



## **BUSINESS RESULTS OF THE PODRAVKA GROUP FOR THE PERIOD JANUARY – JUNE 2013**

### **Main business characteristics and significant events in the first six months of the year 2013**

1. The corrected net profit for first six months of 2013 is HRK 80.1 million, which is an increase of 72% compared to the net profit of the first six months of the year 2012, presented in a comparable manner.
2. All levels of corrected profitability of the Podravka Group have recorded growth in the observed period, and non-recurrent items for which reported result is corrected amounted HRK 41.2 million and are entirely related to severance payments. Namely, the restructuring process has continued in the first six months of 2013 and the redundancy programme was thus conducted accordingly with the payment of incentive severance payments.
3. The total costs and expenses of the Podravka Group are 1% lower compared to the same period of the year 2012 and if the total expenses were to be corrected for the amount of severance payments, the drop would be 3% compared to the total costs and expenses of the same period of 2012, presented in a comparable manner.
4. The gross profit of the Podravka Group is 5% higher and amounts to HRK 691.3 million and the gross margin in the observed period is at the level of 40.8% and has recorded an increase of 250bp, respectively.
5. The corrected operating profit is HRK 107.4 million, which is a growth of 18% compared to the operating profit of the same period of the year before, presented in a comparable manner, while the EBIT margin is 6.3% and is higher by 100bp than for the same period last year.
6. The total sales of the Podravka Group in the first six months of the year 2013 were HRK 1,695.2 million, which represents a sales drop of 1% compared to the same period of the year 2012. Sales of the Strategic Business Area (SBA) Food and Beverages amounted to HRK 1,293.0 million and were 3% lower than in the same period of the year before while sales of the SBA Pharmaceuticals were HRK 402.2 million, which is a 4% increase of sales.
7. The General Assembly of Belupo d.d passed the resolution to increase its share capital from the realised profit, thus the share capital has increased by the HRK 50,000,000.00 and is now HRK 204,025,800.00.
8. At the General Assembly of Podravka d.d., held on 20 June 2013, draft resolutions of both the Management Board and the Supervisory Board were accepted. The main changes refer to the Articles of Associations, are:

- 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.

9. Podravka products have received eight international awards for top quality and taste at the Superior Taste Award 2013 in Brussels confirming once more that the quality of Podravka brands is well recognised on international markets. Podravka tomato purée - passata and Podravka chopped tomato with basil and oregano received two stars as well, and the sign Superior Taste Award this year also belongs to Podravka chopped tomato with olives and garlic, Piquant sausage and Chicken pâté, as they received one star each. Studenac received the maximum three stars just like last year and the excellence of Studenac orange-kumquat and Studenac lemon-grape was awarded with two stars.

## 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 Areas (SBA)

Item no.	SBA	Jan – Jun 2013		Jan – Jun 2012		In HRK millions	
		Amount	%	Amount	%	Index	2:4
0	1	2	3	4	5	6	
1	Food and Beverages	1,293.0	76.3	1,332.4	77.4	97	
2	Pharmaceuticals	402.2	23.7	388.1	22.6	104	
<b>Total</b>		<b>1,695.2</b>	<b>100.0</b>	<b>1,720.5</b>	<b>100.0</b>	<b>99</b>	

Sales revenue of the Podravka Group in the first six months of the year 2013 amounted to HRK 1,695.2 million, which is 1% less compared to the same period of the year 2012.

Sales of the SBA Food and Beverages totalled HRK 1,293.0 million, which represents sales drop of 3% compared to the first six months of 2012. The sales drop primarily results from a lower level of sales of the SBA F&B on the domestic market and a somewhat lower level of sales achieved on the market of South-Eastern Europe. At the same time, the markets of Central Europe, South-Eastern Europe and Western Europe, overseas countries and Orient grew, with the highest contribution coming from Poland, Hungary, Kosovo, Serbia and Austria.

The SBA Pharmaceuticals achieved sales in the amount of HRK 402.2 million, which represents an increase of 4% compared to the same period of 2012. Foreign markets mostly contributed to the sales growth of the SBA Pharmaceuticals, with a 7% growth and the highest contribution coming from the markets of Russia, Kosovo and Serbia. Sales on the Croatian market are also on a somewhat higher level than in the same period of 2012, based on increased sales of prescription drugs and if the sales structure in Croatia is observed according to the ATC<sup>1</sup> classification, the product groups with the most significant growth are drugs that affect heart and blood vessels and the nervous system.

<sup>1</sup> Anatomic-therapeutic-chemical system of drug classification

## New products in the second quarter of the year 2013



**Lava muffin** is an extra chocolate muffin, the center of which is filled with delicious liquid chocolate cream. The packaging contains a cake mix and baking moulds, enough for 8 lava muffins. Preparation is quick and easy - just 10 minutes of baking. Apart for muffins, the mix can also be used for preparing chocolate soufflé and Lava cake, the recipes of which can be found on the packaging.

**Cake cream with chocolate and Cake cream with vanilla** are exceptionally light and creamy, with a unique and rich taste. They are intended for various kinds of cakes: sponge cake, fruit cake, roulades and cakes with crust pastry. Preparation is quick and easy - just add milk, and one package is enough for one cake.



Refreshing bubbles of mineral water and juice of the tastiest fruit are an ideal combination for quenching thirst. Natural mineral water **Studenac is enriched with tangerine and grapefruit juice**, offering more than just refreshment in hot summer days. It is also an excellent combination for cocktails.

**Peanut pâté** is made of top quality chicken meat without preservatives, based on the current recipe of Podravka chicken pâté with added peanuts. The irresistible taste of peanuts, otherwise typical for snack, is the perfect choice for canapé sandwiches. **Mediterranean pâté** combines the most valuable ingredients of the Mediterranean: juicy tomatoes, rich olives and light chicken meat. It consists of the best quality chicken meat without preservatives, based on the current recipe of Podravka chicken pâté with added olives and tomato.



## Sales revenues per categories

		In HRK millions				
Item no.	CATEGORY/SUBCATEGORY	Jan – Jun 2013		Jan – Jun 2012		Index 2:4
		Amount	%	Amount	%	
0	1	2	3	4	5	6
1	<b>CULINARY</b>	443.1	26.1	443.4	25.8	100
	Food seasonings and bouillons	312.8	18.4	310.7	18.1	101
	Podravka dishes and food mixes	130.3	7.7	132.7	7.7	98
2	<b>SWEETS, SNACK AND BEVERAGES</b>	135.5	8.0	141.8	8.2	96
	Beverages	71.2	4.2	74.8	4.3	95
	Sweets and snack	64.3	3.8	67.0	3.9	96
3	<b>BABY FOOD, BREAKFAST FOODS AND OTHER FOOD</b>	432.3	25.5	435.5	25.3	99
	Baby food and breakfast foods	152.7	9.0	149.3	8.7	102
	Other food	279.5	16.5	286.2	16.6	98
4	<b>MEAT AND MEAT PRODUCTS</b>	128.7	7.6	156.6	9.1	82
	<b>SBA FOOD AND BEVERAGES – ORGANIC SALES</b>	1,139.6	67.2	1,177.4	68.4	97
5	<b>SBA FOOD AND BEVERAGES – Other sales</b>	153.4	9.1	155.0	9.0	99
	<b>SBA FOOD AND BEVERAGES – TOTAL SALES</b>	1,293.0	76.3	1,332.4	77.4	97
6	<b>ETHICAL DRUGS</b>	282.5	16.7	268.9	15.6	105
7	<b>NON-PRESCRIPTION DRUGS</b>	39.5	2.3	42.1	2.4	94
	<b>SBA PHARMACEUTICALS – ORGANIC SALES</b>	322.0	19.0	311.0	18.1	104
8	<b>SBA PHARMACEUTICALS – Other sales</b>	80.2	4.7	77.1	4.5	104
	<b>SBA PHARMACEUTICALS – TOTAL SALES</b>	402.2	23.7	388.1	22.6	104
	<b>PODRAVKA GROUP – TOTAL SALES</b>	1,695.2	100.0	1,720.5	100.0	99

The organisation of the Marketing sector of Podravka changed since the second quarter of 2013, and concurrently effected changes in the reporting structure as new categories within the SBA Food and Beverages were defined (the same reporting period of 2012 was also adjusted to the new way of sales presentation). The underlying reasons for these changes are better focus on the end consumer, a faster innovation cycle and greater interaction with markets.

The Culinary category has recorded almost equal sales as in the first year-half of 2012, with Food seasoning and bouillons achieving sales growth (1%), while Podravka dishes and food mixes have recorded a somewhat lower level of sales (-2%). The highest contribution to this sales growth of Food seasonings comes from the Polish market where the sales of Food seasoning has increased 16% compared to the same period last year.

The Sweets, snack and beverages category suffered a 4% drop of sales compared to the same period of 2012, along with a drop of sales in both subcategories, Beverages and Sweets and snack. However, some product groups such as Mineral water and Teas in Beverages and Salty snacks in the subcategory of Sweets and snack, have increased sales within their relevant subcategories.

The Baby food, breakfast foods and other food category reported 1% lower sales compared to the same period of 2012, resulting from the drop of sales of the subcategory Other food. The highest absolute drop

within this subcategory was recorded by the product group Rice, which realises the majority of its sales on the markets of Central Europe, while at the same time the product groups Fish products and Tomato based products achieved good sales results. The subcategory Baby food and breakfast foods grew 2% resulting from a higher level of sales on the market of Croatia and some foreign markets such as Australia and Slovenia.

The drop of sales of the category Meat and meat products reached 18% compared to the first year-half of 2012 and was generated by a targeted reduce of sales volume of Fresh meat that is characterised by low profitability.

In the SBA Pharmaceuticals Ethical drugs recorded a 5% increase with the highest contribution from Dermatics that have recorded a considerable increase of sales in Russia. Apart from this, a significant sales growth was recorded by other groups of drugs such as drugs that affect heart and blood vessels and the urinary system and sex hormones. The non-prescription programme suffered a 6% sales drop in the observed period that was primarily caused by lower sales in Croatia.

### Sales revenues of the Podravka Group per market <sup>2</sup>

Item no.	MARKETS	In HRK millions				
		Jan – Jun 2013		Jan – Jun 2012		Index 2:4
		Amount	%	Amount	%	
0	1	2	3	4	5	6
1	Croatia	736.4	43.4	777.1	45.2	95
2	South-Eastern Europe	437.3	25.8	433.2	25.2	101
3	Central Europe	241.7	14.3	237.7	13.8	102
4	Western Europe, overseas countries and Orient	161.4	9.5	157.6	9.1	102
5	Eastern Europe	118.4	7.0	114.9	6.7	103
<b>Total</b>		<b>1,695.2</b>	<b>100.0</b>	<b>1,720.5</b>	<b>100.0</b>	<b>99</b>

Sales in the amount of HRK 736.4 million, which is 43.4% of the total sales of the Podravka Group, was realised on the market of Croatia and is 5% lower compared with the same period of last year. Total sales on foreign markets are HRK 958.8 million and are 2% higher than in the first year-half of 2012, and all foreign market groups have recorded growth in the observed period. Market of South-Eastern Europe

<sup>2</sup> 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

realised sales growth of 1% with the most prominent markets being Kosovo and Serbia, while sales in Bosnia and Herzegovina recorded a drop due to unfavourable macroeconomic movements. The highest growth of total sales on the market of Central Europe was recorded in Poland and Hungary, while on the market of Western Europe, overseas markets and Orient the highest contribution comes from Austria, Great Britain and Scandinavia. In Eastern Europe sales growth results from Russia based on the sales growth of the SBA Pharmaceuticals.

### Structure of operating costs / expenses

Item no.	COST / EXPENSE	In HRK millions				
		Jan – Jun 2013		Jan – Jun 2012*		Index 2:4
0	1	2	3	4	5	6
1	Cost of goods sold	1,003.9	61.9	1,061.8	64.8	95
2	Selling and distribution costs	240.3	14.8	240.1	14.6	100
3	Marketing expenses	206.1	12.7	199.5	12.2	103
4	General and administrative expenses	172.8	10.6	136.9	8.4	126
<b>Total</b>		<b>1,623.1</b>	<b>100.0</b>	<b>1,638.3</b>	<b>100.0</b>	<b>99</b>

\*reclassification of costs/expenses

The total operating costs/expenses of the Podravka Group amounted to HRK 1,623.1 million, which is a drop of 1% compared to the same period of last year. The greatest contribution comes from lower Cost of goods sold which in the observed period dropped 5%. Selling and distribution costs remain almost at the same level as the year before, while Marketing expenses are 3% higher. General and administrative expenses grew 26% but they contain expenses related to incentive severance payments, which in the observed period amounted to HRK 41.2 million. Should the total costs/expenses be corrected by the amount of severance payments, the drop would be 3% compared with the total costs/expenses of the same period last year, presented in a comparable manner.

## Profitability of the Podravka Group

In HRK millions

Podravka Group	REPORTED RESULTS		CORRECTED RESULTS**		change (2/3)	change (4/5)
	Jan – Jun 2013	Jan – Jun 2012	Jan – Jun 2013**	Jan – Jun 2012**		
1	2	3	4	5	6	7
Sales revenue	1,695.2	1,720.5	1,695.2	1,720.5	-1%	-1%
Gross profit	691.3	658.6	691.3	658.6	5%	5%
EBITDA	142.0	160.3	183.2	167.7	-11%	9%
EBIT	66.2	83.8	107.4	91.1	-21%	18%
Net profit	38.9	39.1	80.1	46.5	-1%	72%
<i>Profit margins %</i>						
Gross margin	40.8	38.3	40.8	38.3	250bp	250bp
EBITDA margin	8.4	9.3	10.8	9.7	-90bp	110bp
EBIT margin	3.9	4.9	6.3	5.3	-100bp	100bp
Net margin	2.3	2.3	4.7	2.7	0bp	200bp

\*\*without non-recurrent items

The total sales revenue of the Podravka Group in the first year-half of 2013 is 1% lower than in the same period of 2012 and as the Cost of goods sold have at the same time dropped 5%, the gross profit recorded a 5% increase and amounts to HRK 691.3 million. The gross margin grew 250bp and is 40.8%. Taken that all other total costs/expenses are at a higher level than in the same period last year, primarily due to expenses arising from severance payments, other levels of profitability have dropped. However, if the reported results were corrected for the amount of extraordinary items (only severance payments in the total amount of HRK 41.2 million were recorded under extraordinary items and in the same period of 2012 extraordinary items amounted to HRK 7.4 million and also referred to severance payments), all levels of profitability would record a significant increase compared to the same period of the year before. The corrected EBITDA is HRK 183.2 million and is 9% higher than in the same period last year, and the corrected net profit is HRK 80.1 million and even 72% higher than the corrected net profit of the first six months of 2012.

## Profitability of the SBA Food & Beverages

In HRK millions						
SBA Food & Beverages	REPORTED RESULTS		CORRECTED RESULTS**		change (2/3)	change (4/5)
	Jan – Jun 2013	Jan – Jun 2012	Jan – Jun 2013**	Jan – Jun 2012**		
1	2	3	4	5	6	7
Sales revenue	1,293.0	1,332.4	1,293.0	1,332.4	-3%	-3%
Gross profit	470.4	453.2	470.4	453.2	4%	4%
EBITDA	67.9	87.9	102.9	95.0	-23%	8%
EBIT	14.7	34.5	49.7	41.6	-57%	19%
Net profit	7.5	8.5	42.5	15.5	-12%	174%
<i>Profit margins %</i>						
Gross margin	36.4	34.0	36.4	34.0	240bp	240bp
EBITDA margin	5.3	6.6	8.0	7.1	-130bp	90bp
EBIT margin	1.1	2.6	3.8	3.1	-150bp	70bp
Net margin	0.6	0.6	3.3	1.2	0bp	210bp

\*\*without non-recurrent items

The gross profit of the SBA F&B increased 4% in the observed period due to lower Cost of goods sold and the gross margin is 36.4%, which is an increase of 240bp. The result of the observed period is under the effect of higher General and administrative expenses where the paid severance payments are disclosed and therefore all levels of profitability have recorded a drop. However, if the business results are analysed without the effect of extraordinary items, a growth at all levels of profitability is evident and therefore the EBITDA corrected in such manner is HRK 102.9 million and is 8% higher than in the same period of last year, while the corrected net profit is HRK 42.5 million and is 174% higher than in the same period of 2012.

## Profitability of the SBA Pharmaceuticals

In HRK millions						
SBA Pharmaceuticals	REPORTED RESULTS		CORRECTED RESULTS**		change (2/3)	change (4/5)
	Jan – Jun 2013	Jan – Jun 2012	Jan – Jun 2013**	Jan – Jun 2012**		
1	2	3	4	5	6	7
Sales revenue	402.2	388.1	402.2	388.1	4%	4%
Gross profit	220.9	205.4	220.9	205.4	8%	8%
EBITDA	74.0	72.4	80.2	72.7	2%	10%
EBIT	51.5	49.3	57.7	49.6	4%	16%
Net profit	31.4	30.6	37.6	30.9	2%	22%
<i>Profit margins %</i>						
Gross margin	54.9	52.9	54.9	52.9	200bp	200bp
EBITDA margin	18.4	18.7	20.0	18.7	-30bp	130bp
EBIT margin	12.8	12.7	14.3	12.8	10bp	150bp
Net margin	7.8	7.9	9.3	8.0	-10bp	130bp

\*\*without non-recurrent items

The gross profit of the SBA Pharmaceuticals is 8% higher than in the same period of last year and the gross margin grew 200bp and is now 54.9%. Severance payments were also paid for redundant labour in the SBA Pharmaceuticals in the amount of HRK 6.2 million and if the corrected result is analysed, respectively, the result without the effect of non-recurrent items, a significant increase of all levels of profitability is evident. The corrected EBITDA is HRK 80.2 million and is 10% higher than the corrected EBITDA in the same period of last year and the corrected net profit is HRK 37.6 million and is 22% higher than the net profit of last year, presented in a comparable manner.

### Comment on financial position

The value of total assets, as of 30 June 2013, amounted to HRK 3,514.2 million and is lower for HRK 103.4 million compared to the end of 2012. The highest contribution on decrease of assets is coming from lower trade and other receivables, which have decreased for HRK 122.3 million. Inventories also recorded a drop, and compared to the end of 2012 are lower for HRK 18.7 million.

Regarding liabilities, trade and other payables recorded a significant decrease in amount of HRK 75.5 million.

Net debt as of 30 June 2013 amounts HRK 956.4 million, and is lower for HRK 123.3 million compared to the end of 2012.

## CONSOLIDATED STATEMENT OF INCOME

(in thousands of HRK)

	Jan - Jun 2013	Jan - Jun 2012
Sales	1,695,246	1,720,473
Cost of goods sold	(1,003,906)	(1,061,854)
<b>Gross profit</b>	<b>691,340</b>	<b>658,619</b>
Other income	3,597	5,725
General and administrative expenses	(172,788)	(136,862)
Selling and distribution costs	(240,301)	(240,085)
Marketing expenses	(206,063)	(199,486)
Other expenses	(9,560)	(4,153)
<b>Operating profit</b>	<b>66,225</b>	<b>83,759</b>
Financial income	4,783	487
Financial expenses	(18,563)	(35,960)
<b>Net finance costs</b>	<b>(13,780)</b>	<b>(35,472)</b>
<b>Profit before tax</b>	<b>52,446</b>	<b>48,287</b>
Income tax expenses	(13,079)	(10,790)
<b>Net profit</b>	<b>39,367</b>	<b>37,497</b>
<b>Profit for the period attributable:</b>		
<b>Equity holders of the parent</b>	<b>38,896</b>	<b>39,105</b>
Non-controlling interests	471	-1,608

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of HRK)

	30 June 2013	31 December 2012
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	41,984	41,984
Intangible assets	233,143	237,657
Property, plant and equipment	1,359,080	1,400,740
Deferred tax assets	35,371	35,420
Other financial assets	4,813	5,343
<b>Total non-current assets</b>	<b>1,674,392</b>	<b>1,721,144</b>
<b>Current assets</b>		
Inventories	612,467	631,117
Trade and other receivables	959,884	1,082,185
Financial assets at fair value through profit or loss	25,503	600
Cash and cash equivalents	177,744	118,208
Assets held for sale	64,242	64,418
<b>Total current assets</b>	<b>1,839,840</b>	<b>1,896,528</b>
<b>TOTAL ASSETS</b>	<b>3,514,232</b>	<b>3,617,672</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Share capital	1,584,862	1,584,862
Reserves	167,456	173,503
Accumulated loss	(127,755)	(162,600)
<b>Attributable to the equity holders of the parent</b>	<b>1,624,563</b>	<b>1,595,765</b>
Non-controlling interests	32,268	32,027
<b>Total shareholders' equity</b>	<b>1,656,831</b>	<b>1,627,792</b>
<b>Non-current liabilities</b>		
Borrowings	619,986	727,255
Provisions	52,548	46,778
Deferred tax liability	5,935	6,298
<b>Total non-current liabilities</b>	<b>678,470</b>	<b>780,331</b>
<b>Current liabilities</b>		
Trade and other payables	644,591	720,111
Income tax payables	4,066	359
Financial liabilities at fair value through profit and loss	2,367	6,775
Borrowings	511,771	463,851
Provisions	16,136	18,453
<b>Total current liabilities</b>	<b>1,178,931</b>	<b>1,209,549</b>
<b>Total liabilities</b>	<b>1,857,401</b>	<b>1,989,880</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,514,232</b>	<b>3,617,672</b>

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of HRK)

	Share capital	Reserves	Accumulated loss / Retained earnings	Total	Non-controlling interest	Total
<b>Balance at 31 December 2012</b>	1,584,862	173,504	(162,601)	1,595,765	32,027	1,627,792
Net profit for the year	-	-	38,896	38,896	471	39,367
Other comprehensive income	-	(10,098)		(10,098)	(230)	(10,328)
Total comprehensive income	-	(10,098)	38,896	28,798	241	29,039
Exchange differences	-	-	-	0	-	0
Purchase of treasury shares	-	-	-	0	-	0
Sale of treasury shares	-	-	-	0	-	0
Options exercised	-	-	-	0	-	0
Fair value of share options	-	-	-	0	-	0
Transfer from other and legal reserves	-	-	-	0	-	0
<b>Balance at 30 June 2013</b>	<b>1,584,862</b>	<b>163,406</b>	<b>(123,705)</b>	<b>1,624,563</b>	<b>32,268</b>	<b>1,656,831</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of HRK)

	Jan - Jun 2013	Jan - Jun 2012
<b>Net profit</b>	<b>39,367</b>	<b>37,497</b>
Income tax	13,079	10,791
Depreciation and amortization	75,736	76,558
Remeasurement of financial instruments at fair value	(4,409)	223
(Gain) / loss on disposal of non current assets	(14)	30
Impairment loss on goodwill	-	13
Impairment losses on inventory and trade receivables	6,186	4,544
Decrease in provisions	(1,388)	(18,058)
Interest income	(2,163)	(3,492)
Interest expense	27,869	38,645
Effect of changes in foreign exchange rates	(15,487)	553
<b>Changes in working capital</b>		
Decrease in inventories	24,050	13,098
Decrease / (increase) in current receivables	110,602	(42,738)
(Decrease) / increase in trade payables	(72,670)	54,328
<b>Net cash from operations</b>	<b>200,758</b>	<b>171,992</b>
<b>Cash flows from operating activities</b>		
Cash from operations	200,758	171,992
Income taxes paid	(7,161)	(21,792)
Interest paid	(28,454)	(40,934)
<b>Net cash from operating activities</b>	<b>165,143</b>	<b>109,266</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant, equipment and intangibles	(34,891)	(47,069)
Proceeds from sale of property, plant, equipment and intangibles	111	765
Collection of loans and deposits given, net	(24,604)	63
Collected interest	2,163	3,492
<b>Net cash used in investing activities</b>	<b>(57,221)</b>	<b>(42,749)</b>
<b>Net cash flows from financing activities</b>		
Proceeds from borrowings	127,492	86,466
Repayment of borrowings	(175,877)	(178,851)
<b>Net cash used in financing activities</b>	<b>(48,385)</b>	<b>(92,385)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>59,537</b>	<b>(25,868)</b>
Cash and cash equivalents at beginning the period	118,208	145,960
Cash and cash equivalents at the end of the period	<b>177,744</b>	<b>120,092</b>

Always with a heart



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