



MANAGEMENT BOARD

Koprivnica, 29th April 2014

PODRAVKA D.D.
1. - 3. 2014.
QUARTERLY FINANCIAL REPORT

Appendix 1

Reporting period:

1.1.2014.

to

31.3.2014.

Quarterly financial report of entrepreneur - TFI-PODRegistration 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 address: **www.podravka.com**Code and name of comune/town **201 KOPRIVNICA**Code and county name **6 KOPRIVNIČKO-KRIŽEVAČKA**Number of employees **3.124**

(at quarter end)

Consolidated statement **NO**NKD/NWC code: **1039**

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

BALANCE SHEET
as at 31.3.2014.

Obligator: Podravka prehrambena industrija d.d., Koprivnica			
Item	AOP code	Last year (net)	Current year (net)
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001	0	0
B) LONG-TERM ASSETS (003+010+020+029+033)	002	1.216.973.678	1.201.029.874
I. INTANGIBLE ASSETS (004 to 009)	003	98.325.947	96.099.807
1. Assets development	004	0	0
2. Concessions, patents, licences fees, trade and service marks, software and other rights	005	95.339.734	92.149.405
3. Goodwill	006	0	0
4. Prepayments for purchase of intangible assets	007	0	0
5. Intangible assets in preparation	008	2.986.213	3.950.402
6. Other intangible assets	009	0	0
II. TANGIBLE ASSETS (011 to 019)	010	693.485.729	684.705.414
1. Land	011	39.499.992	39.682.832
2. Buildings	012	423.066.363	416.774.878
3. Plant and equipment	013	181.774.393	200.156.836
4. Tools, facility inventory and transport assets	014	5.988.589	5.572.580
5. Biological assets	015	0	0
6. Prepayments for tangible assets	016	2.356.450	4.305.039
7. Tangible assets in progress	017	40.046.390	17.463.616
8. Other tangible assets	018	753.552	749.633
9. Investments in buildings	019	0	0
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	387.810.822	382.869.873
1. Investments (shares) with related parties	021	375.382.888	372.015.088
2. Loans given to related parties	022	7.583.333	6.500.000
3. Participating interest (shares)	023	907.000	923.000
4. Loans to entrepreneurs in whom the entity holds participating interests	024	0	0
5. Investments in securities	025	0	0
6. Loans, deposits and similar assets	026	3.937.601	3.431.785
7. Other long - term financial assets	027	0	0
8. Investments accounted by equity method	028	0	0
IV. RECEIVABLES (030 to 032)	029	0	0
1. Receivables from related parties	030	0	0
2. Receivables from based on trade loans	031	0	0
3. Other receivables	032	0	0
V. DEFERRED TAX ASSETS	033	37.351.180	37.354.780
C) SHORT TERM ASSETS (035+043+050+058)	034	1.173.654.394	1.182.436.195
I. INVENTORIES (036 to 042)	035	364.525.930	386.600.669
1. Raw-material and supplies	036	96.958.234	102.110.202
2. Work in progress	037	22.927.744	21.196.505
3. Finished goods	038	101.827.104	121.716.151
4. Merchandise	039	56.411.831	63.430.374
5. Prepayments for inventories	040	5.441.050	0
6. Long - term assets held for sales	041	80.959.967	78.147.437
7. Biological assets	042	0	0
II. RECEIVABLES (044 to 049)	043	567.831.305	553.175.918
1. Receivables from related parties	044	367.850.454	368.621.233
2. Accounts receivable	045	194.190.983	183.053.784
3. Receivables from participating parties	046	0	0
4. Receivables from employees and members of related parties	047	716.595	680.206
5. Receivables from government and other institutions	048	4.735.926	434.642
6. Other receivables	049	337.347	386.053
III. SHORT TERM FINANCIAL ASSETS (051 to 057)	050	168.389.169	164.776.077
1. Shares (stocks) in related parties	051	75.125.754	75.125.754
2. Loans given to related parties	052	86.694.897	82.668.345
3. Participating interests (shares)	053	0	0
4. Loans to entrepreneurs in whom the entity holds participating interests	054	0	0
5. Investments in securities	055	5.514.691	5.157.938
6. Loans, deposits, etc.	056	1.053.827	1.824.040
7. Other financial assets	057	0	0
IV. CASH AT BANK AND IN CASHIER	058	72.907.990	77.883.531
D) PREPAID EXPENSES AND ACCRUED REVENUE	059	8.633.708	8.889.994
E) TOTAL ASSETS (001+002+034+059)	060	2.399.261.780	2.392.356.063
F) OFF-BALANCE RECORDS	061	593.358.567	787.047.117

Obligator: Podravka prehrambena industrija d.d., Koprivnica			
Item	AOP code	Last year (net)	Current year (net)
1	2	3	4
LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.134.309.526	1.130.992.358
I. SUBSCRIBED CAPITAL	063	1.084.000.600	1.084.000.600
II. CAPITAL RESERVES	064	44.785.613	44.785.613
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	-45.842.810	-45.842.810
1. Reserves prescribed by law	066	0	0
2. Reserves for treasury shares	067	21.761.692	21.761.692
3. Treasury stocks and shares (deduction)	068	67.604.502	67.604.502
4. Statutory reserves	069	0	0
5. Other reserves	070	0	0
IV. REVALUATION RESERVES	071	0	0
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	0	52.268.530
1. Retained earnings	073	0	52.268.530
2. Accumulated loss	074	0	0
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	075	51.366.123	-4.219.575
1. Profit for the current year	076	51.366.123	0
2. Loss for the current year	077	0	4.219.575
IX. MINORITY INTERESTS	078	0	0
B) PROVISIONS (080 to 082)	079	37.775.002	37.447.173
1. Provisions for pensions, severance pay, and similar liabilities	080	14.955.100	14.971.100
2. Reserves for tax liabilities	081	0	0
3. Other reserves	082	22.819.902	22.476.073
C) LONG - TERM LIABILITIES (084 to 092)	083	527.132.538	616.980.440
1. Liabilities to related parties	084	0	0
2. Liabilities for loans, deposits etc.	085	0	0
3. Liabilities to banks and other financial institutions	086	527.132.538	616.980.440
4. Liabilities for received prepayments	087	0	0
5. Accounts payable	088	0	0
6. Liabilities arising from debt securities	089	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	090	0	0
8. Other long-term liabilities	091	0	0
9. Deferred tax liability	092	0	0
D) SHORT - TERM LIABILITIES (094 to 105)	093	641.787.764	541.034.172
1. Liabilities to related parties	094	44.371.311	30.975.637
2. Liabilities for loans, deposits etc.	095	0	0
3. Liabilities to banks and other financial institutions	096	336.081.529	259.454.787
4. Liabilities for received prepayments	097	887.840	0
5. Accounts payable	098	225.461.258	184.006.841
6. Liabilities arising from debt securities	099	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100	0	0
8. Liabilities to employees	101	29.095.432	56.672.426
9. Liabilities for taxes, contributions and similar fees	102	2.260.614	6.240.990
10. Liabilities to share - holders	103	681.138	681.138
11. Liabilities for long-term assets held for sale	104	0	0
12. Other short - term liabilities	105	2.948.642	3.002.353
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE	106	58.256.950	65.901.920
F) TOTAL - CAPITAL AND LIABILITIES (062+079+083+093+106)	107	2.399.261.780	2.392.356.063
G) OFF-BALANCE RECORDS	108	593.358.567	787.047.117
APPENDIX to balance sheet(to be filled in by entrepreneur that prepares consolidated annual financial report)			
CAPITAL AND RESERVES			
1. Attributed to equity holders of parent company	109	0	0
2. Attributed to minority interest	110	0	0

PROFIT AND LOSS ACCOUNT
for the period 1.1.2014. to 31.3.2014.

Obligator: Podravka prehrambena industrija d.d., Koprivnica					
Item	AOP code	Last Year		Current year	
		Cumulative	Quarterly	Cumulative	Quarterly
1	2	3	4	5	6
I. OPERATING REVENUE (112+113)	111	412.883.361	412.883.361	386.980.223	386.980.223
1. Sales revenue	112	407.839.086	407.839.086	378.290.623	378.290.623
2. Other operating revenues	113	5.044.275	5.044.275	8.689.600	8.689.600
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	413.847.715	413.847.715	383.185.257	383.185.257
1. Changes in value of work in progress and finished products	115	230.501	230.501	-17.488.750	-17.488.750
2. Material costs (117 to 119)	116	249.154.063	249.154.063	253.071.092	253.071.092
a) Raw material and material costs	117	152.122.705	152.122.705	145.154.229	145.154.229
b) Costs of goods sold	118	61.954.373	61.954.373	63.465.101	63.465.101
c) Other external costs	119	35.076.985	35.076.985	44.451.762	44.451.762
3. Staff costs (121 to 123)	120	85.061.424	85.061.424	82.196.406	82.196.406
a) Net salaries and wages	121	52.981.122	52.981.122	50.460.534	50.460.534
b) Cost for taxes and contributions from salaries	122	20.659.631	20.659.631	20.564.414	20.564.414
c) Contributions on gross salaries	123	11.420.671	11.420.671	11.171.458	11.171.458
4. Depreciation	124	21.369.940	21.369.940	17.574.895	17.574.895
5. Other costs	125	40.983.704	40.983.704	43.322.557	43.322.557
6. Impairment (127+128)	126	10.460.914	10.460.914	-3.830.326	-3.830.326
a) Impairment of long-term assets (financial assets excluded)	127	0	0	0	0
b) Impairment of short - term assets (financial assets excluded)	128	10.460.914	10.460.914	-3.830.326	-3.830.326
7. Provisions	129	688.882	688.882	0	0
8. Other operating costs	130	5.898.287	5.898.287	8.339.383	8.339.383
III. FINANCIAL INCOME (132 to 136)	131	10.844.448	10.844.448	5.579.374	5.579.374
1. Interest income, foreign exchange gains, dividends and similar income from	132	4.540.877	4.540.877	2.971.405	2.971.405
2. Interest income, foreign exchange gains, dividends and similar income from	133	4.070.421	4.070.421	2.379.458	2.379.458
3. Share in income from affiliated entrepreneurs and participating interests	134	0	0	0	0
4. Unrealized gains (income) from financial assets	135	2.233.150	2.233.150	228.511	228.511
5. Other financial income	136	0	0	0	0
IV. FINANCIAL EXPENSES (138 do 141)	137	22.723.877	22.723.877	13.593.915	13.593.915
1. Interest expenses, foreign exchange losses, dividends and similar expenses	138	3.061.457	3.061.457	483.442	483.442
2. Interest expenses, foreign exchange losses, dividends and similar expenses	139	19.662.420	19.662.420	13.110.473	13.110.473
3. Unrealized losses (expenses) on financial assets	140	0	0	0	0
4. Other financial expenses	141	0	0	0	0
V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED	142	0	0	0	0
VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED	143	0	0	0	0
VII. EXTRAORDINARY - OTHER INCOME	144	0	0	0	0
VIII. EXTRAORDINARY - OTHER EXPENSES	145	0	0	0	0
IX. TOTAL INCOME (111+131+142 + 144)	146	423.727.809	423.727.809	392.559.597	392.559.597
X. TOTAL EXPENSES (114+137+143 + 145)	147	436.571.592	436.571.592	396.779.172	396.779.172
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	-12.843.783	-12.843.783	-4.219.575	-4.219.575
1. Profit before taxation (146-147)	149	0	0	0	0
2. Loss before taxation (147-146)	150	12.843.783	12.843.783	4.219.575	4.219.575
XII. PROFIT TAX	151	0	0	0	0
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-12.843.783	-12.843.783	-4.219.575	-4.219.575
1. Profit for the period (149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	12.843.783	12.843.783	4.219.575	4.219.575
APPENDIX to P&L account (to be filled in by entrepreneur that prepares consolidated financial report)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributed to equity holders of parent company	155	0	0	0	0
2. Attributed to minority interest	156	0	0	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	-12.843.783	-12.843.783	-4.219.575	-4.219.575
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)	158	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
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	0	0	0	0
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)	167	0	0	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	-12.843.783	-12.843.783	-4.219.575	-4.219.575
APPENDIX to Statement of other comprehensive income (to be filled in by entrepreneur that prepares consolidated financial report)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
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 1.1.2014. to 31.3.2014.

Obligator: Podravka prehrambena industrija d.d., Koprivnica			
Item	AOP code	Last year	Current year
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	-12.843.783	-4.219.575
2. Depreciation	002	21.369.940	17.574.895
3. Increase in short term liabilities	003	0	0
4. Decrease in short term receivables	004	0	14.831.583
5. Decrease in inventories	005	9.894.109	0
6. Other increase in cash flow	006	14.232.135	6.116.898
I. Total increase in cash flow from operating activities (001 to 006)	007	32.652.401	34.303.801
1. Decrease in short term liabilities	008	22.132.715	7.680.848
2. Increase in short term receivables	009	15.052.837	0
3. Increase in inventories	010	0	24.887.269
4. Other decrease in cash flow	011	5.124.795	2.724.689
II. Total decrease in cash flow from operating activities (008 to 011)	012	42.310.347	35.292.806
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	0	0
A2) NET DECREASE IN IN CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	9.657.946	989.005
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash inflows from sales of long-term tangible and intangible assets	015	219.856	832.339
2. Cash inflows from sales of equity and debt instruments	016	0	0
3. Interests receipts	017	1.535.514	366.778
4. Dividend receipts	018	0	0
5. Other cash inflows from investing activities	019	148.135	817.995
III. Total cash inflows from investing activities (015 to 019)	020	1.903.505	2.017.112
1. Cash outflow for purchase of long-term tangible and intangible assets	021	5.105.433	6.280.206
2. Cash outflow for acquisition of equity and debt financial instruments	022	0	84.690
3. Other cash outflow for investing activities	023	0	1.850.000
IV. Total cash outflow for investing activities (021 do 023)	024	5.105.433	8.214.896
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)	025	0	0
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES (024-020)	026	3.201.928	6.197.784
CASH FLOW FROM FINANCIAL ACTIVITIES			
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	50.723.331	139.617.774
3. Other proceeds from financial activities	029	0	0
V. Total cash inflows from financial activities (027 to 029)	030	50.723.331	139.617.774
1. Cash outflow for repayment of credit principal and bonds	031	45.299.500	127.285.443
2. Cash outflow for dividends paid	032	0	0
3. Cash outflow for financial lease	033	602.000	170.000
4. Cash outflow for purchase of treasury shares	034	0	0
5. Other cash outflow for financial activities	035	0	0
VI. Total cash outflow for financial activities (031 to 035)	036	45.901.500	127.455.443
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)	037	4.821.831	12.162.331
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)	038	0	0
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	0	4.975.542
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	8.038.043	0
Cash and cash equivalents at the beginning of the period	041	41.047.713	72.907.990
Increase of cash and cash equivalents	042	0	4.975.541
Decrease of cash and cash equivalents	043	8.038.043	0
Cash and cash equivalents at the end of the period	044	33.009.670	77.883.531

STATEMENT OF CHANGES IN EQUITY
for the period 1.1.2014. to 31.3.2014.

Obligator: Podravka prehrambena industrija d.d., Koprivnica			
Item	AOP code	Last year	Current year
1	2	3	4
1. Subscribed capital	001	1.084.000.600	1.084.000.600
2. Capital reserves	002	44.785.613	44.785.613
3. Reserves from profit	003	-45.842.810	-45.842.810
4. Retained earnings or accumulated loss	004	0	52.268.530
5. Profit or loss for the current year	005	51.366.123	-4.219.575
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
10. Total capital and reserves (AOP 001 do 009)	010	1.134.309.526	1.130.992.358
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	52.482.055	-3.317.168
17. Total increase or decrease in capital (AOP 011 do 016)	017	52.482.055	-3.317.168
17 a. Attributed to equity holders of parent company	018	0	0
17 b. Attributed to minority interest	019	0	0

Notes:

Accounting policies in year 2014. did not change.



COMPANY MANAGEMENT

Koprivnica, 29th April 2014

MANAGEMENT REPORT ON THE ACHIEVED BUSINESS RESULTS OF PODRAVKA D.D. FOR THE PERIOD JANUARY – MARCH 2014

Sales income realised in period 1. – 3. 2014. in the amount of HRK 378.3 million are 7% lower compared with the same period of last year due to lower sales on Croatian market.

Realised gross profit is HRK 138.9 million, which is 2% higher compared to prior year. Gross profit margin has reached a level of 36,7% representing an increase of 320 bp.

Reported EBITDA is showing HRK 23.8 million representing an increase of HRK 2,9 million while EBITDA margin has reached level of 6,3%.

The total operating costs and expenses are achieved in the amount of HRK 383.2 million and are lower 7% compared with the same period of last year.

The majority of operating costs and expenses refer to material costs (66%) and employee costs also hold a significant share in the structure of operating costs and expenses (21%).

Net financial expenses in the period 1.-3.2014. are HRK 8.0 million and are lower 33% compared with same period of the year before.

Decrease of financial income and financial expenses in the period 1.-3.2014. was mostly under influence of lower exchange rate differences and lower income and expenses from interest on credits.

Reported net loss for the period 1.-3.2014. amounted HRK 4.2 million and is 67% lower compared with the same period of last year.

The redundancy program for surplus labour had the most important impact on results of the first quarter of 2014 and total number of employees that left the company is 208, with severance payments in the amount of HRK 28.9 million (1.-3.2013.: HRK 26.7 million). It effected operative profitability of Podravka d.d. in the current period and played important role in reported loss for the period. However, we expect significant savings in following periods, at least HRK 22.4 million on annual basis coming from lower personnel costs.

The total assets value of the Podravka d.d. as of 31st March 2014 is HRK 2,392.4 million and compared to the year end of 2013 is HRK 6.9 million less. The highest contribution in change of assets is coming from lower long-term tangible, intangible and financial assets. On the other side, short term assets and cash level recorded increase compared to 2013 year end.

One of the main drivers in change of short term assets is coming from increase in inventories due to increased pre-holiday production which impacted changes in value of finished products on one side and decrease of operating expenses on the other side.



COMPANY MANAGEMENT

The indebtedness of the Podravka d.d. as of 31st March 2014 is HRK 871.4 million and compared to the year end of 2013 has been increased by HRK 10.8 million. The net debt as of 31st March 2014 is HRK 793.5 million and is increased for HRK 5.8 million compared to the year 2013.

As of 2nd January 2014 according to decision from The Commercial Court Varaždin merger of related companies Poni d.o.o., Podravka Inženjering d.o.o., and Koti Nekretnine d.o.o. to company Podravka d.d. was completed. Merger is made according to simplified procedure where overall assets of merged companies is transferred to Podravka d.d. without liquidation process, without possibility of exchange of shares and without increase of Podravka d.d. share capital.



President of the Management Board:

Zvonimir Mršić



COMPANY MANAGEMENT

Koprivnica, 29th April 2014

STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

Financial statements of Podravka d.d. for the period January – March 2014 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

Board Member:
Miroslav Klepač

