PODRAVSKA GROUP BUSINESS RESULTS

FOR THE PERIOD JANUARY – SEPTEMBER 2013

Main business characteristics and significant events in the first nine months of the year 2013

1. All levels of profitability of the Podravka Group have recorded growth in the first nine months of 2013 and a significant positive shift of profit margins is evident.
2. The gross profit of the Podravka Group amounted to HRK 1,079.8 million and is 4% higher than in the same period of the year before. It is at the level of 41.2%, which is an increase of 250bp.
3. The EBITDA grew 11% and is HRK 271.8 million. The net profit is HRK 97.3 million, which is 55% higher compared to the same period of last year. The EBITDA margin is at a level of 10.4%, which is an increase of 130bp and the net margin is 3.7% making it 140bp higher than last year.
4. The total costs/expenses are 4% lower primarily due to lower employee costs as a result of the carried out redundancy programme and more favourable trends of raw material prices.
5. The net debt as of 30 September 2013 is HRK 906.7 million and is HRK 173 million lower compared to the year-end of 2012.
6. The total sales of the Podravka Group in the first nine months of 2013 is HRK 2,618.9 million, which represents a 3% drop of sales compared to the same period of 2012. Sales of the Strategic Business Area (SBA) Food and Beverages amounted to HRK 2,032.8 million and is 4% lower compared to the same period of the year before, while the sales of the SBA Pharmaceuticals is HRK 586.1 million, which is a sales increase of 1%.
7. The Management Board of Podravka decided to continue the process of taking care of redundant labour in the forthcoming period through incentive severance payments providing employees with a sum of HRK 4,000 for each year of service within the Podravka Group.
8. The following decisions concerning changes in the Articles of Association were brought at the General Assembly held on 20 June 2013:
   - the Government is no longer able to directly nominate two members of the Supervisory Board;
   - possible increase of the company capital in a manner that the Management Board, with an approval by the Supervisory Board, would be able to pass a resolution on Company recapitalization, to the amount of half of the share capital;

- reducing the company share capital in the amount of HRK 542 million in order to cover accumulated losses from previous periods.
  The reduction of company share capital shall be performed by reducing the nominal amount of regular shares from HRK 300.00 to HRK 200.00 per share. This also creates presuppositions for shareholders to make future decisions on the distribution of profit (dividend payment, retaining profit, increase of share capital and similar).

Podravka continues with the already started restructuring process and has announced the divesting of the business programmes Beverages, Bakery and a part of the Frozen programme, accordingly.

Notes

On the sales of the Podravka Group we report as follows:

SBA "Food and Beverages"

1. ***Culinary category***
    - *Food seasoning and bouillons*
    - *Podravka dishes and food mixes*
2. ***Sweets, snack and beverages category***
    - *Beverages*
    - *Sweets and snack*
3. ***Baby food, breakfast foods and other food category***
    - *Baby food and breakfast foods*
    - *Other food (vegetables, condiments, bakery, fish products, tomato based products, rice and other)*
4. ***Meat and meat products category***
5. ***SBA Food and Beverages – Other sales***

SBA "Pharmaceuticals"

6. ***Ethical drugs***
7. ***Non-prescription drugs***
8. ***SBA Pharmaceuticals – Other sales***

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 revenue per Strategic Business Area

In HRK millions

Item no.	SBA	Jan – Sep 2013 Amount	%	Jan – Sep 2012 Amount	%	Index 2:4
0	1	2	3	4	5	6
1	Food and Beverages	2,032.8	77.6	2,109.2	78.4	96
2	Pharmaceuticals	586.1	22.4	581.8	21.6	101
	Total	**2,618.9**	**100.0**	**2,691.0**	**100.0**	97

Sales revenue of the Podravka Group in the first nine months of 2013 totalled HRK 2,618.9 million and is 3% lower compared to the same period of the year 2012.

Sales of the SBA Food and Beverages totalled HRK 2,032.8 million, which is a 4% drop of sales compared to the same period of the year before. This drop results from the drop of sales of the SBA F&B on the Croatian market that has bee characterised by long-term recession and fall of personal consumption. The most significant influence on lower revenue comes from the intentional reduction of the sales of low profitable fresh meat whose sales in the observed period was HRK 25 million lower compared to the same period of last year. Apart from this, a drop of sales was recorded by Beverages, Bakery and a part of the Frozen programme which have all been designated for sales in the process of restructuring, respectively, the sales of Beverages is HRK 12 million lower while the sales of the Frozen and Bakery programmes, which Podravka is abandoning, are HRK 3 million lower. This shows that about HRK 40 million of lower sales results from the initiated restructuring process.

A somewhat lower level of sales has been achieved on the market of Eastern Europe while at the same time the markets of Central Europe, South-Eastern Europe and Western Europe, overseas countries and the Orient grew supported by the highest contribution from Poland, Hungary and Austria.

The SBA Pharmaceuticals achieved sales in the amount of HRK 586.1 million, which is a 1% growth compared to the same period of the year 2012. Sales growth of the SBA Pharmaceuticals is generated by 4% higher sales on foreign markets of which Russia and Bosnia and Herzegovina are the most prominent. Sales on the Croatian market dropped 2% primarily as a result of lower sales of ethical drugs.

New products in the third quarter of 2013

Podravka's innovation program develops in several directions. Most of the new products being introduced to the market during the 3rd quarter 2013 come from two development directions: new products with clear differentiation and added value in existing categories, i.e. brand extension and entering into new categories.

Examples of new products with clear differentiation and added value being introduced in established categories are Lino Fit and Plus on domestic markets and the line of Soups for children and semi-ready meals.

Example of Podravka brand extension by entering into new categories is the introduction of Lino Choco drink to domestic markets, enriching Podravka's range of mono seasonings on domestic markets and markets of Eastern Europe, as well as introduction of Dolcela yeast on domestic markets.

Descriptions of some of the new products launched during 3rd quarter are as follows:

Podravka star soup is a rich vegetable soup and **Podravka storytelling soup** is a clear chicken soup with noodles in the shape of all the letters of the alphabet that encourages children to play spelling games and have fun during their meal. The soup is complemented with various vegetables (celery, carrot, red pepper, onion and tomato) and chicken meat that additionally rounds up the recognisable chicken taste. **Podravka dumpling soup** is a joyful, light soup with a mild vegetable taste with green and orange semolina dumplings whose colour originates entirely from natural spices and vegetables.

Talianetta yummy spaghetti is a favourite dish prepared from the best spaghetti in a distinctive sauce made of tomato, beef, vegetables and aromatic Mediterranean herbs. **Talianetta yummy pasta** is a dish prepared from children's favourite fusilli (spiral shaped) pasta in a creamy and nutritious cheese sauce. These products contain no flavour enhancer, additional aroma or artificial colouring.

<u>Lino Čokolino Plus</u> is a mix of instant wheat flakes with chocolate, oat flakes, corn flakes and crunchy cereal. This is a specific and unique product on the market that no competition can beat. This healthy and easy digestible product contains high quality ingredients and is easy to prepare.

Food that provides enough energy for training but at the same time causes no difficulties in digestion is necessary in order to achieve the best sport results and feel good doing sports. **<u>Lino Čokolino Fit</u>** is just the right product.

<u>Dolcela instant yeast</u> is used in the bakery industry and at home for making rising dough. Apart from bread and rolls it is used for making walnut loafs, poppy-seed cake, Easter cake, kugloff, doughnuts and fritters. International cuisine requires dough for preparing Italian pizza, focaccia (thin flat bread) and panettone. Dolcela instant yeast makes preparing dough quick and easy.

Sales revenue per category

						In HRK millions
Item no.	CATEGORY / SUBCATEGORY	Jan – Sep 2013		Jan – Sep 2012		Index
		Amount	%	Amount	%	2:4
0	1	2	3	4	5	6
1	**CULINARY**	**675.6**	**25.8**	**675.5**	**25.1**	**100**
	Food seasonings and bouillons	471.5	**18.0**	467.2	**17.4**	101
	Podravka dishes and food mixes	204.1	**7.8**	208.3	**7.7**	98
2	**SWEETS, SNACK AND BEVERAGES**	**230.1**	**8.8**	**239.4**	**8.9**	**96**
	Beverages	128.0	**4.9**	140.3	**5.2**	91
	Sweets and snack	102.1	**3.9**	99.1	**3.7**	103
3	**BABY FOOD, BREAKFAST FOODS AND OTHER FOOD**	**665.1**	**25.4**	**669.7**	**24.9**	**99**
	Baby food and breakfast foods	235.8	**9.0**	231.7	**8.6**	102
	Other food	429.3	**16.4**	438.0	**16.3**	98
4	**MEAT AND MEAT PRODUCTS**	**212.8**	**8.1**	**263.0**	**9.8**	**81**
	SBA FOOD AND BEVERAGES – ORGANIC SALES	**1,783.6**	**68.1**	**1,847.6**	**68.7**	**97**
5	**SBA FOOD AND BEVERAGES – Other sales**	**249.2**	**9.5**	**261.6**	**9.7**	**95**
	SBA FOOD AND BEVERAGES – TOTAL SALES	**2,032.8**	**77.6**	**2,109.2**	**78.4**	**96**
6	**ETHICAL DRUGS**	**409.8**	**15.6**	**411.9**	**15.3**	**99**
7	**NON-PRESCRIPTION DRUGS**	**60.1**	**2.3**	**59.8**	**2.2**	**101**
	SBA PHARMACEUTICALS – ORGANIC SALES	**469.9**	**17.9**	**471.7**	**17.5**	**100**
8	**SBA PHARMACEUTICALS – Other sales**	**116.2**	**4.4**	**110.1**	**4.1**	**106**
	SBA PHARMACEUTICALS – TOTAL SALES	**586.1**	**22.4**	**581.8**	**21.6**	**101**
	PODRAVKA GROUP – TOTAL SALES	**2,618.9**	**100.0**	**2,691.0**	**100.0**	**97**

The Culinary category has recorded an almost equal level of sales as in the first nine months of the year 2012 taken that Food seasonings and bouillons show a 1% growth, while Podravka dishes and mixes have a slightly lower sales level (-2%). Sales of Food seasonings in Poland recorded a double-digit increase thus identifying the market of Poland as the key generator of growth in this subcategory.

The subcategory of Sweets, snack and beverages realised a 4% lower level of sales resulting from a drop of sales of Beverages (-9%). On the other hand, Sweets, snack and salty snack recorded good sales results and grew 3% in the observed period.

The category Baby food, breakfast foods and other foods have a 1% lower sales compared to the same period of 2012 due to the drop of sales of the product groups rice, processed vegetables and frozen food. At the same time, the product groups of fish products and tomato based products have recorded growth on both the domestic and foreign markets. The subcategory of Baby food and breakfast food grew 2% as a result of a higher level of sales on the market of Croatia and some foreign markets such as Australia, Slovenia and the USA.

The drop of sales of the subcategory Meat and meat products of 19% mainly results from the planned sales reduction of low profitable fresh meat but a drop is also evident in other product groups such as sausage products, pates and meat sauces.

A 1% drop of sales has been recorded by ethical drugs within the SBA Pharmaceuticals, although the sales of some drug groups such as dermatics, drugs with effect on the muscular-bone system, sensory system and drugs for treating malignant diseases and immunomodulators have grown. The non-prescription programme realised a 1% higher level of sales in the observed period as a result of higher sales on foreign markets.

Sales revenue of the Podravka Group per market [1]

In HRK millions

Item no.	MARKETS	Jan – Sep 2013 Amount	%	Jan – Sep 2012 Amount	%	Index 2:4
0	1	2	3	4	5	6
1	Croatia	1,189.9	45.4	1,278.8	47.5	93
2	South-Eastern Europe	667.9	25.5	662.7	24.6	101
3	Central Europe	362.1	13.8	356.7	13.3	102
4	Western Europe, overseas countries and Orient	232.8	8.9	225.5	8.4	103
5	Eastern Europe	166.3	6.4	167.3	6.2	99
	Total	**2,618.9**	**100.0**	**2,691.0**	**100.0**	97

The market of Croatia realized sales in the amount of HRK 1,189.9 million, which represents 45.4% of the total sales of the Podravka Group. Total sales on the domestic market are 7% lower compared to the same period of last year, while the total sales on foreign markets is HRK 1,429.0 million and is 1% higher than the same period the year before. The highest absolute growth was achieved on the market of Western Europe, overseas countries and the Orient, with the most significant contribution coming from Austria, Great Britain and Scandinavia. Central Europe also recorded good results generated from increased sales in Poland, while the greatest growth in South-Eastern Europe was achieved by Serbia, Macedonia and Kosovo. Eastern Europe recorded a 1% drop of sales primarily due to lower sales in Romania and the Ukraine.

[1] South-Eastern 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, Italy, 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

As Croatia became a member of the European Union as of 1 July 2013, the position of Podravka on the CEFTA market changed accordingly. The Management of Podravka made a simulation of the effect of trade regime changes which showed that these effects would be minimal. Namely, the total theoretical negative effect of additional customs would be about HRK 32 million and is concentrated in only a few categories/markets. For example, over 50% of these estimated charges refer to canned meat on the market of Bosnia and Herzegovina and an additional 25% are charges on canned fish in Montenegro.

In short-term perspective, in 2013 before coming out of CEFTA Podravka provided sufficient quantities of products on markets where significant custom changes are expected.

As far as long-term measures are concerned, Podravka has already eliminated a part of the risk connected with Bosnia through contracting and testing outsourcing production. Discussions referring to solving the remaining categories and markets are in progress. Apart from measures undertaken by Podravka, negotiations led between the government of Croatia, the European Commission and CEFTA countries also have to be taken into consideration.

Structure of operating costs/expenses

In HRK millions

Item no.	COST / EXPENSE	Jan-Sep 2013		Jan-Sep 2012*		Index 2:4
		Amount	%	Amount	%	
0	1	2	3	4	5	6
1	Cost of goods sold	1,539.1	62.7	1,650.3	64.3	93
2	Selling and distribution costs	370.1	15.0	378.0	14.7	98
3	Marketing expenses	308.9	12.6	290.2	11.3	106
4	General and administrative expenses	237.8	9.7	249.9	9.7	95
	Total	**2,455.9**	**100.0**	**2,568.4**	**100.0**	96

**reclassification of costs/expenses*

The total costs/expenses of the Podravka Group amounted to HRK 2,455.9 million and represent a 4% drop compared to the same period of the year 2012. Only Marketing expenses have recorded a growth (6%) within the structure of Costs/expenses due to increased marketing activities, especially in ATL marketing. Other costs/expenses have dropped significantly mainly as a result of lower Cost of goods sold (-7%) due to more favourable raw material price trends and lower employee costs resulting from the redundancy programme that had been carried out. Selling and distribution costs are 2% lower, while General and administrative expenses dropped 5% compared to the same period of last year. If General and administrative expenses were to be corrected by the amount of extraordinary items disclosed within these expenses (this year HRK 41.3 million and last year HRK 48.2 million) then this drop would be 3% and a reduction of employee costs due to measures undertaken in previous periods is obvious.

Profitability of the Podravka Group

In HRK millions

Group Podravka	REPORTED RESULTS Jan-Sep 2013	Jan-Sep 2012	CORRECTED RESULTS* Jan-Sep 2013*	Jan-Sep 2012*	change (2/3)	change (4/5)
1	2	3	4	5	6	7
Sales revenue	2,618.9	2,691.0	2,618.9	2,691.0	-3%	-3%
Gross profit	1,079.8	1,040.7	1,079.8	1,040.7	4%	4%
EBITDA**	271.8	243.8	311.0	292.0	11%	7%
EBIT	159.1	122.3	198.4	176.4	30%	12%
Net profit	97.3	62.9	136.6	116.9	55%	17%
Profit margins %						
Gross margin	41.2	38.7	41.2	38.7	250bp	250bp
EBITDA margin	10.4	9.1	11.9	10.9	130bp	100bp
EBIT margin	6.1	4.5	7.6	6.6	160bp	100bp
Net margin	3.7	2.3	5.2	4.3	140bp	90bp

**without non-recurrent items*

***EBITDA is calculated in the manner that EBIT is increased by amortization and adjustments of tangible and intangible assets*

In the observed period of the first nine months of 2013, the profitability of the Podravka Group grew at all levels and a significant positive shift in profit margins has been noticed. The level of sales is 3% lower but as Cost of goods sold dropped 7%, the gross profit increased 4% and is HRK 1,079.8 million. The gross margin is 41.2%, which shows an increase of 250bp compared to the same period of last year. Other total costs/expenses are lower than in the same period of last year, and the EBITDA and EBIT level recorded a double-digit growth in the observed period. The EBITDA is calculated by increasing the operating profit by both the amount of amortisation and value adjustments of tangible and intangible assets which in the observed period are HRK 0.2 million and in the same period last year were HRK 5.8 million. Lower financing costs had additional positive effect on the net profit, which is HRK 97.3 million and represents an increase of 55%. Negative extraordinary items in the observed period were severance payments in a total amount of HRK 41.7 million, while positive extraordinary items referred to income in the amount of HRK 2.2 million arising from leasing returns and income from the release of provisions for non-business related legal proceedings in the amount of HRK 0.4 million. Extraordinary items in the same period of 2012 amounted to HRK 48.2 million and referred to severance payments.

Profitability of the SBA Food and Beverages

In HRK millions

SBA Food & beverages	REPORTED RESULTS Jan-Sep 2013	Jan-Sep 2012	CORRECTED RESULTS* Jan-Sep 2013*	Jan-Sep 2012*	change (2/3)	change (4/5)
1	2	3	4	5	6	7
Sales revenue	2,032.8	2,109.2	2,032.8	2,109.2	-4%	-4%
Gross profit	759.4	726.1	759.4	726.1	5%	5%
EBITDA**	167.9	129.8	200.8	171.7	29%	17%
EBIT	87.8	43.0	120.9	90.8	104%	33%
Net profit	54.7	12.2	87.8	60.0	349%	46%
Profit margins %						
Gross margin	37.4	34.4	37.4	34.4	300bp	300bp
EBITDA margin	8.3	6.1	9.9	8.1	220bp	180bp
EBIT margin	4.3	2.0	5.9	4.3	230bp	160bp
Net margin	2.7	0.6	4.3	2.8	210bp	150bp

**without non-recurrent items*

***EBITDA is calculated in the manner that EBIT is increased by amortization and adjustments of tangible and intangible assets*

The gross profit of the SBA F&B grew 5% in the observed period for which the underlying reasons are lower employee costs and stable raw material prices. The gross margin is 37.4%, which indicates an increase of 300bp. Other levels of profitability also recorded significant positive shifts and the EBITDA is 29% higher compared to the same period of the year before. The net profit is even 349% higher and reached HRK 54.7 million. Extraordinary items that in the observed period were charged to the SBA F&B amount to HRK 33.1 million and in the same period of last year amounted to HRK 47.8 million.

Profitability of the SBA Pharmaceuticals

In HRK millions

SBA Pharmaceuticals	REPORTED RESULTS Jan-Sep 2013	Jan-Sep 2012	CORRECTED RESULTS* Jan-Sep 2013*	Jan-Sep 2012*	change (2/3)	change (4/5)
1	2	3	4	5	6	7
Sales revenue	586.1	581.8	586.1	581.8	1%	1%
Gross profit	320.4	314.6	320.4	314.6	2%	2%
EBITDA	104.0	114.0	110.2	120.3	-9%	-8%
EBIT	71.2	79.4	77.5	85.6	-10%	-9%
Net profit	42.6	50.7	48.8	56.9	-16%	-14%
Profit margins %						
Gross margin	54.7	54.1	54.7	54.1	60bp	60bp
EBITDA margin	17.7	19.6	18.8	20.7	-190bp	-190bp
EBIT margin	12.2	13.7	13.2	14.7	-150bp	-150bp
Net margin	7.3	8.7	8.3	9.8	-140bp	-150bp

**without non-recurrent items*

The gross profit of the SBA Pharmaceuticals is HRK 320.4 million which is 2% higher than in the same period of last year and the gross margin grew 60bp and is now 54.7%. Other levels of profitability have recorded a drop and margins are also at somewhat lower levels than last year. The highest influence on lower EBITDA and net margins came from negative exchange rate differences which in 2013 are HRK 8.1 million, while in the same period of last year they were positive and amounted to HRK 0.9 million. Apart from this, three new branch offices opened in 2013 (in Poland, the Ukraine and Kazakhstan) the cost of which for the observed period is HRK 3.0 million and represents new investment.

Extraordinary items within Pharmaceuticals amount to HRK 6.2 million and refer to severance payments as in the previous year.

Comment on the financial position

The total value of assets as of 30 September 2013 is HRK 3,541.4 million and compared to the year-end of 2012 is HRK 76.3 million lesser. A reduction of trade and other receivables that are HRK 95.8 million lower had the greatest impact on the reduction of asset value. A significant reduction on the liability side was recorded by accounts payable and other liabilities, which are HRK 69.3 million lower.

The net debt as of 30 September 2013 amounts to HRK 906.7 million and is HRK 173 million lower compared to the year-end of 2012.

CONSOLIDATED STATEMENT OF INCOME

(in thousands of HRK)

	Jan-Sep 2013	Jan-Sep 2012 corrected
Sales	2,618,924	2,690,955
Cost of goods sold	(1,539,147)	(1,650,263)
Gross profit	**1,079,777**	**1,040,692**
Other income	7,313	9,355
General and administrative expenses	(237,768)	(249,896)
Selling and distribution costs	(370,105)	(378,013)
Marketing expenses	(308,877)	(290,228)
Other expenses	(11,251)	(9,561)
Operating profit	**159,089**	**122,349**
Financial income	4,801	9,549
Financial expenses	(46,552)	(53,701)
Net finance costs	**(41,751)**	**(44,152)**
Profit before tax	**117,338**	**78,197**
Income tax expenses	(18,651)	(17,515)
Net profit	**98,687**	**60,682**
Profit for the period attributable:		
Equity holders of the parent	**97,293**	**62,876**
Non-controlling interests	1,394	(2,194)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of HRK)

	30 Sep 2013	31 Dec 2012
ASSETS		
Non-current assets		
Goodwill	41,984	41,984
Intangible assets	232,503	237,657
Property, plant and equipment	1,354,481	1,400,740
Deferred tax assets	35,382	35,420
Other financial assets	5,451	5,343
Total non-current assets	**1,669,801**	**1,721,144**
Current assets		
Inventories	637,123	631,117
Trade and other receivables	986,357	1,082,185
Financial assets at fair value through profit or loss	-	600
Cash and cash equivalents	184,097	118,208
Assets held for sale	64,025	64,418
Total current assets	**1,871,602**	**1.896.528**
TOTAL ASSETS	**3,541,403**	**3,617,672**
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	1,060,970	1,584,862
Reserves	166,120	173,503
Retained earnings / (accumulated loss)	462,467	(162,600)
Attributable to the equity holders of the parent	**1,689,557**	**1,595,765**
Non-controlling interests	33,589	32,027
Total shareholders' equity	**1,723,146**	**1,627,792**
Non-current liabilities		
Borrowings	589,738	727,255
Provisions	50,670	46,778
Deferred tax liability	5,862	6,298
Total non-current liabilities	**646,270**	**780,331**
Current liabilities		
Trade and other payables	650,781	720,111
Income tax payables	4,479	359
Financial liabilities at fair value through profit and loss	2,639	6,775
Borrowings	498,423	463,851
Provisions	15,665	18,453
Total current liabilities	**1,171,987**	**1,209,549**
Total liabilities	**1,818,257**	**1,989,880**
TOTAL EQUITY AND LIABILITIES	**3,541,403**	**3,617,672**

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 2012	**1,584,862**	**173,504**	**(162,601)**	**1,595,765**	**32,027**	**1,627,792**
Net profit for the year	-	-	97,293	**97,293**	1,394	**98,687**
Other comprehensive income	-	(3,501)	-	**(3,501)**	168	**(3,333)**
Total comprehensive income	-	(3,501)	97,293	**93,792**	1,562	**95,354**
Reduce of share capital	(542,000)	-	523,892	**(18,108)**	-	**(18,108)**
Transfer from other and legal reserves	-	(7,933)	7,933	**-**	-	**-**
Transfer in capital, other and legal reserves	18,108	4,050	(4,050)	18,108	-	**18,108**
Balance at 30 September 2013	**1,060,970**	**166,120**	**462,467**	**1,689,557**	**33,589**	**1,723,146**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of HRK)

	Jan-Sep 2013	Jan-Sep 2012 corrected
Net profit	**98,687**	**60,682**
Income tax	18,651	17,516
Depreciation and amortization	112,530	115,608
Remeasurement of financial instruments at fair value	(4,136)	234
Loss on disposal of non current assets - net	15	5,122
Value impairment on inventory and trade receivables	15,748	17,600
Decrease in provisions	(3,844)	(11,728)
Interest income	(3,367)	(4,172)
Interest expense	40,688	54,852
Foreign exchange differencies	4,770	(5,795)
Changes in working capital		
(Increase) in inventories	(1,896)	(15,123)
Decrease / (increase) in current receivables	76,019	(81,959)
(Decrease) / increase in trade payables	(70,424)	83,441
Net cash from operations	**283,441**	**236,278**
Cash flows from operating activities		
Cash from operations	283,441	236,278
Income taxes paid	(8,611)	(27,368)
Interest paid	(41,353)	(57,098)
Net cash from operating activities	**233,477**	**151,812**
Cash flows from investing activities		
Purchase of property, plant, equipment and intangibles	(61,975)	(72,329)
Proceeds from sale of property, plant, equipment and intangibles	372	1,220
Collection of loans and deposits given	143	556
Collected interest	3,367	4.172
Net cash used in investing activities	**(58,094)**	**(66,381)**
Net cash flows from financing activities		
Proceeds from borrowings	215,110	111,722
Repayment of borrowings	(324,603)	(256,884)
Net cash used in financing activities	**(109,493)**	**(145,162)**
Net increase / (decrease) in cash and cash equivalents	**65,890**	**(59,731)**
Cash and cash equivalents at beginning the period	118,208	145,960
Cash and cash equivalents at the end of the perod	**184,097**	**86,229**

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