



MANAGEMENT BOARD

Koprivnica, 11th February 2014

PODRAVKA D.D.
NON AUDITED FINANCIAL REPORT
FOR THE YEAR 2013.

Appendix 1

Reporting period:

1.1.2013

to

31.12.2013.

Quarterly financial report of entrepreneur - TFI-PODRegistration 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 adress: **www.podravka.com**Code and name of comune/town **201** **KOPRIVNICA**Code and county name **6** **KOPRIVNIČKO-KRIŽEVAČKA** Number of employees **3.166**

(at quarter end)

Consolidated statement **NO** NKD/NWC code: **1039**

Subsidiaries subject to consolidation (according to IFRS):

Headquarters

Registration number:

Subsidiaries subject to consolidation (according to IFRS):	Headquarters	Registration number:

Book keeping service: Contact person: **Brajević Iva**

(authorised person for representation)

Phone number: **048 651 228** Facsimile: **048 220 562**E-mail address: **Iva.Brajevic@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 shareholders' equity and notes to the financial statements)
2. Interim management Report
3. Statement of responsible persons for preparation of financial statements



Iva Brajević

(signed by authorised person for representation)

BALANCE SHEET
as at 31.12.2013.

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	0	0
B) LONG-TERM ASSETS (003+010+020+029+033)	002	1.479.050.198	1.238.399.344
I. INTANGIBLE ASSETS (004 to 009)	003	115.583.415	98.325.947
1. Assets development	004	0	0
2. Concessions, patents, licences fees, trade and service marks, software and other rights	005	115.005.032	95.339.734
3. Goodwill	006	0	0
4. Prepayments for purchase of intangible assets	007	0	0
5. Intangible assets in preparation	008	578.383	2.986.213
6. Other intangible assets	009	0	0
II. TANGIBLE ASSETS (011 to 019)	010	840.975.306	693.485.729
1. Land	011	24.706.887	39.499.992
2. Buildings	012	518.508.235	423.066.363
3. Plant and equipment	013	240.632.428	181.774.393
4. Tools, facility inventory and transport assets	014	4.185.776	5.988.589
5. Biological assets	015	0	0
6. Prepayments for tangible assets	016	178.756	2.356.450
7. Tangible assets in progress	017	51.993.995	40.046.390
8. Other tangible assets	018	769.229	753.552
9. Investments in buildings	019	0	0
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	497.761.469	409.236.488
1. Investments (shares) with related parties	021	440.304.164	396.808.554
2. Loans given to related parties	022	53.844.277	7.583.333
3. Participating interest (shares)	023	907.000	907.000
4. Loans to entrepreneurs in whom the entity holds participating interests	024	0	0
5. Investments in securities	025	0	0
6. Loans, deposits and similar assets	026	2.706.028	3.937.601
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	24.730.008	37.351.180
C) SHORT TERM ASSETS (035+043+050+058)	034	1.027.867.684	1.152.228.728
I. INVENTORIES (036 to 042)	035	305.405.025	364.525.930
1. Raw-material and supplies	036	117.387.470	96.958.234
2. Work in progress	037	27.472.950	22.927.744
3. Finished goods	038	102.724.922	101.827.104
4. Merchandise	039	54.515.859	56.411.831
5. Prepayments for inventories	040	0	5.441.050
6. Long - term assets held for sales	041	3.303.824	80.959.967
7. Biological assets	042	0	0
II. RECEIVABLES (044 to 049)	043	520.110.791	567.831.306
1. Receivables from related parties	044	306.885.784	367.850.454
2. Accounts receivable	045	199.479.752	194.190.983
3. Receivables from participating parties	046	0	0
4. Receivables from employees and members of related parties	047	1.520.428	716.595
5. Receivables from government and other institutions	048	12.049.222	4.735.927
6. Other receivables	049	175.605	337.347
III. SHORT TERM FINANCIAL ASSETS (051 to 057)	050	161.304.155	146.963.502
1. Shares (stocks) in related parties	051	59.880.215	53.700.087
2. Loans given to related parties	052	98.087.528	86.694.897
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	3.334.211	5.514.691
6. Loans, deposits, etc.	056	2.201	1.053.827
7. Other financial assets	057	0	0
IV. CASH AT BANK AND IN CASHIER	058	41.047.713	72.907.990
D) PREPAID EXPENSES AND ACCRUED REVENUE	059	10.179.880	8.633.708
E) TOTAL ASSETS (001+002+034+059)	060	2.517.097.762	2.399.261.780
F) OFF-BALANCE RECORDS	061	570.344.390	593.358.567

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	1.081.827.471	1.134.309.527
I. SUBSCRIBED CAPITAL	063	1.626.000.900	1.084.000.600
II. CAPITAL RESERVES	064	25.561.463	44.785.613
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	-37.910.250	-45.842.809
1. Reserves prescribed by law	066	6.849.365	0
2. Reserves for treasury shares	067	21.761.692	21.761.692
3. Treasury stocks and shares (deduction)	068	67.604.502	67.604.501
4. Statutory reserves	069	0	0
5. Other reserves	070	1.083.195	0
IV. REVALUATION RESERVES	071	0	0
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	-511.133.833	0
1. Retained earnings	073	0	0
2. Accumulated loss	074	511.133.833	0
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	075	-20.690.809	51.366.123
1. Profit for the current year	076	0	51.366.123
2. Loss for the current year	077	20.690.809	0
IX. MINORITY INTERESTS	078	0	0
B) PROVISIONS (080 to 082)	079	34.727.787	37.775.002
1. Provisions for pensions, severance pay, and similar liabilities	080	15.414.100	14.955.100
2. Reserves for tax liabilities	081	0	0
3. Other reserves	082	19.313.687	22.819.902
C) LONG - TERM LIABILITIES (084 to 092)	083	683.721.067	527.132.537
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	683.721.067	527.132.537
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	0	0
D) SHORT - TERM LIABILITIES (094 to 105)	093	655.821.989	641.787.764
1. Liabilities to related parties	094	50.548.957	44.371.311
2. Liabilities for loans, deposits etc.	095	0	0
3. Liabilities to banks and other financial institutions	096	308.698.786	336.081.529
4. Liabilities for received prepayments	097	2.376.660	887.840
5. Accounts payable	098	248.398.644	225.461.258
6. Liabilities arising from debt securities	099	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100	0	0
8. Liabilities to employees	101	30.164.814	29.095.432
9. Liabilities for taxes, contributions and similar fees	102	2.919.909	2.260.614
10. Liabilities to share - holders	103	681.378	681.138
11. Liabilities for long-term assets held for sale	104	0	0
12. Other short - term liabilities	105	12.032.841	2.948.642
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	60.999.448	58.256.950
F) TOTAL – CAPITAL AND LIABILITIES (062+079+083+093+106)	107	2.517.097.762	2.399.261.780
G) OFF-BALANCE RECORDS	108	570.344.390	593.358.567
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	0	0
2. Attributed to minority interest	110	0	0

PROFIT AND LOSS ACCOUNT
for the period 1.1.2013. to 31.12.2013.

Obligator: Podravka prehrambena industrija d.d., Koprivnica						
Item	AOP code	Last Year		Current year		
		Cumulative	Quarterly	Cumulative	Quarterly	
1	2	3	4	5	6	
I. OPERATING REVENUE (112+113)	111	1.925.335.490	460.211.624	1.911.756.003	486.842.877	
1. Sales revenue	112	1.877.713.677	454.754.033	1.876.859.005	474.468.381	
2. Other operating revenues	113	47.621.813	5.457.591	34.896.998	12.374.496	
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	1.901.292.014	494.274.198	1.917.611.102	571.934.351	
1. Changes in value of work in progress and finished products	115	39.716.485	48.108.492	6.160.046	25.458.741	
2. Material costs (117 to 119)	116	1.202.290.815	275.159.443	1.210.180.322	296.350.518	
a) Raw material and material costs	117	645.295.346	131.922.799	653.699.778	150.422.745	
b) Costs of goods sold	118	337.777.686	73.949.108	315.325.052	65.489.241	
c) Other external costs	119	219.217.783	69.287.536	241.155.492	80.438.532	
3. Staff costs (121 to 123)	120	388.282.194	88.744.543	353.153.057	86.686.883	
a) Net salaries and wages	121	238.796.037	43.423.390	219.527.819	43.856.819	
b) Cost for taxes and contributions from salaries	122	95.348.005	29.107.194	86.153.773	27.430.870	
c) Contributions on gross salaries	123	54.138.152	16.213.959	47.471.465	15.399.194	
4. Depreciation	124	85.504.692	21.655.908	84.985.112	20.683.565	
5. Other costs	125	116.787.316	31.004.995	124.787.229	42.312.722	
6. Impairment (127+128)	126	23.984.943	14.803.214	35.210.170	15.478.991	
a) Impairment of long-term assets (financial assets excluded)	127	10.400.000	10.400.000	10.530.732	10.530.732	
b) Impairment of short-term assets (financial assets excluded)	128	13.584.943	4.403.214	24.679.438	4.948.259	
7. Provisions	129	14.553.108	7.106.541	-423.505	-1.177.628	
8. Other operating costs	130	30.172.461	7.691.062	103.558.671	86.140.559	
III. FINANCIAL INCOME (132 to 136)	131	27.084.714	-7.210.902	138.112.976	113.900.355	
1. Interest income, foreign exchange gains, dividends and similar income	132	15.060.643	3.052.906	111.753.392	102.094.052	
2. Interest income, foreign exchange gains, dividends and similar income	133	11.960.733	-10.269.750	22.174.091	11.844.315	
3. Share in income from affiliated entrepreneurs and participating interests	134	0	0	0	0	
4. Unrealized gains (income) from financial assets	135	63.338	5.942	4.185.493	-38.012	
5. Other financial income	136	0	0	0	0	
IV. FINANCIAL EXPENSES (138 do 141)	137	74.408.779	13.367.804	93.512.926	24.222.192	
1. Interest expenses, foreign exchange losses, dividends and similar	138	4.982.809	-1.886.427	22.517.209	417.665	
2. Interest expenses, foreign exchange losses, dividends and similar	139	65.958.059	12.020.149	70.995.717	23.804.527	
3. Unrealized losses (expenses) on financial assets	140	3.467.911	3.234.082	0	0	
4. Other financial expenses	141	0	0	0	0	
V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED	142	0	0	0	0	
VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED	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	1.952.420.204	453.000.722	2.049.868.979	600.743.232	
X. TOTAL EXPENSES (114+137+143 + 145)	147	1.975.700.793	507.642.002	2.011.124.028	596.156.543	
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	-23.280.589	-54.641.280	38.744.951	4.586.689	
1. Profit before taxation (146-147)	149	0	0	38.744.951	4.586.689	
2. Loss before taxation (147-146)	150	23.280.589	54.641.280	0	0	
XII. PROFIT TAX	151	-2.589.780	-2.589.780	-12.621.172	-12.621.172	
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-20.690.809	-52.051.500	51.366.123	17.207.861	
1. Profit for the period (149-151)	153	0	0	51.366.123	17.207.861	
2. Loss for the period (151-148)	154	20.690.809	52.051.500	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	0	0	0	0	
2. Attributed to minority interest	156	0	0	0	0	
STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS)						
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	-20.690.809	-52.051.500	51.366.123	17.207.861	
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)	158	0	0	0	0	
1. Exchange differences on translation of foreign operations	159	0	0	0	0	
2. Movements in revaluation reserves of long-term tangible and intangible	160	0	0	0	0	
3. Profit or loss from reevaluation of financial assets available for sale	161	0	0	0	0	
4. Gains or losses on efficient cash flow hedging	162	0	0	0	0	
5. Gains or losses on efficient hedge of a net investment in foreign countries	163	0	0	0	0	
6. Share in other comprehensive income / loss of associated companies	164	0	0	0	0	
7. Actuarial gains / losses on defined benefit plans	165	0	0	0	0	
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	0	0	0	0	
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)	167	0	0	0	0	
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	-20.690.809	-52.051.500	51.366.123	17.207.861	
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	0	0	0	0	
2. Attributed to minority interest	170	0	0	0	0	

STATEMENT OF CASH FLOWS - INDIRECT METHOD
for the period 1.1.2013. to 31.12.2013.

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	-23.280.589	38.744.951
2. Depreciation	002	85.504.692	84.985.112
3. Increase in short term liabilities	003	0	0
4. Decrease in short term receivables	004	18.752.857	0
5. Decrease in inventories	005	36.941.192	20.616.642
6. Other increase in cash flow	006	49.546.882	123.649.396
I. Total increase in cash flow from operating activities (001 to 006)	007	167.465.034	267.996.101
1. Decrease in short term liabilities	008	9.012.128	40.682.363
2. Increase in short term receivables	009	0	72.177.960
3. Increase in inventories	010	0	0
4. Other decrease in cash flow	011	11.279.719	13.188.299
II. Total decrease in cash flow from operating activities (008 to 011)	012	20.291.847	126.048.622
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	147.173.187	141.947.479
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	176.890	445.477
2. Cash inflows from sales of equity and debt instruments	016	61.121	0
3. Interests receipts	017	14.384.497	13.159.969
4. Dividend receipts	018	0	0
5. Other cash inflows from investing activities	019	43.797.208	64.868.965
III. Total cash inflows from investing activities (015 to 019)	020	58.419.716	78.474.411
1. Cash outflow for purchase of long-term tangible and intangible assets	021	69.779.723	40.549.662
2. Cash outflow for acquisition of equity and debt financial instruments	022	0	0
3. Other cash outflow for investing activities	023	7.640.634	15.881.744
IV. Total cash outflow for investing activities (021 do 023)	024	77.420.357	56.431.406
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025	0	22.043.005
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES (024-020)	026	19.000.641	0
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 other loans	028	73.551.531	159.112.661
3. Other proceeds from financial activities	029	0	0
V. Total cash inflows from financial activities (027 to 029)	030	73.551.531	159.112.661
1. Cash outflow for repayment of credit principal and bonds	031	227.872.274	267.228.650
2. Cash outflow for dividends paid	032	0	0
3. Cash outflow for financial lease	033	1.937.000	24.014.218
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	229.809.274	291.242.868
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	156.257.743	132.130.207
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	0	31.860.277
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	28.085.197	0
Cash and cash equivalents at the beginning of the period	041	69.132.910	41.047.713
Increase of cash and cash equivalents	042	0	0
Decrease of cash and cash equivalents	043	28.085.197	-31.860.277
Cash and cash equivalents at the end of the period	044	41.047.713	72.907.990

STATEMENT OF CHANGES IN EQUITY
for the period 1.1.2013. to 31.12.2013.

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	1.084.000.600
2. Capital reserves	002	25.561.463	44.785.613
3. Reserves from profit	003	-37.910.250	-45.842.809
4. Retained earnings or accumulated loss	004	-511.133.833	0
5. Profit or loss for the current year	005	-20.690.809	51.366.123
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	0	0
10. Total capital and reserves (AOP 001 do 009)	010	1.081.827.471	1.134.309.527
11. Currency gains and losses arising from net investement in foreign operations	011	0	0
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	-79.342.370	52.482.056
17. Total increase or decrease in capital (AOP 011 do 016)	017	-79.342.370	52.482.056
17 a. Attributed to equity holders of parent company	018	0	0
17 b. Attributed to minority interest	019	0	0

Notes:

The accounting policy for impairment of accounts receivables in process of pre-bankruptcy settlement was amended in 2013.



COMPANY MANAGEMENT

Koprivnica, 11th February 2014

MANAGEMENT REPORT ON THE ACHIEVED BUSINESS RESULTS OF PODRAVKA D.D. FOR THE PERIOD FOR THE YEAR 2013.

Sales income realised in the period 1. - 12. 2013. in the amount of HRK 1,876.9 million remained on the similar level as in the same period in 2012.

Gross profit climbed to 650.5 million HRK, showing 6.6% growth compared to last year, while gross profit margin reached 34.7%, or grew 220 bp vs last year.

Thanks to the increased profitability, the company boosted its EBITDA to 160 million HRK (15.5% growth vs LY) with EBITDA margin showing 8.5%.

Main drivers of the result improvements were lower employees costs as a result of the redundancy programme and more favourable trends of raw material prices. Total positive impact of these costs reduction was only partially offset by the increase in marketing costs, following innovation programme and launches of the new products on the market.

2013 financial results were strongly impacted by extraordinary items in the net amount of 23.8 million HRK coming from long-term tangible asset impairments affected by restructuring process and severance costs coming from above mentioned redundancy programme in one hand, and positive impact of financial income coming from transactions with related parties in the another.

Podravka d.d. Net profit excluding extraordinary items climbed to 75.1 million HRK, or 48.2% vs. last year, calculated by the same reporting principles. Reported Net profit in the period 1. - 12.2013. is HRK 51.4 million, and it is 72 million HRK higher than in the same period last year.

The total assets value as of 31th December 2013 is 2.399,3 million HRK and it is 117.8 million HRK lower compared to 2012 year end. One of the main drivers of the change is coming from long-term tangible assets impairments coming from restructuring, lower financial assets value, mainly investments with related parties and lower loans given to related parties.



COMPANY MANAGEMENT

Podravka d.d indebtedness of the as of 31th December 2013 is amounting 863.2 million HRK. Compared to the year end of 2012, it has been decreased by 129.2 million HRK. The net debt as of 31th December 2013 is 790.3 million HRK, which is a decrease of 161.1 million HRK compared to the year 2012.

According to Management Board resolution, simple reduction of company share capital was made in amount of HRK 542.0 million. Nominal amount of regular share was decreased by 100.00 HRK per share. Decrease of share capital is used to cover Podravka d.d. accumulated losses from previous years in amount of 523.9 million HRK and the remaining amount of 18.1 million HRK is allocated to capital reserves.



President of the Management Board:

Zvonimir Mršić



COMPANY MANAGEMENT

Koprivnica, 11th February 2014

**STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING
FINANCIAL STATEMENTS**

Financial statements of Podravka d.d. for the period January – December 2013 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.

Assistant Finance Director:

Iva Brajević

Board Member:

Miroslav Klepač

