



MANAGEMENT BOARD

Koprivnica, 11<sup>th</sup> 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-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 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*  
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(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
<b>ASSETS</b>			
<b>A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL</b>	<b>001</b>	0	0
<b>B) LONG-TERM ASSETS (003+010+020+029+033)</b>	<b>002</b>	1.479.050.198	1.238.399.344
<b>I. INTANGIBLE ASSETS (004 to 009)</b>	<b>003</b>	115.583.415	98.325.947
1. Assets development	<b>004</b>	0	0
2. Concessions, patents, licences fees, trade and service marks, software and other rights	<b>005</b>	115.005.032	95.339.734
3. Goodwill	<b>006</b>	0	0
4. Prepayments for purchase of intangible assets	<b>007</b>	0	0
5. Intangible assets in preparation	<b>008</b>	578.383	2.986.213
6. Other intangible assets	<b>009</b>	0	0
<b>II. TANGIBLE ASSETS (011 to 019)</b>	<b>010</b>	840.975.306	693.485.729
1. Land	<b>011</b>	24.706.887	39.499.992
2. Buildings	<b>012</b>	518.508.235	423.066.363
3. Plant and equipment	<b>013</b>	240.632.428	181.774.393
4. Tools, facility inventory and transport assets	<b>014</b>	4.185.776	5.988.589
5. Biological assets	<b>015</b>	0	0
6. Prepayments for tangible assets	<b>016</b>	178.756	2.356.450
7. Tangible assets in progress	<b>017</b>	51.993.995	40.046.390
8. Other tangible assets	<b>018</b>	769.229	753.552
9. Investments in buildings	<b>019</b>	0	0
<b>III. LONG-TERM FINANCIAL ASSETS (021 to 028)</b>	<b>020</b>	497.761.469	409.236.488
1. Investments (shares) with related parties	<b>021</b>	440.304.164	396.808.554
2. Loans given to related parties	<b>022</b>	53.844.277	7.583.333
3. Participating interest (shares)	<b>023</b>	907.000	907.000
4. Loans to entrepreneurs in whom the entity holds participating interests	<b>024</b>	0	0
5. Investments in securities	<b>025</b>	0	0
6. Loans, deposits and similar assets	<b>026</b>	2.706.028	3.937.601
7. Other long - term financial assets	<b>027</b>	0	0
8. Investments accounted by equity method	<b>028</b>	0	0
<b>IV. RECEIVABLES (030 to 032)</b>	<b>029</b>	0	0
1. Receivables from related parties	<b>030</b>	0	0
2. Receivables from based on trade loans	<b>031</b>	0	0
3. Other receivables	<b>032</b>	0	0
<b>V. DEFERRED TAX ASSETS</b>	<b>033</b>	24.730.008	37.351.180
<b>C) SHORT TERM ASSETS (035+043+050+058)</b>	<b>034</b>	1.027.867.684	1.152.228.728
<b>I. INVENTORIES (036 to 042)</b>	<b>035</b>	305.405.025	364.525.930
1. Raw-material and supplies	<b>036</b>	117.387.470	96.958.234
2. Work in progress	<b>037</b>	27.472.950	22.927.744
3. Finished goods	<b>038</b>	102.724.922	101.827.104
4. Merchandise	<b>039</b>	54.515.859	56.411.831
5. Prepayments for inventories	<b>040</b>	0	5.441.050
6. Long - term assets held for sales	<b>041</b>	3.303.824	80.959.967
7. Biological assets	<b>042</b>	0	0
<b>II. RECEIVABLES (044 to 049)</b>	<b>043</b>	520.110.791	567.831.306
1. Receivables from related parties	<b>044</b>	306.885.784	367.850.454
2. Accounts receivable	<b>045</b>	199.479.752	194.190.983
3. Receivables from participating parties	<b>046</b>	0	0
4. Receivables from employees and members of related parties	<b>047</b>	1.520.428	716.595
5. Receivables from government and other institutions	<b>048</b>	12.049.222	4.735.927
6. Other receivables	<b>049</b>	175.605	337.347
<b>III. SHORT TERM FINANCIAL ASSETS (051 to 057)</b>	<b>050</b>	161.304.155	146.963.502
1. Shares (stocks) in related parties	<b>051</b>	59.880.215	53.700.087
2. Loans given to related parties	<b>052</b>	98.087.528	86.694.897
3. Participating interests (shares)	<b>053</b>	0	0
4. Loans to entrepreneurs in whom the entity holds participating interests	<b>054</b>	0	0
5. Investments in securities	<b>055</b>	3.334.211	5.514.691
6. Loans, deposits, etc.	<b>056</b>	2.201	1.053.827
7. Other financial assets	<b>057</b>	0	0
<b>IV. CASH AT BANK AND IN CASHIER</b>	<b>058</b>	41.047.713	72.907.990
<b>D) PREPAID EXPENSES AND ACCRUED REVENUE</b>	<b>059</b>	10.179.880	8.633.708
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	2.517.097.762	2.399.261.780
<b>F) OFF-BALANCE RECORDS</b>	<b>061</b>	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
<b>LIABILITIES AND CAPITAL</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	1.081.827.471	1.134.309.527
I. SUBSCRIBED CAPITAL	<b>063</b>	1.626.000.900	1.084.000.600
II. CAPITAL RESERVES	<b>064</b>	25.561.463	44.785.613
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	-37.910.250	-45.842.809
1. Reserves prescribed by law	<b>066</b>	6.849.365	0
2. Reserves for treasury shares	<b>067</b>	21.761.692	21.761.692
3. Treasury stocks and shares (deduction)	<b>068</b>	67.604.502	67.604.501
4. Statutory reserves	<b>069</b>	0	0
5. Other reserves	<b>070</b>	1.083.195	0
IV. REVALUATION RESERVES	<b>071</b>	0	0
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	-511.133.833	0
1. Retained earnings	<b>073</b>	0	0
2. Accumulated loss	<b>074</b>	511.133.833	0
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	-20.690.809	51.366.123
1. Profit for the current year	<b>076</b>	0	51.366.123
2. Loss for the current year	<b>077</b>	20.690.809	0
IX. MINORITY INTERESTS	<b>078</b>	0	0
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	34.727.787	37.775.002
1. Provisions for pensions, severance pay, and similar liabilities	<b>080</b>	15.414.100	14.955.100
2. Reserves for tax liabilities	<b>081</b>	0	0
3. Other reserves	<b>082</b>	19.313.687	22.819.902
<b>C) LONG - TERM LIABILITIES (084 to 092)</b>	<b>083</b>	683.721.067	527.132.537
1. Liabilities to related parties	<b>084</b>	0	0
2. Liabilities for loans, deposits etc.	<b>085</b>	0	0
3. Liabilities to banks and other financial institutions	<b>086</b>	683.721.067	527.132.537
4. Liabilities for received prepayments	<b>087</b>	0	0
5. Accounts payable	<b>088</b>	0	0
6. Liabilities arising from debt securities	<b>089</b>	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>090</b>	0	0
8. Other long-term liabilities	<b>091</b>	0	0
9. Deferred tax liability	<b>092</b>	0	0
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	655.821.989	641.787.764
1. Liabilities to related parties	<b>094</b>	50.548.957	44.371.311
2. Liabilities for loans, deposits etc.	<b>095</b>	0	0
3. Liabilities to banks and other financial institutions	<b>096</b>	308.698.786	336.081.529
4. Liabilities for received prepayments	<b>097</b>	2.376.660	887.840
5. Accounts payable	<b>098</b>	248.398.644	225.461.258
6. Liabilities arising from debt securities	<b>099</b>	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>100</b>	0	0
8. Liabilities to employees	<b>101</b>	30.164.814	29.095.432
9. Liabilities for taxes, contributions and similar fees	<b>102</b>	2.919.909	2.260.614
10. Liabilities to share - holders	<b>103</b>	681.378	681.138
11. Liabilities for long-term assets held for sale	<b>104</b>	0	0
12. Other short - term liabilities	<b>105</b>	12.032.841	2.948.642
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	60.999.448	58.256.950
<b>F) TOTAL – CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	2.517.097.762	2.399.261.780
<b>G) OFF-BALANCE RECORDS</b>	<b>108</b>	570.344.390	593.358.567
<b>APPENDIX to balance sheet(to be filled in by entrepreneur that prepares consolidated annual financial report)</b>			
<b>CAPITAL AND RESERVES</b>			
1. Attributed to equity holders of parent company	<b>109</b>	0	0
2. Attributed to minority interest	<b>110</b>	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	
<b>I. OPERATING REVENUE (112+113)</b>	<b>111</b>	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	
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	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	
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	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	
<b>IV. FINANCIAL EXPENSES (138 do 141)</b>	<b>137</b>	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	
<b>V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED</b>	<b>142</b>	0	0	0	0	
<b>VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED</b>	<b>143</b>	0	0	0	0	
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>	0	0	0	0	
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>	0	0	0	0	
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	1.952.420.204	453.000.722	2.049.868.979	600.743.232	
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	1.975.700.793	507.642.002	2.011.124.028	596.156.543	
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	-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	
<b>XII. PROFIT TAX</b>	<b>151</b>	-2.589.780	-2.589.780	-12.621.172	-12.621.172	
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	-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	
<b>APPENDIX to P&amp;L account (to be filled in by entrepreneur that prepares consolidated financial report)</b>						
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>						
1. Attributed to equity holders of parent company	155	0	0	0	0	
2. Attributed to minority interest	156	0	0	0	0	
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS)</b>						
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	-20.690.809	-52.051.500	51.366.123	17.207.861	
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)</b>	<b>158</b>	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	
<b>III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>	0	0	0	0	
<b>IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	0	0	0	0	
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	-20.690.809	-52.051.500	51.366.123	17.207.861	
<b>APPENDIX to Statement of other comprehensive income (to be filled in by entrepreneur that prepares consolidated financial report)</b>						
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>						
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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
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
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>167.465.034</b>	<b>267.996.101</b>
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
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>20.291.847</b>	<b>126.048.622</b>
<b>A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>147.173.187</b>	<b>141.947.479</b>
<b>A2) NET DECREASE IN IN CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>0</b>	<b>0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
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
<b>III. Total cash inflows from investing activities (015 to 019)</b>	<b>020</b>	<b>58.419.716</b>	<b>78.474.411</b>
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
<b>IV. Total cash outflow for investing activities (021 do 023)</b>	<b>024</b>	<b>77.420.357</b>	<b>56.431.406</b>
<b>B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)</b>	<b>025</b>	<b>0</b>	<b>22.043.005</b>
<b>B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES (024-020)</b>	<b>026</b>	<b>19.000.641</b>	<b>0</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
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
<b>V. Total cash inflows from financial activities (027 to 029)</b>	<b>030</b>	<b>73.551.531</b>	<b>159.112.661</b>
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
<b>VI. Total cash outflow for financial activities (031 to 035)</b>	<b>036</b>	<b>229.809.274</b>	<b>291.242.868</b>
<b>C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)</b>	<b>037</b>	<b>0</b>	<b>0</b>
<b>C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)</b>	<b>038</b>	<b>156.257.743</b>	<b>132.130.207</b>
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
<b>10. Total capital and reserves (AOP 001 do 009)</b>	<b>010</b>	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
<b>17. Total increase or decrease in capital (AOP 011 do 016)</b>	<b>017</b>	-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, 11<sup>th</sup> 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 31<sup>th</sup> 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 31<sup>th</sup> 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 31<sup>th</sup> 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, 11<sup>th</sup> 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

