



PODRAVKA GROUP BUSINESS RESULTS FOR THE PERIOD JANUARY – SEPTEMBER 2010

Main business characteristics and significant events in the third quarter

1. The total sales of the Podravka Group in the first nine months of the year 2010 amounted to HRK 2,593.8 million, which represents a 3% drop compared to the same period of last year. Sales of the Strategic business area (SBA) Food and beverages totalled HRK 2,078.9 million which is a sales drop of 3% while the sales of the SBA Pharmaceuticals totalled HRK 514.9 million representing a sales drop of 2%.
2. The operating costs/expenses of the Podravka Group are HRK 115.3 million lesser (-5%).
3. The operating profit of the Podravka Group recorded a 29% growth while the operating margin grew by 150 bp.
4. The realised net profit of the Podravka Group is HRK 82.3 million, which represents a 95% growth compared to the same period of the year before.
5. The total value of capital investments in the observed period amounted to HRK 63.9 million.
6. The General Assembly of Podravka d.d. was held on 31 August 2010 in Koprivnica at which the members of the Supervisory Board Darko Tipurić and Branko Vuljak were recalled and a decision was made on the election of the following members to the Supervisory Board: Dubravko Štimac, Dinko Novoselec, Petar Vlaić and Petar Miladin. Apart from this, a decision was made on the amendments to the Articles of Association of Podravka d.d. as well as other decisions in accordance with proposals of the Management Board and the Supervisory Board, respectively.
7. Podravka soups won the «Trusted brand 2010» award on the grounds of a survey on preferences conducted among readers of Reader's Digest who during May and June had to assess brands they trust the most.
8. Podravka d.d. received a put option note from the OTP Bank informing Podravka d.d. of their wish to exercise the put option on 10.64% of shares from the shareholder FIMA AMI Ltd. The OTP Bank at the same time informed Podravka d.d. that they had activated the call option for the relevant shares in relation to FIMA AMI Ltd. which they intend to acquire.

Notes

Upon the completion of the restructuring process within the SBA Services the sales of the Podravka Group will be reported according to two Strategic business areas – SBA Food and beverages and SBA Pharmaceuticals starting from the first quarter of the year 2010. In compliance to these changes we report on the sales of the Podravka Group accordingly as follows:

SBA "Food and beverages"

1. **Business program Food**

- Podravka brands
 - Fruit and vegetable products, side dishes and other (Fruit and vegetable products, Side dishes, Mill and bakery products and other)
 - Baby food, sweets and snack
 - Fish and fishery products
- Other

2. **Business program Dishes and Food seasonings**

- Podravka brands
 - Food seasonings
 - Podravka dishes
- Other

3. **Business program Meat**

- Podravka brands
- Other

4. **Business program Beverages**

- Podravka brands
- Other

SBA "Pharmaceuticals"

Taking into account the fact that the restructuring process within SBA Services has finished, a reclassification of revenue was made and therefore the Group's revenue structure account differs from the one disclosed in the reporting period of the year 2009. Sales under Other have been separately disclosed for each business program within the SBA Food and beverages, which from 2010 together with the sales of commercial goods, private brands, service production and B2B also covers a part of the revenue of the former SBA Services which due to the completion of the restructuring process have been reduced to the lowest possible level.

The sales of 2009 have at the same time been adjusted to the classification in 2010.

Disclaimer

This release contains certain forward looking statements with respect to the financial condition, results of operations and business of the Podravka Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Sales per Strategic Business Areas (SBA)

Item no.	SBA	In millions HRK				
		Jan-Sep 2010		Jan-Sep 2009		Index 2:4
0	1	Amount	%	Amount	%	6
1	Food and beverages	2,078.9	80.1	2,139.9	80.3	97
2	Pharmaceuticals	514.9	19.9	523.6	19.7	98
Total		2,593.8	100.0	2,663.5	100.0	97

Sales revenue of the Podravka Group in the first nine months of 2010 amounted to HRK 2,593.8 million, which is 3% less compared to the same period of the year 2009.

The sales of the SBA Food and beverages totalled HRK 2,078.9 million, which represents a sales drop of 3% compared to the same period of the year before. This drop results from a lower level of sales of the SBA Food and beverages in Croatia (-8%) as the market of Croatia is still in a cycle of weaker economic activities characterised by lower consumption due to increased unemployment¹ and a decline in retail trade². The sales of the SBA Food and beverages on foreign markets grew 3% in the observed period. However, this sales increase could not compensate the drop of sales on the Croatian market. According to market groups, foreign markets which have recorded a higher level of sales are the markets of Western Europe, overseas countries and the Orient (20%) and Central Europe (6%).

The SBA Pharmaceuticals achieved sales in the amount of HRK 514.9 million, which represents a sales drop of 2% compared to the same period of the year 2009. Sales of the SBA Pharmaceuticals on the Croatian market dropped 8% due to the drop of sales of prescription drugs (-8%) and OTC products (-13%). Price corrections on the General and Additional List of Drugs of the Croatian Health Insurance Institute (HZZO)³ effected lower sales of prescription drugs on the domestic market, while the drop of sales of OTC products results from a weaker buying power of consumers in the observed period. The SBA Pharmaceuticals achieved sales in the amount of HRK 211.6 million on foreign markets, which is a sales growth of 10% generated by the sales growth of prescription drugs (31%). Foreign markets with the largest sales growth are Russia (130%), Slovakia (23%), Turkey (174%) and Hungary (264%).

¹ Total increase of unemployment was 17.2%; Source: Central Bureau of Statistics, Monthly statistics report, no. 9, 2010. (data for the period 1-8.2010)

² The sales drop in retail amounted 3.1%; Source: Central Bureau of Statistics, Monthly statistics report, no. 9, 2010. (data for the period 1-8.2010)

³ Croatian Health Insurance Institute

New products in the third quarter of 2010

Eva Tuna chunks in own juice are prepared from chunks of tuna meat in own juice, respectively, in brine without the usual addition of oil. This enhances the natural tuna flavour in the product and the low level of fat makes it desirable to consumers preferring mild tastes and light food. It will perfectly fit into special food regimes and various diets, not at the expense of having to give up good taste. All these characteristics are revealed in the name «NaturFit», and the additional value is highlighted on the packaging «Low fat».



Eva Salmon fillets in olive oil is a high quality product that is made from carefully selected salmon fillets in premium olive oil. Attractive slightly pink juicy fillets and very tasty olive oil make this product an excellent choice for the ultimate gourmet experience. This product can be used as a standalone meal but also provides many opportunities for combining with other ingredients.



Eva Mackerel fillets in olive oil is a tasty and high quality product that is made of handmade and hand-stuffed mackerel fillets with olive oil. Extremely delicious fillets of oily fish, combined with top class olive oil are convenient, but above all a tasty standalone meal.

Podravka Dolcela Boemian cubes is a quickly frozen cake from shortcrust pastry with hazelnut and vanilla flavored filling. Traditional preparation is rather time consuming, while Podravka Bohemian cubes makes it much easier, yet equally fine and tasty. You can quickly and easily serve it at any time and to the most demanding gourmets.



Lupocet belongs to a class of drugs that act as analgesics (painkillers) and antipyretics (fever lowering drugs). Lupocet effervescent tablets are designed to ease the pain of different origin: headache, toothache, flu conditions, pain in the area of a nerve, nerve inflammation, inflammatory damage to peripheral nerves, sciatica, muscular rheumatism, pain after operations and injuries, painful menstruation and to reduce elevated body temperature.



Sales revenues per product groups

In millions HRK						
Item no.	PRODUCT GROUP	Jan-Sep 2010		Jan-Sep 2009		Index 2:4
		Amount	%	Amount	%	
0	1	2	3	4	5	6
1	BP PODRAVKA FOOD	888.3	34.2	923.7	34.7	96
	Podravka brands	685.2	26.4	696.9	26.2	98
	- Fruit and vegetable products, side dishes and other	321.5	12.4	329.6	12.4	98
	- Baby food, sweets and snack	270.9	10.4	265.7	10.0	102
	- Fish and fishery products	92.8	3.6	101.6	3.8	91
	Other	203.1	7.8	226.8	8.5	90
2	BP DISHES AND FOOD SEASONINGS	710.6	27.4	704.8	26.4	101
	Podravka brands	684.5	26.4	680.9	25.5	101
	- Food seasonings	511.0	19.7	495.4	18.6	103
	- Podravka dishes	173.5	6.7	185.5	6.9	94
	Other	26.1	1.0	23.9	0.9	109
3	BP MEAT PRODUCTS	305.5	11.8	302.8	11.4	101
	Podravka brands	271.7	10.5	281.3	10.6	97
	Other	33.8	1.3	21.5	0.8	157
4	BP BEVERAGES	174.5	6.7	208.6	7.8	84
	Podravka brands	157.7	6.1	179.8	6.7	88
	Other	16.8	0.6	28.8	1.1	58
5	Pharmaceuticals	514.9	19.9	523.6	19.7	98
	Total	2,593.8	100.0	2,663.5	100.0	97

Sales of the BP Podravka Food suffered a drop of 4% compared to the first nine months of the year 2009. The drop of the product group Fruit and vegetable products, side dishes and other results from a lower level of sales of this product group in Croatia, while sales on foreign markets are 7% higher. The higher level of sales achieved on foreign markets is generated by the increase of sales on the market of Central Europe (14%), influenced by increased sales of tomato based products and side dishes. The sales of the product group Baby food, sweets and snack achieved sales growth of 2% with the highest contribution from the markets of Slovenia (13%) and Bosnia and Herzegovina (4%). The sales drop of the product group Fish and fishery products of 9% was mostly influenced by a lower level of sales of the relevant product group on the markets of Croatia (-12%), Serbia (-17%) and Bosnia and Herzegovina (-11%).

The sales growth of the BP Dishes and Food seasonings (1%) was generated from the sales growth on foreign markets (4%), while on the market of Croatia sales dropped 9%. The highest increase within this Business program was recorded on the market of Western Europe, overseas countries and the Orient (20%), with the highest contribution coming from the markets of Australia (41%) and Turkey (456%), respectively. The market of Central Europe also recorded a considerable growth of sales (7%), namely on

the market of Poland (17%) which partly results from the recovery of the Polish zloty compared to HRK exchange rate (7%⁴).

Sales of the BP Meat increased by 1% based on the sales growth on the market of Western Europe, overseas countries and the Orient (34%) as a result of the sales growth of Canned ready-made meals and Liver paste. The sales of the BP Meat in Croatia maintained the same level as in the first nine months of the year 2009.

The sales level of the BP Beverages is 16% lower sales compared to the same period of the year 2009 with the greatest impact on the sales fall coming from the Croatian market (-17%), but also from a lower level of sales achieved abroad (-13%). The decline of sales on foreign markets is generated by the sales drop on the market of Bosnia and Herzegovina (-12%) due to a drop of sales of Ice tea and also by a lower level of sales on the market of Slovenia (-26%). Although the BP Beverages recorded a decline in sales, the product groups of Beverage powders and Syrups recorded a sales growth on both domestic and foreign markets.

Sales revenues of the Podravka Group per market ⁵

Item no.	MARKETS	In millions HRK				
		Jan-Sep 2010		Jan-Sep 2009		Index 2:4
0	1	2	3	4	5	6
1	Croatia	1,282.1	49.4	1,399.9	52.6	92
2	South-East Europe	599.5	23.1	645.2	24.2	93
3	Central Europe	362.4	14.0	336.8	12.7	108
4	Western Europe, overseas countries and Orient	210.8	8.1	174.1	6.5	121
5	Eastern Europe	139.0	5.4	107.5	4.0	129
Total		2,593.8	100.0	2,663.5	100.0	97

The market of Croatia realised sales in the amount of HRK 1,282.1 million, which represents 49.4% of the total sales of the Podravka Group. Sales in the observed period are 8% lower compared to the same period of the year 2009, resulting from a drop of sales of both the SBA Food and beverages (-8%) and the SBA

⁴ calculated on the average exchange rate base for the observed period

⁵ South-East Europe – Albania, Bosnia and Herzegovina, Montenegro, Kosovo, Macedonia, Slovenia, Serbia
Central Europe – Czech Republic, Hungary, Poland, Slovakia

Western Europe, overseas countries and the Orient – Austria, Australia, Benelux, France, Canada, Germany, USA, Scandinavia, Switzerland, Turkey, Great Britain and other overseas countries and Western European countries
Eastern Europe – Baltic countries, Romania, Russia, the Ukraine, Bulgaria, and other Eastern European countries

Pharmaceuticals (-8%). The fact that the domestic economy emerges more slowly from recession than the European, reflects negatively on the level of sales in Croatia.

The realized sales of foreign markets amounted to HRK 1,311.7 million, which represents a 4% growth compared with the same period of the year before. Sales growth was achieved on all foreign markets except South-East Europe, where just like on the domestic market negative economic trends are still strongly present. The highest absolute sales growth was achieved on the market of Western Europe, overseas countries and the Orient (21%) with the highest contribution coming from the markets of Australia (36%), Austria (32%) and Turkey (374%), respectively. A significant sales increase was also realised on the markets of East-Europe (29%) generated by a higher level of sales on the market of Russia (41%), and higher sales on the market of Central Europe (8%) result from a higher sales level on the markets of Poland (24%) and Slovakia (4%). In contrast, the market of South-East Europe recorded a sales drop of 7% generated by the fall of sales on the markets of both Bosnia and Herzegovina (-10%) and Serbia (-13%).

Structure of operating costs / expenses

		In millions HRK				
Item no.	COSTS / EXPENSES	Jan-Sep 2010		Jan-Sep 2009*		Index 2:4
		Amount	%	Amount	%	
0	1	2	3	4	5	6
1	Cost of goods sold	1,514.5	62.9	1,591.5	63.1	95
2	Selling and distribution costs	410.6	17.1	421.6	16.7	97
3	Marketing expenses	291.2	12.1	286.3	11.4	102
4	General and administrative expenses	190.6	7.9	222.8	8.8	86
Total		2,406.9	100.0	2,522.2	100.0	95

* cost/expenses reclassification

The operating costs/expenses of the Podravka Group in the observed period totalled HRK 2,406.9 million, which represents a 5% reduction of operating costs/expenses (HRK 115.3 million) compared to the same period of last year.

The reduction of cost of goods sold of 5% correlates with the fall of sales revenue but is also the result of more efficient management of purchasing and production processes. The cost of manufacturing material (-3%) and labour costs (-3%) recorded the largest reduction within the cost of goods sold, while energy costs increased (8%).

Selling and distribution costs are 3% lesser with the highest contribution coming from the reduction of selling costs (-3%) and a reduction of the sales force costs (-3%), respectively. A 3% decline was recorded within logistics and distribution expenses (4%) due to lower storage costs (-4%).

Marketing expenses increased 2% and reached the amount of HRK 291.2 million in the observed period.

The results of better organisation and control of administrative function expenses are visible from a continuous decrease of general and administrative expenses which in the observed period were 14% lesser (HRK 32.2 million) compared to the same period of last year. This decrease is primarily influenced by the reduction of employee costs, which are HRK 14.7 million lower. Apart from the aforesaid, HRK 6 million lower expenses for provisions and lower costs of services also supported the reduction of general and administrative expenses.

Profitability of the Podravka Group

In millions HRK						
Podravka Group	REPORTED RESULTS		CORRECTED RESULTS **		change (2/3)	change (4/5)
	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009		
1	2	3	4	5	6	7
Sales revenue	2,593.8	2,663.5	2,593.8	2,663.5	-3%	-3%
Gross profit	1,079.3	1,072.0 *	1,079.3	1,072.0 *	1%	1%
EBITDA	275.9	244.4	311.6	278.8	13%	12%
EBIT	159.3	123.2	195.0	157.6	29%	24%
Net profit	82.3	42.2	118.0	76.6	95%	54%
<i>Profit margins (%)</i>						
Gross margin	41.6	40.2	41.6	40.2	140bp	140bp
EBITDA margin	10.6	9.2	12.0	10.5	140bp	150bp
EBIT margin	6.1	4.6	7.5	5.9	150bp	160bp
Net margin	3.2	1.6	4.5	2.9	160bp	160bp

* *adjusted*

** *without nonrecurrent items*

Despite the decline of sales of 3%, the profitability of the Podravka Group recorded positive progress at all levels as a reflection of systematic improvement of business processes and establishing mechanisms of cost control at all levels.

Cost of goods sold dropped together with the drop of sales revenue which together with changes in the structure of sales of strategic business areas resulted in an increase of gross margin by 140bp.

More efficient cost control improved the operating result of the Podravka Group by 29% along with an improvement of operating margin by 150bp.

The net profit of the observed period recorded a growth of HRK 40.1 million (95%) compared to the first nine months of the year 2009.

In the first nine months of 2010 nonrecurrent items reached HRK 35.7 million and refer to bond value adjustments in the amount of HRK 31 million (financial liability at fair value in the profit and loss account), value adjustments of the share in investment funds in the amount of HRK 1.6 million and severance payments in amount of HRK 3.1 million. A comparative analysis for the first nine months of 2009 showed that nonrecurrent items were HRK 34.4 million and refer to bond value adjustments (HRK 17.1 million), value adjustments of the share in investment funds (HRK 2.3 million) and severance payments (HRK 15 million).

The corrected operating profit of the Podravka Group in the first nine months of 2010 for the above quoted nonrecurrent items amounts to HRK 195 million, which represents a growth of operating profit by 24% and an increase of the operating margin by 160bp compared to the first nine months of 2009 disclosed in a comparable manner.

The corrected net profit in the observed period amounts to HRK 118 million, which represents a growth of 54% compared to the net profit of the first nine months of 2009 disclosed in a comparable manner.

Profitability of SBA Food & Beverages

In millions HRK						
SBA Food & Beverages	REPORTED RESULTS		CORRECTED RESULTS **		change (2/3)	change (4/5)
	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009		
1	2	3	4	5	6	7
Sales revenue	2,078.9	2,139.9 *	2,078.9	2,139.9 *	-3%	-3%
Gross profit	801.0	804.4 *	801.0	804.4 *	0%	0%
EBITDA	186.0	165.2	219.5	196.8	13%	12%
EBIT	101.7	78.1	135.2	109.6	30%	23%
Net profit	53.1	25.1	86.6	56.7	112%	53%
<i>Profit margins (%)</i>						
Gross margin	38.5	37.6	38.5	37.6	90bp	90bp
EBITDA margin	8.9	7.7	10.6	9.2	120bp	140bp
EBIT margin	4.9	3.6	6.5	5.1	130bp	140bp
Net margin	2.6	1.2	4.2	2.6	140bp	160bp

* adjusted

** without nonrecurrent items

The drop of sales of the SBA Food and beverages (-3%) and a somewhat lower level of gross profit did not have negative effect on the gross margin trends which recorded a growth of 90bp. Optimisation of production processes and a more productive sales structure of this SBA are the main reasons for positive progress of the gross margin in the observed period. The operating costs/expenses of the SBA Food and

beverages recorded a fall of 5% and only marketing expenses grew within the structure of operating costs/expenses while all others declined. The cost of goods sold are 4% lower with a reduction of manufacturing material expenses (-3%) and labour costs (-3%).

The operating profit increased 30% with a simultaneous increase of operating margin by 130bp based on a reduction of both selling and distribution costs (-4%) and general and administrative expenses (-15%).

Along with a decrease in financing costs (-9%) the net margin recorded an increase of 140bp while the net profit is 112% higher compared to the same period of last year.

In the first nine months of 2010, nonrecurrent items that burdened the SBA Food and beverages operations amounted HRK 33.5 million, while nonrecurrent items for the same period of last year in this SBA amounted to HRK 31.6 million.

The operating profit corrected by nonrecurrent items amounted to HRK 135.2 million and are 23% higher compared with the corrected operating profit in the first nine months of the year 2009, while the corrected net profit is 53% higher compared to the net profit of the first nine months of 2009 disclosed in a comparable manner.

Profitability of SBA Pharmaceuticals

In millions HRK						
SBA Pharmaceuticals	REPORTED RESULTS		CORRECTED RESULTS **		change (2/3)	change (4/5)
	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009		
1	2	3	4	5	6	7
Sales revenue	514.9	523.6 *	514.9	523.6 *	-2%	-2%
Gross profit	278.3	267.6	278.3	267.6	4%	4%
EBITDA	89.9	79.2	92.1	82.0	14%	12%
EBIT	57.6	45.2	59.8	48.0	27%	25%
Net profit	29.2	17.1	31.4	19.9	71%	58%
<i>Profit margins (%)</i>						
Gross margin	54.0	51.1	54.0	51.1	290bp	290bp
EBITDA margin	17.5	15.1	17.9	15.7	240bp	220bp
EBIT margin	11.2	8.6	11.6	9.2	260bp	240bp
Net margin	5.7	3.3	6.1	3.8	240bp	230bp

* adjusted

** without nonrecurrent items

The SBA Pharmaceuticals recorded a sales fall of 2% due to a lower level of sales of OTC products as a result of the weaker purchasing power of consumers. At the same time a drop of cost of goods sold of 8%

occurred and the gross margin recorded a positive shift of 290bp. Within the structure of operating costs/expenses a drop was recorded within general and administrative expenses (-14%), while marketing expenses grew 4% and selling and distribution costs 6%, respectively. A lower level of operating costs/expenses (-4%) reflected on the growth of the operating profit by 27% while the operating margin grew by 260bp.

The net profit in the observed period grew HRK 12.1 million or 71%, respectively, which was influenced by the decrease of financing costs of 6%. Lower financing costs result from lower expenses from interest on loans, which had positive effect on the growth of the net margin by 240bp.

Main guidelines of the business plan for the year 2010

The business plan provides a sales growth of 2% and continued rationalisation of costs/expenses, particularly administrative expenses which should have provided for the growth of profitability. The planned operating margin at the level of 6% is being realised despite the sales plan shortfall.

In accordance with the results achieved in the first eight months, a revised plan has been made with the aim to achieve a correlation between the income and expenditure sides in order to reach the planned profit margins. In the forthcoming period sales at last year's level are expected and maintaining profit margins at the achieved levels. Given the maturity of bonds in May 2011 and for the purpose of finding the most favourable solution for debt restructuring, negotiations have been initiated with Podravka Group creditors. Debt restructuring would ensure better credit terms for the medium-term period and would ensure the retention of financial stability but also the business stability and liquidity in the case of continued expansion on strategic markets and in strategic categories.

CONSOLIDATED STATEMENT OF INCOME

(in thousands of HRK)

	Jan - Sep 2010	Jan - Sep 2009
Sales	2,593,831	2,663,480
Cost of goods sold	(1,514,495)	(1,591,490)
Gross profit	1,079,336	1,071,990
Investment revenue	7,917	9,653
Other (losses) / gains, net	(33,697)	(23,158)
General and administrative expenses	(190,593)	(222,745)
Selling and distribution costs	(410,590)	(421,629)
Marketing expenses	(291,230)	(286,316)
Other expenses	(1,865)	(4,573)
Profit from operations	159,278	123,222
Finance costs	(65,779)	(71,644)
Profit before tax	93,499	51,578
Income tax expenses	(11,316)	(9,092)
Net profit	82,183	42,486
Profit for the period attributable:		
To the equity holders of the parent	82,305	42,199
Non-controlling interests	(122)	287

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of HRK)

	30 September 2010	31 December 2009
ASSETS		
Non-current assets		
Property, plant and equipment	1,657,806	1,711,646
Goodwill	42,877	42,877
Intangible assets	304,981	311,609
Deferred tax assets	54,765	53,589
Other financial assets	10,914	11,573
Total non-current assets	2,071,343	2,131,294
Current assets		
Inventories	696,360	646,839
Trade and other receivables	1,086,403	1,186,974
Financial assets at fair value through profit or loss	5,826	22,321
Cash and cash equivalents	154,176	145,269
	1,942,765	2,001,403
Non-current assets held for sale	9,041	4,004
Total current assets	1,951,806	2,005,407
TOTAL ASSETS	4,023,149	4,136,701
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	1,583,691	1,583,691
Reserves	120,918	109,825
Accumulated loss	(16,261)	(95,849)
Attributable to the equity holders of the parent	1,688,348	1,597,667
Non-controlling interests	34,224	34,361
Total shareholders' equity	1,722,572	1,632,028
Non-current liabilities		
Financial liabilities at fair value through profit or loss	-	336,300
Long-term debt	399,202	452,916
Provisions	28,062	29,226
Deferred tax liability	7,063	7,616
Total non-current liabilities	434,327	826,058
Current liabilities		
Financial liabilities at fair value through profit or loss	367,750	-
Trade and other payables	723,136	849,077
Short-term borrowings	757,722	805,050
Provisions	17,642	24,488
Total current liabilities	1,866,250	1,678,615
Total liabilities	2,300,577	2,504,673
TOTAL EQUITY AND LIABILITIES	4,023,149	4,136,701

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands of HRK)

	Share capital	Reserves	Accumulated loss / Retained earnings	Total	Non-controlling interest	Total
Balance at 31 December 2009	1,583,691	109,825	(95,849)	1,597,667	34,361	1,632,028
Net income for the year	-	-	82,305	82,305	(122)	82,183
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	82,305	82,305	(122)	82,183
Exchange differences	-	8,439	(63)	8,376	(15)	8,361
Purchase of treasury shares	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	-
Options exercised	-	-	-	-	-	-
Fair value of share options	-	-	-	-	-	-
Transfer from other and legal reserves	-	2,654	(2,654)	-	-	-
Balance at 30 September 2010	1,583,691	120,918	(16,261)	1,688,348	34,224	1,722,572

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of HRK)

	Jan - Sep 2010	Jan - Sep 2009
Net profit	82,305	42,199
Income tax	11,316	9,093
Depreciation and amortization	116,637	121,213
Losses on disposal of non-current assets	(2,667)	(1,553)
Value adjustment of non-current assets	(2,681)	-
Value adjustment of current assets	19,023	21,464
Value adjustment of available-for-sale assets, investments and bonds	32,587	19,340
Decrease in long-term provisions	(1,717)	1,442
Interest received	(7,502)	(6,089)
Interest paid	70,641	75,992
Effect of changes in foreign exchange rates	6,418	(5,555)
Non-controlling interest	(137)	320
Other items not affecting cash	395	(944)
Changes in working capital		
Increase in inventories	(51,532)	(58,351)
Decrease in trade receivables	76,201	100,109
Decrease in other current assets	5,439	101,031
Decrease in trade payables	(37,282)	(106,986)
(Decrease) / increase in other liabilities	(86,344)	34,364
Net cash from operations	231,100	347,089

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(in thousands of HRK)

	Jan - Sep 2010	Jan - Sep 2009
Cash flows from operating activities		
Cash from operations	231,100	347,089
Income taxes paid	(15,123)	(15,877)
Interest paid	(76,508)	(90,464)
Net cash from operating activities	139,469	240,748
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	-	(1,220)
Payments made for property, plant and equipment, and intangible assets	(63,325)	(107,609)
Sale of tangible and intangible assets	6,546	15,169
Long-term loans given and deposits given	(298)	-
Repayment of long-term loans given and deposits given	714	547
Purchase of trading securities	-	(8,500)
Sale of trading securities	14,875	-
Short-term loans and deposits given	(921)	(70,132)
Recovery of short-term loans and deposits given	688	-
Collected interest	7,502	9,789
Net cash used in investing activities	(34,219)	(161,956)
Net cash flows from financing activities		
Purchase of treasury shares	-	(6,390)
Proceeds from long-term borrowings	1,847	28,995
Repayment of long-term borrowings	(92,807)	(69,354)
Proceeds from short-term borrowings	431,934	512,205
Repayment of short-term borrowings	(437,317)	(592,196)
Net cash used in financing activities	(96,343)	(126,740)
Net increase / (decrease) in cash and cash equivalents	8,907	(47,948)
Cash and cash equivalents at beginning the period	145,269	270,609
Cash and cash equivalents at the end of the period	154,176	222,661

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