



SUPERVISORY BOARD

No. NO-66-1-2011
Koprivnica, 25th May 2011

Pursuant to Article 263, item 3, Article 280, item 3 and Article 300 c and d of the Companies Law (**“Official Gazette” no. 111-1993, 34-1999, 52-2000, 118-2003, 107-2007, 146-2008** and 137-2009), the Supervisory Board of Podravka d.d. at its 66th session held on 25th May 2011 has issued a

REPORT OF THE SUPERVISORY BOARD OF PODRAVKA d.d.
ON THE SUPERVISION OF MANAGING BUSINESS OPERATIONS
OF PODRAVKA d.d. IN 2010

This Report includes the period from 1st January 2010 until 31st December 2010.

The Supervisory Board of PODRAVKA d.d. (hereinafter: the “Supervisory Board”) pursuant to powers defined in provisions of the Companies Law, the Articles of Association of PODRAVKA d.d. and the Rules of Procedure of the Supervisory Board, continually supervised the business operations of PODRAVKA d.d. in 2010 by making decisions and conclusions over thirteen sessions held in 2010.

By supervising the business operations of PODRAVKA d.d., the Supervisory Board discussed numerous issues regarding business operations of PODRAVKA d.d. and its subsidiaries in 2010.

The Supervisory Board established an Audit Committee that has held one session in 2010, and due to the specific situation in business operations of Podravka d.d. all the members of the Supervisory Board have participated in all the detailed analyses of Podravka's business, as well as in all the activities connected to appointing or rewarding the management. The Supervisory Board thus performed the function and activities of the Remuneration and Nomination Committee.

Members of PODRAVKA d.d. Supervisory Board changed over 2010 as follows:

In the period from 1st January to 1st June 2010 the Supervisory Board members were: Ljubo Jurčić – president, Ksenija Horvat – deputy president, Karmen Antolić, Nikola Gregur, Miljenko Javorović, Dražen Sačer, Dubravko Štimac and Darko Tipurić – Supervisory Board members.

In the period from 1st June to 20th July 2010 the Supervisory Board members were: Ljubo Jurčić – president, Ksenija Horvat – deputy president, Karmen Antolić, Nikola Gregur, Miljenko Javorović, Dražen Sačer, Dubravko Štimac, Darko Tipurić and Branko Vuljak – Supervisory Board members.

In the period from 20th July to 7th September 2010 (due to expiration of term of office for Supervisory Board members Sačer and Štimac) the Supervisory Board was comprised of: Ljubo Jurčić – president, Ksenija Horvat – deputy president, Karmen Antolić, Nikola Gregur, Miljenko Javorović, Darko Tipurić and Branko Vuljak – Supervisory Board members.

In the period from 7th September to 31st December 2010 the Supervisory Board members were: Ljubo Jurčić – president, Ksenija Horvat – deputy president, Karmen Antolić, Nikola Gregur, Miljenko Javorović, Dubravko Štimac, Petar Vlaić, Dinko Novoselec and Petar Miladin – Supervisory Board members.



SUPERVISORY BOARD

Having examined the management of business operations of PODRAVKA d.d., the Supervisory Board established that PODRAVKA d.d. acted in 2010 in accordance with laws, Articles of Association, acts of PODRAVKA d.d. and resolutions of the General Assembly.

The Supervisory Board examined the report of the Auditor - Deloitte d.o.o. Zagreb, Radnička cesta 80, who has reviewed financial reports of PODRAVKA d.d. and its subsidiaries for the year ended 31st December 2010 (consolidated reports by Podravka Group) and the Supervisory Board accepted the report submitted by the Auditor.

After having reviewed the Annual report on PODRAVKA d.d. and its subsidiaries business operations and on the position of the Company in 2010, submitted by the Management Board of PODRAVKA d.d., the Supervisory Board has established that annual financial reports of PODRAVKA d.d. and its subsidiaries for the year ended 31 December 2010 were disclosed in accordance with positions in business records of PODRAVKA d.d. and its subsidiaries, and that they disclosed correctly the property and business positions of PODRAVKA d.d. and its subsidiaries, and the Supervisory Board gave its approval, and thus compliant to Article 300 of the Company Law these reports are considered verified.

The Supervisory Board examined the report of the Auditor - Deloitte d.o.o. Zagreb, Radnička cesta 80, who has reviewed financial reports of PODRAVKA d.d. and its subsidiaries for the year ended 31st December 2010 and the Supervisory Board accepted the report submitted by the Auditor.

After having reviewed the Annual report on PODRAVKA d.d. business operations and on the position of the Company in 2010, submitted by the Management Board of PODRAVKA d.d., the Supervisory Board has established that annual financial reports of PODRAVKA d.d. for the year ended 31 December 2010 were disclosed in accordance with positions in business records of PODRAVKA d.d. and that they disclosed correctly the property and business positions of PODRAVKA d.d., and the Supervisory Board gave its approval, so compliant to Article 300 of the Company Law these reports are considered verified.

The Supervisory Board approved the report of the Management Board of PODRAVKA d.d. on the position of PODRAVKA d.d. and PODRAVKA d.d. and its subsidiaries for the year ended 31st December 2010.

Constituent parts of financial reports of PODRAVKA d.d. and its subsidiaries for the business year ended 31st December 2010 are as follows:

1. Statement of comprehensive income
2. Statement of financial position
3. Statement of changes in shareholders' equity
4. Statement of cash flows
5. Notes on financial statements
6. Annual Report

Constituent parts of financial reports of PODRAVKA d.d. for the year ended 31st December 2010 are as follows:

1. Statement of comprehensive income

PODRAVKA d.d., Koprivnica, Ante Starčevića 32, Trgovački sud u Varaždinu, MBS 010006549,
Privredna banka Zagreb d.d., Zagreb, Račkoga 6, žiro račun br. 2340009-1100098526, temeljni kapital 1.626.000.900,00 kuna
uplaćen u cijelosti, broj dionica 5.420.003, nominalni iznos dionice 300,00 kuna, predsjednik Nadzornog odbora Lj. Jurčić,
predsjednik Uprave M. Vitković, članovi Uprave K. Bešvir, L. Kljajić, M. Pucar, M. Repić



SUPERVISORY BOARD

2. Statement of financial position
3. Statement of changes in shareholders' equity
4. Statement of cash flows
5. Notes on financial statements
6. Annual Report

Supervisory Board received a draft resolution by Podravka d.d. Management Board on distribution of profit for the business year 2010 and in this draft resolution it is determined that in the year ended on 31st December 2010 Podravka d.d realized after-tax profit of HRK 10,927,024.96, also suggesting that the profit realized be used to cover the transferred losses from previous years.

The Supervisory Board is compliant to this draft resolution by Podravka d.d. Management Board on distribution of profit and it is suggesting to Podravka d.d. General Assembly to pass such resolution.

President of the
Supervisory Board:

prof. dr. sc. Ljubo Jurčić (signed)