



MANAGEMENT BOARD

Koprivnica, 1<sup>st</sup> April 2014

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

**Appendix 1**

Reporting period:

1.1.2013

to

31.12.2013

**Annual financial report of entrepreneur - GFI-POD**Registration number (MB) **03454088**Identification number of subject (MBS) **010006549**Personal identification number (OIB) **18928523252**Issueer 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):

Registration number:


Book keeping service: \_\_\_\_\_

Contact person: **Brajević Iva**

(authorised person for representation)

Phone number: **048 651 228** Fascimile: **048 220 562**E-mail address: **Iva.Brajevic@podravka.hr**Surname and name: **Mršić Zvonimir**

(authorised person for representation)

**Disclosure documents:**

1. Audited annual financial statements
2. Report of the Management Board on position of the Company
3. Statement of responsible persons for preparation of financial statements
4. The decision of the competent authority (the proposal) about the development of the annual financial statements
5. Decision on the allocation of profits or covering of loss

**PODRAVKA**  
PREHRAMBENA INDUSTRIJA d.d.  
KOPRIVNICA 173

*(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>	1.479.050.199	1.216.973.678
<b>I. INTANGIBLE ASSETS (004 to 009)</b>	<b>003</b>	115.583.416	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>	578.384	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	387.810.822
1. Investments (shares) with related parties	<b>021</b>	440.304.164	375.382.888
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	1.173.654.394
<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	567.831.305
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>	1.520.429	716.595
5. Receivables from government and other institutions	<b>048</b>	12.049.221	4.735.926
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	168.389.169
1. Shares (stocks) in related parties	<b>051</b>	59.880.215	75.125.754
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>	10.179.879	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>	570.344.391	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	1.134.309.526
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	-45.842.810
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	67.604.502
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	527.132.538
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	527.132.538
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</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>	570.344.391	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
1	2	3	4
<b>I. OPERATING REVENUE (112+113)</b>	<b>111</b>	1.925.335.490	1.912.179.508
1. Sales revenue	112	1.877.713.677	1.876.859.005
2. Other operating revenues	113	47.621.813	35.320.503
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	1.901.292.014	1.918.034.607
1. Changes in value of work in progress and finished products	115	39.716.485	6.160.046
2. Material costs (117 to 119)	116	1.202.290.815	1.210.180.322
a) Raw material and material costs	117	645.295.345	653.699.778
b) Costs of goods sold	118	337.777.686	315.325.052
c) Other external costs	119	219.217.784	241.155.492
3. Staff costs (121 to 123)	120	388.282.194	353.153.057
a) Net salaries and wages	121	238.796.037	219.527.819
b) Cost for taxes and contributions from salaries	122	95.348.005	86.153.773
c) Contributions on gross salaries	123	54.138.152	47.471.465
4. Depreciation	124	85.504.692	84.985.112
5. Other costs	125	116.787.316	124.787.229
6. Impairment (127+128)	126	23.984.943	35.210.170
a) Impairment of long-term assets (financial assets excluded)	127	10.400.000	10.530.732
b) Impairment of short - term assets (financial assets excluded)	128	13.584.943	24.679.438
7. Provisions	129	14.553.108	0
8. Other operating costs	130	30.172.461	103.558.671
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	27.084.714	138.112.976
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132	15.060.643	111.753.392
2. Interest income, foreign exchange gains, dividends and similar income from non - related parties	133	11.960.733	22.174.091
3. Share in income from affiliated entrepreneurs and participating interests	134	0	0
4. Unrealized gains (income) from financial assets	135	63.338	4.185.493
5. Other financial income	136	0	0
<b>IV. FINANCIAL EXPENSES (138 do 141)</b>	<b>137</b>	74.408.779	93.512.926
1. Interest expenses, foreign exchange losses, dividends and similar expenses from related parties	138	4.982.809	22.517.209
2. Interest expenses, foreign exchange losses, dividends and similar expenses from non - related	139	65.958.059	70.995.717
3. Unrealized losses (expenses) on financial assets	140	3.467.911	0
4. Other financial expenses	141	0	0
<b>V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS</b>	<b>142</b>	0	0
<b>VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS</b>	<b>143</b>	0	0
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>	0	0
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>	0	0
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	1.952.420.204	2.050.292.484
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	1.975.700.793	2.011.547.533
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	-23.280.589	38.744.951
1. Profit before taxation (146-147)	149	0	38.744.951
2. Loss before taxation (147-146)	150	23.280.589	0
<b>XII. PROFIT TAX</b>	<b>151</b>	-2.589.780	-12.621.172
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	-20.690.809	51.366.123
1. Profit for the period (149-151)	153	0	51.366.123
2. Loss for the period (151-148)	154	20.690.809	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
2. Attributed to minority interest	156	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	51.366.123
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)</b>	<b>158</b>	0	0
1. Exchange differences on translation of foreign operations	159	0	0
2. Movements in revaluation reserves of long - term tangible and intangible assets	160	0	0
3. Profit or loss from reevaluation of financial assets available for sale	161	0	0
4. Gains or losses on efficient cash flow hedging	162	0	0
5. Gains or losses on efficient hedge of a net investment in foreign countries	163	0	0
6. Share in other comprehensive income / loss of associated companies	164	0	0
7. Actuarial gains / losses on defined benefit plans	165	0	0
<b>III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>	0	0
<b>IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	0	0
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	-20.690.809	51.366.123
<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
2. Attributed to minority interest	170	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	<b>001</b>	-23.280.589	38.744.951
2. Depreciation	<b>002</b>	85.504.692	84.985.112
<b>3. Increase in short term liabilities</b>	<b>003</b>	0	0
4. Decrease in short term receivables	<b>004</b>	18.752.857	25.068.718
5. Decrease in inventories	<b>005</b>	36.941.192	18.535.238
6. Other increase in cash flow	<b>006</b>	49.546.882	143.638.538
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	167.465.034	310.972.557
1. Decrease in short term liabilities	<b>008</b>	9.012.128	1.603.364
2. Increase in short term receivables	<b>009</b>	0	
3. Increase in inventories	<b>010</b>	0	0
4. Other decrease in cash flow	<b>011</b>	11.279.719	113.329.699
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	20.291.847	114.933.063
<b>A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	147.173.187	196.039.494
<b>A2) NET DECREASE IN IN CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	0	0
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash inflows from sales of long-term tangible and intangible assets	<b>015</b>	176.890	448.477
2. Cash inflows from sales of equity and debt instruments	<b>016</b>	61.121	0
3. Interests receipts	<b>017</b>	14.384.497	13.176.969
4. Dividend receipts	<b>018</b>	0	0
5. Other cash inflows from investing activities	<b>019</b>	43.797.208	39.728.965
<b>III. Total cash inflows from investing activities (015 to 019)</b>	<b>020</b>	58.419.716	53.354.411
1. Cash outflow for purchase of long-term tangible and intangible assets	<b>021</b>	69.779.723	40.552.662
2. Cash outflow for acquisition of equity and debt financial instruments	<b>022</b>	0	16.795.015
3. Other cash outflow for investing activities	<b>023</b>	7.640.634	15.861.744
<b>IV. Total cash outflow for investing activities (021 do 023)</b>	<b>024</b>	77.420.357	73.209.421
<b>B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)</b>	<b>025</b>	0	0
<b>B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES (024-020)</b>	<b>026</b>	19.000.641	19.855.010
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
1. Cash inflow from issuing property and debt financial instruments	<b>027</b>	0	0
2. Proceeds from the credit principal, promissory notes, borrowings and other loans	<b>028</b>	73.551.531	146.933.661
3. Other proceeds from financial activities	<b>029</b>	0	0
<b>V. Total cash inflows from financial activities (027 to 029)</b>	<b>030</b>	73.551.531	146.933.661
1. Cash outflow for repayment of credit principal and bonds	<b>031</b>	227.872.274	267.243.650
2. Cash outflow for dividends paid	<b>032</b>	0	0
3. Cash outflow for financial lease	<b>033</b>	1.937.000	24.014.218
4. Cash outflow for purchase of treasury shares	<b>034</b>	0	0
5. Other cash outflow for financial activities	<b>035</b>	0	0
<b>VI. Total cash outflow for financial activities (031 to 035)</b>	<b>036</b>	229.809.274	291.257.868
<b>C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)</b>	<b>037</b>	0	0
<b>C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)</b>	<b>038</b>	156.257.743	144.324.207
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	<b>039</b>	0	31.860.277
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	<b>040</b>	28.085.197	0
Cash and cash equivalents at the beginning of the period	<b>041</b>	69.132.910	41.047.713
Increase of cash and cash equivalents	<b>042</b>	0	0
Decrease of cash and cash equivalents	<b>043</b>	28.085.197	-31.860.277
Cash and cash equivalents at the end of the period	<b>044</b>	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	-45.842.810
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>	<b>1.081.827.471</b>	<b>1.134.309.526</b>
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	52.482.055
<b>17. Total increase or decrease in capital (AOP 011 do 016)</b>	<b>017</b>	<b>-79.342.370</b>	<b>52.482.055</b>
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 year 2013.





COMPANY MANAGEMENT

Koprivnica, 1<sup>st</sup> April 2014

**MANAGEMENT REPORT ON THE ACHIEVED BUSINESS RESULTS OF  
PODRAVKA D.D. 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 other.

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.

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, 1<sup>st</sup> April 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.

Corporate accounting and taxes Director:  
Iva Brajević

A blue ink signature of Iva Brajević.

Board Member:  
Miroslav Klepač

A blue ink signature of Miroslav Klepač.





SUPERVISORY BOARD

No: NO-103-2-2014.

Koprivnica, 1 April 2014

Pursuant to Articles 300.c and 300.d of the Company Act (Official Gazette no. 152/11-clear version, 111/12 and 68/13), the Supervisory Board of PODRAVKA Inc. at its 103<sup>rd</sup> session held on 1 April 2014 adopted the following

### DECISION

#### **on Approval of the Management Board Decision regarding establishing of the Annual Financial Statements of PODRAVKA Inc. and Annual Report on the Status of the Company for the business year 2013**

#### I

The Annual Financial Statements of PODRAVKA Inc. (M.B. 03454088, OIB 18928523252) for the business year 2013 with the Reports and opinion of certified auditors are hereby established.

#### II

The Annual Financial Statements for the business year 2013, prepared by the Management Board of PODRAVKA Inc. in compliance with applicable regulations, are hereby established as follows:

1. Statement on Total Income
2. Statement on the Company's Financial Position
3. Statement on Changes in Equity
4. Statement on Cash Flow
5. Notes to Financial Statements
6. Annual Report on the Status of the Company.

#### III

The Statement on Total Income for the business year 2013, in which the profit in the amount of HRK 51.366.123,10 has been declared, is hereby established.

The Statement on Financial Position as of 31 December 2013 shows the sum of assets and liabilities, respectively, in the amount of HRK 2.399.261.779,92.

#### IV

The Annual Report of the Management Board of PODRAVKA Inc. on the Status of the Company for the business year 2013 is hereby established.

#### V

This Decision shall enter into force on the day of its adoption.



President of the Supervisory Board:

Dubravko Stimac



SUPERVISORY BOARD

No: NO-103-3-2014.

Koprivnica, 1 April 2014

In accordance with Articles 263 and 280 of the Company Law (Official Gazette No 152/11 – clear version, 111/12, 144/12 and 68/13), the Supervisory Board of PODRAVKA Inc. on its 103<sup>rd</sup> session held on 1<sup>st</sup> April 2014 adopted the following

### DECISION PROPOSAL

#### on the allocation of profit of PODRAVKA Inc. for the business year 2013

##### I.

The profit of PODRAVKA Inc., M.B. 03454088, OIB 18928523252 (hereinafter: the Company) for the business year 2013 stated in the audited Annual Financial Statements of the Company, amounts HRK 51.366.123,10.

The stated profit of the Company shall be allocated to:

- legal reserves in amount of HRK 2.568.306,16
- reserves for own shares in amount of HRK 45.842.809,48 and
- other reserves in amount of HRK 2.955.007,46.

##### II.

This Decision Proposal will be submitted to the General Assembly of the Company.



President of the Supervisory Board:

Dubravko Štimac