065.639 | 797.065.639 | 815.191.188 | 815.191.188 |
| 2. Other operating revenues | 113 | 14.802.019 | 14.802.019 | 15.850.027 | 15.850.027 |
| II. OPERATING EXPENSES (115+116+120+124+125+126+129+130) | 114 | 768.453.650 | 768.453.650 | 793.931.657 | 793.931.657 |
| 1. Changes in value of work in progress and finished products | 115 | -27.419.232 | -27.419.232 | -20.237.936 | -20.237.936 |
| 2. Material costs (117 to 119) | 116 | 527.153.472 | 527.153.472 | 530.298.140 | 530.298.140 |
| a) Raw material and material costs | 117 | 294.491.949 | 294.491.949 | 309.729.800 | 309.729.800 |
| b) Costs of goods sold | 118 | 118.643.025 | 118.643.025 | 111.482.751 | 111.482.751 |
| c) Other external costs | 119 | 114.018.498 | 114.018.498 | 109.085.589 | 109.085.589 |
| 3. Staff costs (121 to 123) | 120 | 172.129.630 | 172.129.630 | 182.743.187 | 182.743.187 |
| a) Net salaries and wages | 121 | 126.760.747 | 126.760.747 | 131.615.733 | 131.615.733 |
| b) Cost for taxes and contributions from salaries | 122 | 28.858.503 | 28.858.503 | 33.056.288 | 33.056.288 |
| c) Contributions on gross salaries | 123 | 16.510.380 | 16.510.380 | 18.071.166 | 18.071.166 |
| 4. Depreciation | 124 | 39.775.103 | 39.775.103 | 38.323.658 | 38.323.658 |
| 5. Other costs | 125 | 41.151.154 | 41.151.154 | 40.883.139 | 40.883.139 |
| 6. Impairment (127+128) | 126 | 1.640.800 | 1.640.800 | 5.030.849 | 5.030.849 |
| a) Impairment of long-term assets (financial assets excluded) | 127 | 0 | 0 | 0 | 0 |
| b) Impairment of short - term assets (financial assets excluded) | 128 | 1.640.800 | 1.640.800 | 5.030.849 | 5.030.849 |
| 7. Provisions | 129 | 2.110 | 2.110 | 1.783.585 | 1.783.585 |
| 8. Other operating costs | 130 | 14.020.613 | 14.020.613 | 15.107.035 | 15.107.035 |
| III. FINANCIAL INCOME (132 to 136) | 131 | 12.747.124 | 12.747.124 | 19.237.848 | 19.237.848 |
| 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 | 133 | 9.661.143 | 9.661.143 | 19.226.018 | 19.226.018 |
| 3. Share in income from affiliated entrepreneurs and participating interests | 134 | 0 | 0 | 0 | 0 |
| 4. Unrealized gains (income) from financial assets | 135 | 3.085.981 | 3.085.981 | 11.830 | 11.830 |
| 5. Other financial income | 136 | 0 | 0 | 0 | 0 |
| IV. FINANCIAL EXPENSES (138 do 141) | 137 | 29.509.930 | 29.509.930 | 34.022.840 | 34.022.840 |
| 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 | 25.688.466 | 25.688.466 | 33.811.335 | 33.811.335 |
| 3. Unrealized losses (expenses) on financial assets | 140 | 3.821.464 | 3.821.464 | 211.505 | 211.505 |
| 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 | 824.614.782 | 824.614.782 | 850.279.063 | 850.279.063 |
| X. TOTAL EXPENSES (114+137+143 + 145) | 147 | 797.963.580 | 797.963.580 | 827.954.497 | 827.954.497 |
| XI. PROFIT OR LOSS BEFORE TAXATION (146-147) | 148 | 26.651.202 | 26.651.202 | 22.324.566 | 22.324.566 |
| 1. Profit before taxation (146-147) | 149 | 26.651.202 | 26.651.202 | 22.324.566 | 22.324.566 |
| 2. Loss before taxation (147-146) | 150 | 0 | 0 | 0 | 0 |
| XII. PROFIT TAX | 151 | 806.967 | 806.967 | 4.295.577 | 4.295.577 |
| XIII. PROFIT OR LOSS FOR THE PERIOD (148-151) | 152 | 25.844.235 | 25.844.235 | 18.028.989 | 18.028.989 |
| 1. Profit for the period (149-151) | 153 | 25.844.235 | 25.844.235 | 18.028.989 | 18.028.989 |
| 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 | 25.817.218 | 25.817.218 | 18.739.989 | 18.739.989 |
| 2. Attributed to minority interest | 156 | 27.017 | 27.017 | -711.000 | -711.000 |
| STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS) | | | | | |
| I. PROFIT OR LOSS FOR THE PERIOD (= 152) | 157 | 25.844.235 | 25.844.235 | 18.028.989 | 18.028.989 |
| II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165) | 158 | -185.100 | -185.100 | 9.833.111 | 9.833.111 |
| 1. Exchange differences on translation of foreign operations | 159 | -185.100 | -185.100 | 9.833.111 | 9.833.111 |
| 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 | -185.100 | -185.100 | 9.833.111 | 9.833.111 |
| V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167) | 168 | 25.659.135 | 25.659.135 | 27.862.100 | 27.862.100 |
| 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 | 25.637.598 | 25.637.598 | 28.623.882 | 28.623.882 |
| 2. Attributed to minority interest | 170 | 21.537 | 21.537 | -761.782 | -761.782 |

STATEMENT OF CASH FLOWS - INDIRECT METHOD

for the period 01.01.2012. to 31.03.2012.

| 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 | 26.651.202 | 22.324.566 |
| 2. Depreciation | 002 | 39.775.103 | 38.323.658 |
| 3. Increase in short term liabilities | 003 | | |
| 4. Decrease in short term receivables | 004 | | 60.270 |
| 5. Decrease in inventories | 005 | | |
| 6. Other increase in cash flow | 006 | 5.611.000 | 6.109.227 |
| I. Total increase in cash flow from operating activities (001 to 006) | 007 | 72.037.305 | 66.817.721 |
| 1. Decrease in short term liabilities | 008 | 35.448.278 | 10.810.150 |
| 2. Increase in short term receivables | 009 | 18.872.625 | |
| 3. Increase in inventories | 010 | 11.102.808 | 4.554.099 |
| 4. Other decrease in cash flow | 011 | 12.840.662 | 9.628.000 |
| II. Total decrease in cash flow from operating activities (008 to 011) | 012 | 78.264.373 | 24.992.249 |
| A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-012) | 013 | 0 | 41.825.472 |
| A2) NET DECREASE IN IN CASH FLOW FROM OPERATING ACTIVITIES (012- | 014 | 6.227.068 | 0 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| 1. Cash inflows from sales of long-term tangible and intangible assets | 015 | 214.000 | 498.000 |
| 2. Cash inflows from sales of equity and debt instruments | 016 | 10.554.000 | 61.000 |
| 3. Interests receipts | 017 | 2.137.000 | 2.237.000 |
| 4. Dividend receipts | 018 | | |
| 5. Other cash inflows from investing activities | 019 | 2.072.000 | 1.543.400 |
| III. Total cash inflows from investing activities (015 to 019) | 020 | 14.977.000 | 4.339.400 |
| 1. Cash outflow for purchase of long-term tangible and intangible assets | 021 | 14.912.000 | 21.638.129 |
| 2. Cash outflow for acquisition of equity and debt financial instruments | 022 | 501.000 | 102.000 |
| 3. Other cash outflow for investing activities | 023 | 171.000 | 37.500 |
| IV. Total cash outflow for investing activities (021 do 023) | 024 | 15.584.000 | 21.777.629 |
| 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 | 607.000 | 17.438.229 |
| 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 | 028 | 157.232.000 | 62.364.500 |
| 3. Other proceeds from financial activities | 029 | | |
| V. Total cash inflows from financial activities (027 to 029) | 030 | 157.232.000 | 62.364.500 |
| 1. Cash outflow for repayment of credit principal and bonds | 031 | 204.390.000 | 109.165.000 |
| 2. Cash outflow for dividends paid | 032 | | |
| 3. Cash outflow for financial lease | 033 | 1.096.000 | 993.000 |
| 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 | 205.486.000 | 110.158.000 |
| 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 | 48.254.000 | 47.793.500 |
| Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038) | 039 | 0 | 0 |
| Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037) | 040 | 55.088.068 | 23.406.257 |
| Cash and cash equivalents at the beginning of the period | 041 | 152.362.675 | 145.959.842 |
| Increase of cash and cash equivalents | 042 | | |
| Decrease of cash and cash equivalents | 043 | 55.088.068 | 23.406.257 |
| Cash and cash equivalents at the end of the period | 044 | 97.274.607 | 122.553.585 |

STATEMENT OF CHANGES IN EQUITY
for the period 1.1.2012 to 31.3.2012

Obligator: Podravka, prehrambena industrija d.d., Koprivnica

| 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 | 24.569.630 | 24.569.630 |
| 3. Reserves from profit | 003 | 52.039.980 | 61.923.873 |
| 4. Retained earnings or accumulated loss | 004 | -110.891.556 | -41.610.494 |
| 5. Profit or loss for the current year | 005 | 69.281.062 | 18.739.989 |
| 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 | 34.787.364 | 34.025.582 |
| 10. Total capital and reserves (AOP 001 do 009) | 010 | 1.695.787.380 | 1.723.649.480 |
| 11. Currency gains and losses arising from net investement in foreign operations | 011 | -10.692.000 | 9.833.111 |
| 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 | 71.661.674 | 18.028.989 |
| 17. Total increase or decrease in capital (AOP 011 do 016) | 017 | 60.969.674 | 27.862.100 |
| 17 a. Attributed to equity holders of parent company | 018 | 60.529.460 | 28.623.882 |
| 17 b. Attributed to minority interest | 019 | 440.214 | -761.782 |

Main business characteristics and significant events in the first quarter

1. The total sales of the Podravka Group in the first quarter of 2012 amounted to 815.2 million HRK, which represents a sales growth of 2% compared to the same period of the year 2011. Sales of the Strategic Business Area (SBA) Food and Beverages totalled 635.0 million HRK, and remains almost at the same level as the year before, while the sales of the SBA Pharmaceuticals was 180.2 million HRK, which is a 12% sales increase.
2. The realised EBITDA is 78.6 million HRK, which represents a drop of 5%, while the operating profit (EBIT) of the Podravka Group is 40.3 million HRK, which represents a drop of 6%, while the operating margin (EBIT margin) is 4.9%.
3. The realised net profit of the Podravka Group is 27% less than for the same period of the year before and amounts to 18.7 million HRK
4. The total value of capital investments in the observed period was 21.6 million HRK.
5. On its session held on 24 February 2012, the Supervisory Board of Podravka d.d. reached a resolution on appointing Dubravko Štimac President and Prof.Dr.Sc. Mato Cirkvenac, who is the newly appointed member of the Supervisory Board of Podravka d.d. on behalf of the Government Asset Management Agency (AUDIO) and has replaced Prof.Dr.Sc. Ljubo Jurčić, Deputy President of the Supervisory Board of Podravka d.d.

Apart from Prof.Dr.Sc. Mato Crkvenac, the Government Asset Management Agency appointed Prof.Dr.Sc. Ivo Družić member of the Supervisory Board of Podravka d.d. as a replacement of its current member, Miljenko Javorović.

Changes within the Management Board of Podravka d.d. followed after the above stated appointments within the Supervisory Board. Zvonimir Mršić was appointed the new President of the Management Board of Podravka d.d. and Dr.Sc. Jadranka Ivanković, Olivija Jakupec, Jorn Pedersen and Miroslav Klepač were appointed members of the Management Board.

The accounting policy in 2012 year did not change.



COMPANY MANAGEMENT

Koprivnica, 24 April 2012

INTERIM MANAGEMENT REPORT ON THE ACHIEVED BUSINESS RESULTS OF THE PODRAVKA GROUP FOR THE PERIOD JANUARY – MARCH 2012

The Podravka Group achieved operating income in the amount of 831.0 million HRK in the period January – March 2012, which is a 2% increase compared to the same period of the year before. Sales revenue was realized in the amount of 815.2 million HRK and is 2% higher compared to the same period of the year 2011.

Sales of the SBA Food and Beverages totalled 635.0 million HRK, and remains almost at the same level as the first quarter of the year 2011, taken that a 1% drop of sales was recorded in Croatia, while foreign markets recorded somewhat higher sales compared to the same period of the year before. The highest contribution to the aforementioned sales growth comes from the market of South-East Europe (7%), where the most prominent markets are Bosnia and Herzegovina, Macedonia, Kosovo and Serbia.

The SBA Pharmaceuticals achieved sales in the amount of 180.2 million HRK, which is a sales growth of 12% compared to the first quarter of the year 2011. The sales growth of the SBA Pharmaceuticals was contributed mostly by foreign markets, which recorded a 23% growth with the highest contribution coming from the markets of Russia, Bosnia and Herzegovina and the Czech Republic. The market of Croatia is also increasing (3%) based on a higher level of sales of prescription drugs (2%). According to the ATC classification, the product groups that have achieved the most significant increase are dermatic drugs and drugs that affect heart and blood vessels.

The total operating expenses amounted to 793.9 million HRK, and have increased by 3.3%. Materials costs cover 67% of operating expenses and have increased 0.6% compared to the same period of last year. Increased costs of raw material and material due to higher input prices had the greatest impact on the increase of materials costs.

A significant share in the structure of operating expenses belongs to staff costs (23.0%), which have recorded a 6% increase, or 10.6 million HRK, of which a large part refers to the contracted severance payments to former members of the Management Board.

The realized net profit is 18.7 million HRK and is 27% less than the realized net profit in the same period of the year before.

The total value of assets of the Podravka Group as of 31 March 2012 is 3.819 billion HRK and compared to the year end of 2011 is 35.4 million HRK less, taken that the value of long-term assets has been reduced by 12.7 million HRK and the value of current assets by 22.7 million HRK.

In the period January – March 2012, the indebtedness of the Podravka Group has been reduced by 49.6 million HRK (from 1.383 billion HRK as of 31 December 2011 to 1.334 billion HRK as of 31 March 2012). The net debt is 1.211 billion HRK.

President of the Management Board:


Zvonimir Mršić



FINANCE

Koprivnica, 24, April 2012

STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Consolidated and unaudited financial statements of the Podravka Group for the period January – March 2012 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.

Director of Finance:

Draga Celiščak

Board Member for Finance:

Miroslav Klepač