Financial results in the first quarter of 2013

Zagreb – 30 April 2013

The first quarter of 2013 marked by continued growth in sales

- **Sales at HRK 1,087.1 million**
  + 3.2% compared to the same period of the previous year

- **Earnings before interest, taxes, depreciation and amortisation (EBITDA) at HRK 112.0 million**
  - 16.5% compared to the same period of the previous year

- **Earnings before interest and taxes (EBIT) at HRK 75.6 million**
  - 22.4% compared to the same period of the previous year

- **Net profit after minorities at HRK 30.4 million**
  Significantly lower interest expenses after last year refinancing

Chairman's comment

Commenting on the financial results and key business developments in the first three months of 2013, Emil Tedeschi, CEO of Atlantic Grupa, pointed out:

"In the first quarter of 2013, Atlantic Grupa again recorded a growth in sales despite the challenging economic situation in the region and beyond. We are exceptionally satisfied with the continuous organic business growth, which confirms the stability of our business model and successful strategy implementation.

In the remaining portion of the year, employees and Management of Atlantic Grupa will be focused on the organic growth through active brand management and innovation, cost optimisation and operating risk management."

Financial summary of the first quarter of 2013

Key figures	**Q1 2013**	Q1 2012	Q1 2013 / Q1 2012
Sales (in HRK millions)	**1,087.1**	1,053.1	3.2%
Revenues (in HRK millions)	**1,098.8**	1,072.3	2.5%
EBITDA margin	**10.3%**	12.7%	-244 bp
Net income after minorities (in HRK millions)	**30.4**	(6.3)	n/a
Gearing ratio*	**60.0%**	61.7%	-167 bp

*Gearing ratio of 61.7% at the end of FY12, Gearing ratio = Net debt/(Total equity+Net debt)

KEY DEVELOPMENTS in the first quarter of 2013

1. Implementation of new commercial terms and conditions in the Croatian market

In March 2013, the process of negotiating new commercial terms and conditions with retail chains in the Croatian market began, during which the distribution of own and principals' brands in some chains was suspended. Upon the completion of the negotiations and the implementation of new commercial terms and conditions, the usual distribution activities in the Croatian market were continued.

2. Continued integration of information technologies

At the end of 2012, the project of implementing a regional data centre in Zagreb was initiated, and its implementation continued in the first quarter of 2013. This project will consolidate in one location all server and network infrastructure required for the operation of all IT services for the territories of Croatia and Slovenia. Through the consolidation of infrastructure and support for IT services, significant savings are achieved by redefining the model of user support, redesigning a portion of the IT services and standardising the technological platform. The project is expected to be completed at the beginning of the second half of 2013.

3. Own and principal brands in the first quarter of 2013

In the first quarter of 2013, the Strategic Business Unit Coffee extended its Grand kafa brand product range in the markets of Bosnia and Herzegovina and Macedonia in the instant coffee category.

The Strategic Business Unit Beverages launched a new product from the carbonated soft drinks category, Cockta Chinotto, which started to be distributed in the retail and HoReCa segments in Croatia, Slovenia, Serbia, Montenegro and Macedonia.

At the beginning of 2013, the Strategic Business Unit Savoury Spreads entered the Spanish market with the Argeta brand. The entry of Argeta into the Spanish market is a result of the Atlantic Grupa's management strategy focused on the international development of the Argeta brand.

In the first quarter of 2013, the Strategic Business Unit Pharma and Personal Care extended the product range of the Dietpharm brand by three new products. Also, Neva's brands Plidenta, Melem and Rosal Lip Balm were listed in the renowned drugstore chain Müller.

The Strategic Business Unit Sports and Functional Food in the first quarter of 2013 extended the product range of own products in the markets of Germany, Austria and Switzerland, while in the market of Spain its presence in distribution channels was increased.

SALES DYNAMICS in the first quarter of 2013

Sales profile by Strategic Business Units and Strategic Distribution Units

(in HRK thousands)	Q1 2013	Q1 2012	Q1 2013/ Q1 2012
SBU Beverages	**130,029**	134,537	(3.4%)
SBU Coffee	**225,577**	221,895	1.7%
SBU (Sweet and Salted) Snacks	**144,127**	133,374	8.1%
SBU Savoury Spreads	**91,281**	96,913	(5.8%)
SBU Sports and Functional Food	**194,825**	163,776	19.0%
SBU Pharma and Personal Care	**112,570**	113,074	(0.4%)
SDU Croatia	**145,640**	172,386	(15.5%)
SDU Slovenia, Serbia, Macedonia	**413,168**	403,741	2.3%
Other segments*	**85,906**	74,415	15.4%
Reconciliation**	**(455,990)**	(460,975)	n/a
Sales	**1,087,133**	1,053,136	3.2%

In the first quarter of 2013, Atlantic Grupa recorded **sales of HRK 1,087.1 million**. The result is by 3.2% higher compared to the first quarter of 2012, when sales amounted to HRK 1,053.1 million. The most significant growth in sales was recorded by the Strategic Business Unit Sports and Functional Food and the Strategic Business Unit Snacks, which mitigated the decline in sales of the Strategic Business Unit Savoury Spreads and Strategic Business Unit Beverages.

Atlantic Grupa records sales by business segments in a way that sales of individual Strategic Business Units represent the total sales to third parties in the markets (either directly from a Strategic Business Unit, or through a Strategic Distribution Unit), while sales of Strategic Distribution Units include both sales of external principals' products and sales of own products. This double representation of sales of own products is eliminated in the line item "Reconciliation".

- **Strategic Business Unit Beverages** in the first quarter of 2013 had 3.4% lower sales than in the same period of 2012. This result is largely a consequence of a temporarily suspended distribution in the Croatian market in March 2013 due to negotiations related to the implementation of new commercial terms and conditions, but also of bad weather conditions in March. The decline in the Croatian market was mitigated by the growth in other markets, of which the markets of Serbia and

* Other segments include SDU HoReCa, Russian market and non-allocable business activities (headquarters and support functions in Serbia, Slovenia and Macedonia) which are excluded from the reportable operating segments. For the time being, SDU International Markets will not be separated, but its sales and profitability will be presented within SBU to which they relate. For the time being, the Russian market will include only the baby food product range sales under the Bebi brand.

** Line item "Reconciliation" relates to the sale of own brands which is included in the appropriate SBU and in SDUs through which the products were distributed.

Slovenia stand out. Excluding the Croatian market from the sales analysis, the Strategic Business Unit Beverages recorded 4.1% higher sales in the first quarter of 2013 compared to the first quarter of 2012 with the most prominent growth in: (i) the carbonated soft drinks category with the Cockta brand and (ii) the functional waters category with the Donat Mg brand.

- **Strategic Business Unit Coffee,** with sales of HRK 225.6 million, recorded a 1.7% better result in the first quarter of 2013 than in the first quarter of 2012. Analysing by markets, the most prominent growth was recorded in the markets of Slovenia and Bosnia and Herzegovina. The Croatian market records a double-digit sales growth resulting from the growth in sales of the Barcaffe brand in the Turkish coffee and espresso categories. Analysing by categories, the most prominent growth was recorded by the Turkish coffee category with the Barcaffe brand in Slovenia and the Grand kafa brand in Bosnia and Herzegovina.

- **Strategic Business Unit Snacks** grew by 8.1% in the period under consideration, achieving sales of HRK 144.1 million. Analysing by markets, the most prominent growth was recorded in the markets of Serbia and Montenegro. Analysing by categories, the most significant growth was recorded in the chocolate and flips categories. The chocolate category recorded a double-digit growth rate due to the growth in sales of the Najlepše želje and Menaž brands in the markets of Serbia, Bosnia and Herzegovina and Montenegro. The flips category owes the double-digit sales growth to the growth in sales of the Smoki brand, which recorded the sales growth in all regional markets.

- **Strategic Business Unit Savoury Spreads** in the first quarter of 2013 recorded sales of HRK 91.3 million, which is a 5.8% lower result compared to the same period of 2012. Analysing by markets, the most prominent decline in sales was recorded in the Serbian and Croatian markets, while in the markets of Montenegro, Russia and Italy, a double-digit growth in sales was recorded. The lower sales in the Serbian market were a result of decreased marketing activities in the main retail chains due to negotiations, so the activities implemented in the first quarter of 2012, were postponed to subsequent quarters in 2013. The sales in the Croatian market are lower due to negotiations related to the implementation of new commercial terms and conditions, during which the distribution was temporarily suspended in March 2013.

- **Strategic Business Unit Sports and Functional Food** recorded a 19.0% growth in sales in the first quarter of 2013 compared to the first quarter of 2012. Analysing by markets, the most significant growth was achieved in the markets of Germany and Switzerland, which recorded a double-digit sales growth. Analysing by brands, the Multipower brand recorded the result at the previous year's level, with growth in sales in the markets of Germany, Spain and Russia, annulled by the drop in sales in the markets of the United Kingdom and Italy. The decrease in sales in the United Kingdom market was caused by the introduction of 20.0% VAT on a portion of the sports and functional food product range in November 2012, while the decrease in the Italian market was caused by transferring a portion of marketing activities to the second quarter of 2013. The Multaben and Champ brands recorded an increase in sales, with a double-digit growth in the German market, which is their main market. Private labels recorded a growth in sales, primarily in the markets of Germany and Switzerland.

- **Strategic Business Unit Pharma and Personal Care,** with sales of HRK 112.6 million, recorded a 0.4% lower result compared to the first quarter of 2012. Analysing by markets, the most prominent growth of the SBU Pharma and Personal Care was recorded in the SBU's primary market, the Croatian market, while the most prominent drop was recorded in the Russian market. Analysing by categories, the growth was a result of higher sales of own products and principal brands from the Fidifarm and Atlantic Pharmacentar product ranges, the pharmacy chain Farmacia recorded results at the previous year's level, while sales of the Neva and Multivita product ranges recorded a decline compared to the previous year. The drop in sales of Multivita in the Russian market was impacted by a change of the distributor, due to which the products were not distributed during the first quarter. Excluding Multivita from the sales analysis, the Strategic Business Unit Pharma and Personal Care recorded a 1.0% growth in sales in the first quarter of 2013 compared to the same period of the previous year.

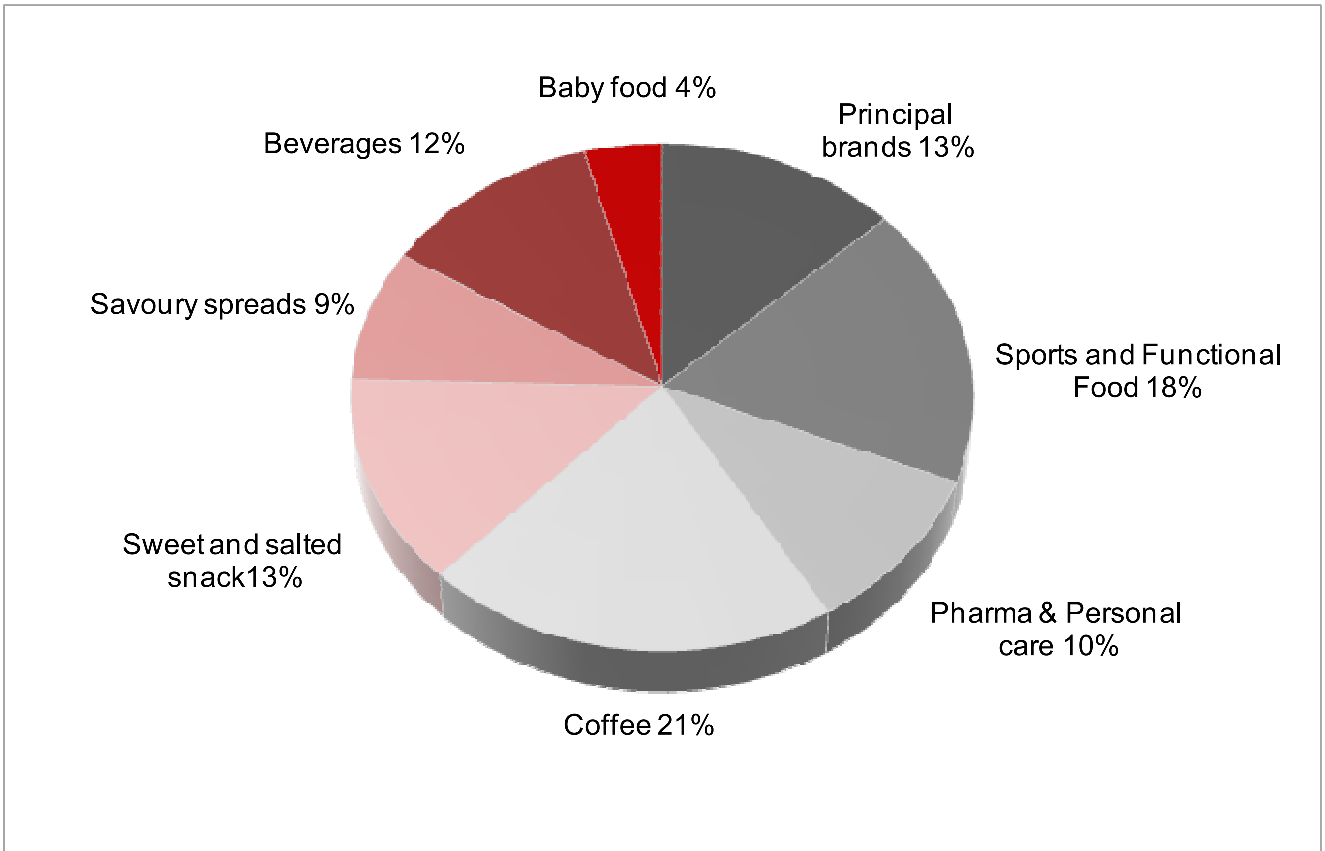
- **Strategic Distribution Unit Croatia** in the first three months of 2013 recorded 15.5% lower sales compared to the same period of the previous year. The result was impacted by the temporary suspension of the own and principal brands distribution in March this year during negotiations related to the implementation of new commercial terms and conditions.

- **Strategic Distribution Unit Slovenia, Serbia, Macedonia** in the first quarter of 2013 had sales of HRK 413.2 million, which is by 2.3% higher compared to the first quarter of 2012. The greatest contribution to the result achieved was made by the distribution of the beverages and snacks segments. Analysing individual markets, in the Slovenian market the greatest contribution was made by the distribution of the principal brands segment, coffee segment and beverages segment, in the Serbian market by the distribution of the beverages and snacks segments, and in the Macedonian market by the distribution of the snacks segment.

- **Other segments** in the first quarter of 2013 record an increase in sales of 15.4% compared to the first quarter of 2012. Other segments include the Russian market, the Strategic Distribution Unit HoReCa and business activities that are not allocated to the above mentioned Business and Distribution Units (administration offices and support services in Serbia, Slovenia and Macedonia) and are excluded from the reported operating segments. The Russian market recorded a double-digit growth rate due to a significant growth in sales of the baby food segment with the Bebi brand. The Strategic Distribution Unit HoReCa also recorded a double-digit growth rate due to the growth in the distribution of some own brands categories and the growth in the distribution of principal brands.

Sales overview by segments in the first quarter of 2013 indicates the following:

- The product segment Coffee with the Grand kafa and Barcaffe brands is the largest individual product category, with a 21% share in the Atlantic Grupa's total sales;
- The product segment Sports and Functional Food with the Multipower, Champ and Multaben brands is the second largest product segment, with an 18% share in the Atlantic Grupa's total sales;
- The product segment Snacks with key brands Najlepše želje, Smoki and Bananica is the third largest product segment, with a 13% share in the Atlantic Grupa's total sales;
- The product segments Beverages, Pharma and Personal Care, Savoury Spreads and Baby food have 12%, 10%, 9% and 4% shares in the Atlantic Grupa's total sales, respectively;
- Principal brands make 13% of the Atlantic Grupa's total sales.



Sales profile by markets

(in HRK millions)	Q1 2013	% of sales	Q1 2012	% of sales	Q1 2013/ Q1 2012
Croatia	**250.9**	23.1%	276.9	26.3%	(9.4%)
Serbia	**265.2**	24.4%	262.2	24.9%	1.1%
Slovenia	**138.1**	12.7%	126.1	12.0%	9.5%
Bosnia and Herzegovina	**86.6**	8.0%	84.7	8.0%	2.2%
Other regional markets*	**63.5**	5.8%	61.1	5.8%	4.0%
Key European markets**	**154.0**	14.2%	138.2	13.1%	11.4%
Russia and Commonwealth of Independent States	**55.1**	5.1%	45.4	4.3%	21.3%
Other markets	**73.8**	6.8%	58.5	5.6%	26.2%
Total sales	**1,087.1**	100.0%	1,053.1	100.0%	3.2%

- **The Croatian market** in the first quarter of 2013 recorded sales in the amount of HRK 250.9 million. The result is by 9.4% lower compared to the first quarter of 2012, when sales amounted to HRK 276.9 million. The drop in sales was impacted by the suspended distribution of own and principal brands in March 2013 during negotiations related to the implementation of new commercial terms and conditions in the SDU Croatia. The decline in sales was mitigated by the sales through the pharmacy chain Farmacia, which were at the previous year's level and also by the growth in sales of principal brands through the drug wholesaler operations. Also, the sales were impacted by the continuing adverse macroeconomic situation in the Croatian market, unfavourable for the positive business results. In the first quarter of 2013, the Croatian market reduced its share in the Atlantic Grupa's total sales to 23.1% compared to the first quarter of 2012 when it was 26.3%.

- **The Serbian market,** with sales of HRK 265.2 million in the first quarter of 2013, recorded a 1.1% growth compared to the first quarter of 2012, while in the local currency, the growth was 4.3%. The greatest contribution to the growth was made by: (i) the carbonated soft drinks category with the Cockta brand, (ii) the vitamin instant drink category with the Cedevita brand, (iii) the chocolate category with the Najlepše želje and Menaž brands, and (iv) the flips category with the Smoki brand. The macroeconomic situation in the Serbian market does not indicate a change of the previous year's negative trend. By the sales growth, the Serbian market in the first quarter of 2013 recorded 24.4% of the Atlantic Grupa's total sales, thereby becoming the largest company's market with respect to the sales amount.

- **The Slovenian market** recorded sales of HRK 138.1 million in the first quarter of 2013, which is a 9.5% growth compared to the first quarter of 2012. The most prominent sales growth in the first quarter of 2013 was recorded by: (i) the Turkish coffee category with the Barcaffe brand, (ii) the functional waters category with the Donat Mg brand, and (iii) the flips category with the Smoki

* Other regional markets: Macedonia, Montenegro, Kosovo
** Key European Markets: Germany, United Kingdom, Italy, Switzerland, Austria, Sweden, Spain

brand. The macroeconomic situation in Slovenia still indicates a challenging environment. By the result achieved, the Slovenian market makes 12.7% of the Atlantic Grupa’s total sales.

- **The market of Bosnia and Herzegovina**, with sales of HRK 86.6 million in the first quarter of 2013, recorded a 2.2% growth compared to the same period of the previous year. The most significant growth in the market of Bosnia and Herzegovina in the first quarter of 2013 was recorded in the following categories: (i) the Turkish coffee category with the Grand Kafa brand, (ii) the chocolate category with the Najlepše želje and Menaž brands and (iii) the flips category with the Smoki brand. The market of Bosnia and Herzegovina in the first quarter of 2013 recorded 8.0% of the Atlantic Grupa’s total sales and makes the company’s fourth largest market with respect to the sales amount.

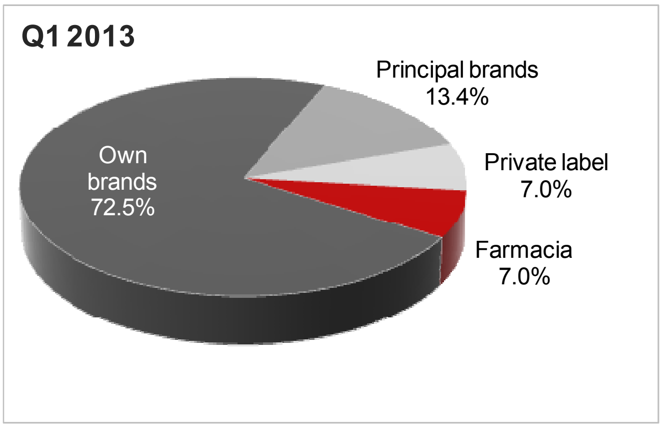
- **Other markets in the region** (Macedonia, Montenegro, Kosovo) recorded sales of HRK 63.5 million in the first quarter of 2013, which is a 4.0% growth compared to the same period of the previous year. The most significant growth in these markets compared to the same period of the previous year was recorded by: (i) the chocolate category with the Najlepše želje and Menaž brands, (ii) the biscuits category with the Štark brand and (iii) the flips category with the Smoki brand. A double-digit growth in the savoury spreads segment with the Argeta brand in Montenegro should be pointed out. Other regional markets in the first quarter of 2013 recorded 5.8% of the Atlantic Grupa’s total sales.

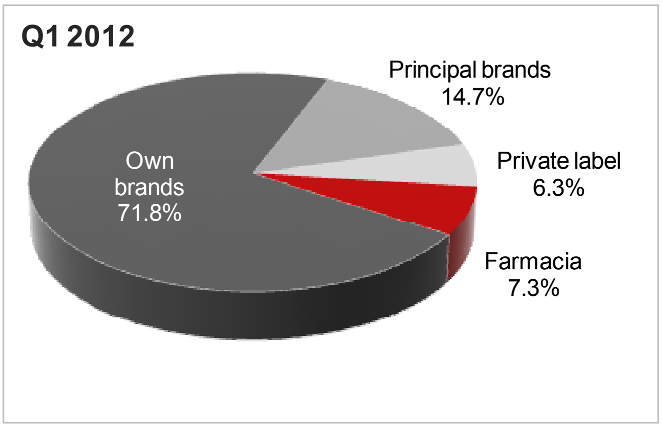
- **Key European markets** (Germany, Italy, the United Kingdom, Switzerland, Austria, Sweden, Spain) in the first quarter of 2013 recorded sales of HRK 154.0 million, which is an 11.4% better result than in the first quarter of 2012. The greatest contribution to the sales growth was made by the growth in the sports and functional food segment, where the growth was recorded by the Champ and Multaben brands and private labels. Larger sales of the beverages segment with the Donat brand also contributed to the growth. In the first quarter of 2013, the Key European markets made 14.2% of the Atlantic Grupa’s total sales.

- **The markets of Russia and the Commonwealth of Independent States** recorded sales of HRK 55.1 million in the first quarter of 2013. The result is higher by 21.3% compared to the first quarter of 2012. The largest contribution to the growth in the period under consideration was made by a double-digit growth in sales of the baby food segment with the Bebi brand. A significant growth was also achieved in: (i) the functional waters category with the Donat Mg brand and (ii) the savoury spreads segment with the Argeta brand. In the first quarter of 2013, the markets of Russia and the Commonwealth of Independent States made 5.1% of the Atlantic Grupa’s total sales.

- **Other markets**, with sales of HRK 73.8 million in the first quarter of 2013, make 6.8% of the Atlantic Grupa’s total sales. This result is by 26.2% higher compared to the first quarter of 2012 when sales amounted to HRK 58.5 million. The most prominent growth was recorded in the sports and functional food segment with the Multipower brand and private labels.

Sales profile by product category





- **Own brands** in the first quarter of 2013 recorded a 4.3% growth in sales compared to the first quarter of 2012, resulting in sales of HRK 788.2 million. Thereby, the share of own brands in the Atlantic Grupa's total sales increased in the first quarter of 2013 and now amounts to 72.5% compared to 71.8% in the first quarter of 2012. The most prominent growth in sales was recorded by brands in the following segments: (i) coffee with the Barcaffe and Bonito brands, (ii) beverages with the Donat Mg brand, (iii) snacks with the Najlepše želje, Menaž, Štark and Smoki brands and (iv) baby food with the Bebi brand.

- **Principal brands** in the first quarter of 2013 recorded sales of HRK 146.1 million. The result is lower by 5.5% compared to the first quarter of 2012. As a consequence of the growth in sales of own brands and lower sales of principal brands, the share of principal brands in the Atlantic Grupa's total sales in the period under consideration dropped to 13.4% compared to 14.7% in the first quarter of 2012.

- **Private labels** in the first quarter of 2013 recorded a growth in sales of 15.0%, resulting in HRK 76.3 million. The growth in private labels primarily relates to the product range of the Strategic Business Unit Sports and Functional Food. The share of private labels in the Atlantic Grupa's total sales in the first quarter of 2013 was 7.0% compared to the first quarter of 2012, when it was 6.3%.

- In the first quarter of 2013, the pharmacy chain **Farmacia** recorded sales at the level of the first quarter of 2012. The share of the pharmacy chain Farmacia in the Atlantic Grupa's total sales in the first quarter of 2013 decreased to 7.0% compared to 7.3% in the first quarter of 2012. As at 31 March 2013, the pharmacy chain Farmacia consisted of 45 pharmacies and 13 specialised stores.

PROFITABILITY DYNAMICS in the first quarter of 2013

Atlantic Grupa's profitability

(in HRK millions)	Q1 2013	Q1 2012	Q1 2013 / Q1 2012
Sales	**1,087.1**	1,053.1	3.2%
EBITDA	**112.0**	134.2	(16.5%)
EBIT	**75.6**	97.4	(22.4%)
Net profit/(loss)	**30.3**	(2.9)	n/a
Profitability margins			
EBITDA margin	**10.3%**	12.7%	-244 bp
EBIT margin	**7.0%**	9.3%	-230 bp
Net profit margin	**2.8%**	(0.3%)	+306 bp

In the first quarter of 2013, compared to the first quarter of 2012, Atlantic Grupa recorded lower profitability on the EBITDA (earnings before interest, taxes, depreciation and amortisation) and EBIT (earnings before interest and taxes; operating result) levels, and realised net profit of HRK 30.3 million.

The decreased profitability is a result of a higher growth in operating expenses than in total operating income in the first quarter of 2013 compared to the first quarter of 2012 as a consequence of: (i) the fact that the first quarter of 2013 was burdened by the implementation of new commercial terms and conditions in March in the Croatian market and suspension of Multivita distribution on the market of Russia due to change of distributor, resulting in lower sales with unchanged fixed costs, (ii) an increase in marketing expenses due to more aggressive marketing activities in the first quarter, effect of which on sales is expected in following periods, (iii) an increase in services expenses due to higher maintenance expenses and higher rents, (iv) an increase in other operating expenses due to one-time write-offs of trade receivables and (v) last year one-time other revenues due to collection of damages. Due to different dynamics of the first quarter in comparison with the previous year, the decrease in profitability in this quarter is not representative of profitability trends for the rest of the year.

In the first quarter of 2013, Atlantic Grupa recorded **EBITDA in the amount of HRK 112.0 million**. This result is by 16.5% lower compared to the first quarter of 2012, while the EBITDA margin was decreased by 244 basis points and amounts to 10.3% in the first quarter of 2013.

In the first quarter of 2013, **EBIT of HRK 75.6 million was recorded** compared to the first quarter of 2012 when it amounted to HRK 97.4 million. The EBIT margin in the period under consideration was 7.0% compared to the first quarter of 2012, when it was 9.3%.

Atlantic Grupa recorded **net profit of HRK 30.3 million** in the first quarter of 2013 compared to net loss of HRK 2.9 million in the same period of the previous year. In the first quarter of 2013, the net profit margin was 2.8%. The increase in net profit was impacted by significant decreases in interest expense due to a successful refinancing of long-term borrowings completed at the end of 2012. Also, the growth in net profit was impacted by the decrease in the effective tax rate as a consequence of tax optimisation measures taken and foreign exchange gains, compared with last year foreign exchange losses as a result of strong Serbian dinar depreciation.

FINANCIAL INDICATORS in the first quarter of 2013

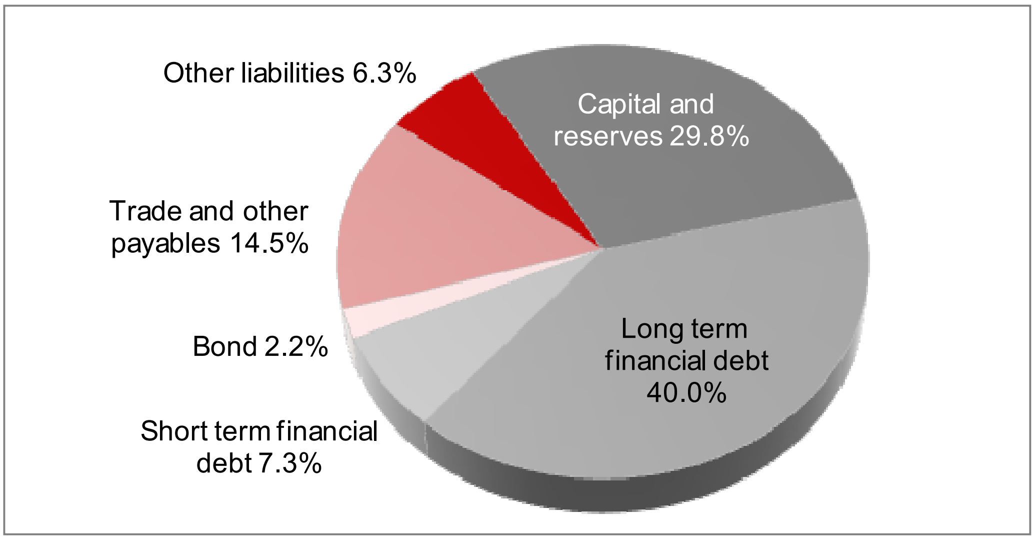
(in HRK millions)	Q1 2013	2012
Net debt	**2,291.6**	2,353.1
Total assets	**5,126.5**	5,149.5
Equity	**1,527.0**	1,461.4
Current ratio	**1.8**	1.8
Gearing ratio	**60.0%**	61.7%
Net debt/EBITDA*	**4.3**	4.2
	Q1 2013	Q1 2012
Interest coverage ratio	**2.7**	2.2
Capex	**16.5**	16.8
Cash flow from operating activities	**83.0**	199.2

Among key determinants of the Atlantic Grupa's financial position in the first quarter of 2013, the following should be pointed out:

- Net debt of HRK 2,291.6 million was reduced by HRK 61.5 million and reflects the financial debt of HRK 2,534.0 million, net derivative liabilities of HRK 46.3 million and cash and cash equivalents and deposits in the total amount of HRK 288.7 million. Consequently, the debt indicators are as follows: (i) ratio of net debt and capital increased by net debt of 60.0%, (ii) ratio of net debt and normalised EBITDA of 4.3 times (iii) 2.7 times coverage of interest expense by EBITDA.

*Normalized EBITDA, 12M trailing EBITDA in Q1 2013

➢ The Atlantic Grupa's equity and liabilities structure as at 31 March 2013 is as follows:



i. The most significant item of equity and liabilities is long term financial debt without the bond, which represent 40.0% of the total equity and liabilities;
ii. The second most significant item is capital and reserves with a share of 29.8% in the total equity and liabilities;
iii. Long term and short term financial debt with the bond make 49.5% of the Atlantic Grupa's total equity and liabilities.

➢ The company's capital expenditure in the first quarter of 2013 amounts to HRK 16.5 million, with the most significant investments related to the following: (i) automation of the line for coffee in Izola, (ii) investment in the flips packaging machine in Soko Štark, (iii) investment in the line for packaging multi-packs of Donat Mg and (iv) investments related to the HRIS system (human resources information system) and project of implementing a regional data centre.

OUTLOOK for 2013

Management's view on macroeconomic expectations

Taking into account that the beginning of the year did not bring any positive changes in the labour market and retail trade, Atlantic Grupa's management continue to hold their view on the challenging 2013 in the Croatian market. A change in the retail trend may not be expected until the growth in unemployment, the decrease in employment and the generally high level of consumer pessimism end. The arrival of the tourist season should bring a growth in employment but it is uncertain how much this will impact the growth in personal consumption since this increase in employment is only of seasonal nature. Also, it remains to be seen what kind of impact on economy the accession to the European Union on 1 July this year will have.

On the regional markets, positive macroeconomic signals were also absent at the beginning of 2013. The Slovenian market, according to this year's indicators, does not show signs of exiting from the recession. In addition to unfavourable trends in the labour market, there is also the issue of political stability in the country and the stability of the banking system. All this gives no grounds for expecting improvements in the customer confidence and consequently an increase in the personal consumption in the remaining portion of the year. At the beginning of 2013, the Serbian market does not differ from the markets of Croatia and Slovenia with negative trends in the labour market and retail trade. It may be expected that this trend in the labour market will continue during the entire year accompanied by a decrease in the consumer purchasing power. At the beginning of the year, the market of Bosnia and Herzegovina shows no signs of ending the unemployment growth which, in addition to the lack of an increase in wages, negatively impacts personal consumption. Taking all this into account, Atlantic Grupa's management do not expect the recovery in the labour market and personal consumption in the stated regional markets in 2013.

The increasing unemployment, debt crisis and associated uncertainty are the main problems of the European Union also at the beginning of 2013, which jointly affects the consumer confidence. However, management expect that the recovery in personal consumption in the European Union will be quicker than in the regional markets.

Atlantic Grupa's strategic management guidance for 2013

In order to achieve the planned business and profitability growth during 2013, in the remaining portion of the year, management will continue to be focused on the implementation of strategic business guidelines that include the following:

- Focus on organic business growth through active brand management with a special emphasis on strengthening the position of brands in international markets; strengthening the regional character of distribution business and further development of the HoReCa segment;
- Focus on further business rationalisation and cost management through the CORE program and optimisation of operating processes on all operating levels, aimed to improve operating efficiency;
- Regular settlement of existing financial liabilities with an active management of debt and finance costs; and
- Prudent liquidity management.

Accordingly, management expectations announced in February 2013 during the presentation of the financial results for 2012 remain unchanged:

(in HRK millions)	2013 Guidance (normalized)	2012 Normalized	2013/2012
Sales	**5,130**	4,930	4.0%
EBITDA	**585**	559	4.7%
EBIT	**420**	399	5.3%
Interest expense	**185**	215	(14.1%)

ATLANTIC GRUPA d.d.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE MONTH PERIOD ENDED 31 MARCH 2013 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan - Mar 2013	Jan - Mar 2012	Index
Turnover	**1,098,847**	**1,072,309**	**102.5**
Sales revenues	1,087,133	1,053,136	103.2
Other revenues	11,714	19,173	61.1
Operating expenses	**986,843**	**938,159**	**105.2**
Cost of merchandise sold	253,893	211,012	120.3
Change in inventories	(34,444)	(19,943)	172.7
Production material and energy	416,501	421,107	98.9
Services	74,671	69,972	106.7
Staff costs	152,003	153,443	99.1
Marketing and selling expenses	69,975	61,075	114.6
Other operating expenses	45,326	38,807	116.8
Other gains - net	8,918	2,686	332.0
EBITDA	**112,004**	**134,150**	**83.5**
Depreciation and impairment	32,706	32,983	99.2
Amortization and impairment	3,709	3,734	99.3
EBIT	**75,589**	**97,433**	**77.6**
Financial expenses - net	(33,528)	(91,464)	36.7
EBT	**42,061**	**5,969**	**704.7**
Income tax	11,737	8,856	132.5
Profit / (loss) for the period	**30,324**	**(2,887)**	**n/a**
Attributable to:			
Non-controlling interest	(105)	3,431	n/a
Owners of the parent	30,429	(6,318)	n/a
Earnings per share for profit attributable to the owners of the Company			
- basic	9.13	(1.90)	
- diluted	9.13	(1.90)	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Mar 2013	Jan - Mar 2012	Index
Profit / (loss) for the period	**30,324**	**(2,887)**	**n/a**
Cash flow hedge	20,535	2,736	750.5
Currency translation differences	18,976	(58,654)	n/a
Total comprehensive income	**69,835**	**(58,805)**	**n/a**
Attributable to:			
Non-controlling interest	68	1,291	5.3
Equity holders of the Company	69,767	(60,096)	n/a
Total comprehensive income	69,835	(58,805)	n/a

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	31 March 2013	31 December 2012
Property, plant and equipment	1,083,172	1,093,108
Investment property	1,702	1,707
Intangible assets	1,888,311	1,870,965
Available-for-sale financial assets	1,322	1,300
Trade and other receivables	9,371	9,584
Deferred tax assets	61,624	72,182
Non-current assets	3,045,502	3,048,846
Inventories	590,322	543,317
Trade and other receivables	1,056,098	1,148,770
Non-current assets held for sale	114,586	113,868
Prepaid income tax	27,742	23,703
Deposits given	20,169	20,142
Derivative financial instruments	3,601	-
Cash and cash equivalents	268,506	250,865
Current assets	2,081,024	2,100,665
Total assets	5,126,526	5,149,511
Capital and reserves attributable to owners of the Company	1,479,819	1,414,230
Non-controlling interest	47,204	47,136
Borrowings	2,162,212	2,198,901
Deferred tax liabilities	186,566	186,955
Derivative financial instruments	40,914	50,224
Other non-current liabilities	190	191
Provisions	58,254	56,477
Non-current liabilities	2,448,136	2,492,748
Trade and other payables	744,250	793,596
Borrowings	371,795	354,101
Current income tax liabilities	4,393	3,575
Derivative financial instruments	8,940	20,911
Provisions	21,989	23,214
Current liabilities	1,151,367	1,195,397
Total liabilities	3,599,503	3,688,145
Total equity and liabilities	5,126,526	5,149,511

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of Company					
in thousands of HRK, unaudited	**Share capital**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total**
At 1 January 2012	1,015,904	3,203	425,297	1,444,404	67,920	1,512,324
Comprehensive income:						
Loss for the period	-	-	(6,318)	(6,318)	3,431	(2,887)
Cash flow hedge	-	2,736	-	2,736	-	2,736
Other comprehensive income	-	(56,514)	-	(56,514)	(2,140)	(58,654)
Total comprehensive income	-	(53,778)	(6,318)	(60,096)	1,291	(58,805)
Transactions with owners:						
Purchase of treasury shares	(125)	-	-	(125)	-	(125)
Share based payment	237	-	(1)	236	-	236
Dividends relating to 2011	-	-	-	-	(879)	(879)
At 31 March 2012	1,016,016	(50,575)	418,978	1,384,419	68,332	1,452,751
At 1 January 2013	1,016,120	(57,091)	455,201	1,414,230	47,136	1,461,366
Comprehensive income:						
Net profit for the year	-	-	30,429	30,429	(105)	30,324
Cash flow hedge	-	20,535	-	20,535	-	20,535
Other comprehensive income	-	18,803	-	18,803	173	18,976
Total comprehensive income	-	39,338	30,429	69,767	68	69,835
Transactions with owners:						
Purchase of treasury shares	(4,178)	-	-	(4,178)	-	(4,178)
Transfer	-	(277)	277	-	-	-
At 31 March 2013	1,011,942	(18,030)	485,907	1,479,819	47,204	1,527,023

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	Jan - Mar 2013	Jan - Mar 2012
Cash flows from operating activities		
Net profit / (loss)	**30,324**	**(2,887)**
Income tax	11,737	8,856
Depreciation, amortization and impairment	36,415	36,717
Loss on disposal of property, plant and equipment	287	-
Value adjustment of current assets	9,949	5,531
Interest income	(1,225)	(2,421)
Interest expense	41,042	61,229
Other non-cash changes	3,066	(8,871)
Changes in working capital:		
Increase in inventories	(50,440)	(40,113)
Decrease in current receivables	86,281	148,973
(Decrease) / increase in current payables	(47,136)	38,154
Increase /(decrease) in provisions for risks and charges	551	(5,295)
Interest paid	(28,058)	(35,031)
Income tax paid	(9,789)	(5,607)
Net cash flow from operating activities	**83,004**	**199,235**
Cash flow from investing activities		
Purchase of tangible and intangible assets	(16,504)	(16,787)
Proceeds from sale of property, plant and equipment	586	-
Loans and deposits given - net	523	(27,602)
Interest received	1,225	2,421
Net cash flow used in investing activities	**(14,170)**	**(41,968)**
Cash flow from financing activities		
Purchase of treasury shares	(4,178)	(125)
Repayment of borrowings	(47,015)	(29,822)
Dividend paid to non-controlling interests	-	(879)
Net cash flow used in financing activities	**(51,193)**	**(30,826)**
Net increase in cash and cash equivalents	**17,641**	**126,441**
Cash and cash equivalents at beginning of period	250,865	247,596
Cash and cash equivalents at end of period	**268,506**	**374,037**

NOTE 1 – GENERAL INFORMATION

Atlantic Grupa d.d. (the Company) is incorporated in the Republic of Croatia. The principal activities of the Company and its subsidiaries (the Group) are described in Note 3.

The interim condensed consolidated financial statements of the Group for the three month period ended 31 March 2013 were approved by the Management Board of the Company in Zagreb on 29 April 2013.

The interim condensed consolidated financial statements have not been audited.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the three month period ended 31 March 2013 have been prepared in accordance with IAS 34 – Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of 31 December 2012.

2.2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

NOTE 3 – SEGMENT INFORMATION

Atlantic Grupa's business has been organized in six strategic business units (SBU) and four strategic distribution units (SDU), which have been joined by a separate market unit, Russia. Such organization unites similar business activities or products, shared markets or channels, together:

- SBU Beverages,
- SBU Coffee,
- SBU (Sweet and Salted) Snacks,
- SBU Savoury Spreads,
- SBU Sports and Functional Food,
- SBU Pharma and Personal Care
- SDU Croatia,
- SDU Slovenia, Serbia, Macedonia,
- SDU HoReCa,
- SDU International

and the Russian market.

Strategic Management Council is responsible for strategic and operational issues.

Due to the fact that SDU HoReCa and MU Russia do not meet quantitative thresholds, required by IFRS 8 for reportable segments, they are reported within Other segments. The Other segments category comprises also of non-allocable business activities (headquarters and support functions in Serbia, Slovenia and Macedonia) which are excluded from the reportable operating segments. For the time being, performance of SDU International will not be measured as a separate segment. Instead, sales and profitability of this unit will be reported within related SBUs.

Strategic Management Council monitors the operating results of its business unites separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group financing and income taxes are managed on Group basis and are not allocated to operating segments.

Sales of individual SBUs represent in market sales made to third parties (either directly through SBUs or through SDUs). SDU sales includes sales of own products also reported as SBU sales. This double counting of own product sales is eliminated in the "Reconciliation" line. For the purpose of segmental profit calculation, sales between operating segments are carried out at arm's length.

NOTE 3 – SEGMENT INFORMATION (continued)

Sales revenues *(in thousands of HRK)*	**Jan-Mar 2013**	**Jan-Mar 2012**
SBU Beverages	130,029	134,537
SBU Coffee	225,577	221,895
SBU (Sweet and Salted) Snacks	144,127	133,374
SBU Savoury Spreads	91,281	96,913
SBU Sports and Functional Food	194,825	163,776
SBU Pharma and Personal Care	112,570	113,074
SDU Croatia	145,640	172,386
SDU Slovenia, Serbia, Macedonia	413,168	403,741
Other segments	85,906	74,415
Reconciliation	(455,990)	(460,975)
Total	**1,087,133**	**1,053,136**

NOTE 4 – EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit of the Group by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

	2013	2012
Net profit / (loss) attributable to equity holders (in thousands of HRK)	30,429	(6,318)
Weighted average number of shares	3,332,105	3,333,978
Basic earnings / (loss) per share (in HRK)	9.13	(1.90)

Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as there were no convertible dilutive potential ordinary shares.

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

During the three month period ended 31 March 2013, Group invested HRK 16,504 thousand in purchase of property, plant and equipment (2012: HRK 16,787 thousand).

NOTE 6 - INVENTORIES

During the three month period ended 31 March 2013, the Group wrote down HRK 3,435 thousand of inventories due to damage and short expiry dates (2012: HRK 2,770 thousand). The amount is recognised in the income statement within ‘Other operating expenses’.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Group enters into transactions with the following related parties: shareholders and other entities controlled or owned by shareholder. Related party transactions that relate to balance sheet as at 31 March 2013 and 31 December 2012 and transactions recognised in the Income statement for the three month period ended 31 March are as follows:

(all amounts expressed in thousands of HRK)	**31 March 2013**	**31 December 2012**
RECEIVABLES		
Current receivables		
Other entities	96,736	80,426
LIABILITIES		
Borrowings		
Shareholders	1,813,044	1,822,390
Trade payables		
Shareholders	22	22
Other entities	169	1,816
REVENUES	**Jan – Mar 2013**	**Jan – Mar 2012**
Sales revenues		
Other entities	106,339	99,452
Other revenues		
Other entities	-	111
EXPENSES		
Marketing and promotion expenses		
Other entities	4,719	1,517
Finance cost - net		
Shareholders	21,734	8,768

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 30 April 2012

Pursuant to the article 407. to 410. of the Capital market Law (Official Gazette 88/08. and 146/08) the President of the Management board of Atlantic Grupa d.d., Miramarska 23, Zagreb provide

MANAGEMENT BOARD'S STATEMENT OF LIABILITY

The consolidated and separate financial statements of Atlantic Grupa d.d. have been prepared pursuant to the International Financial Reporting Standards (IFRS) and Croatian Accounting Law.

The consolidated financial statements for the period ended 31 March 2013 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Group.
The management report for the period ended 31 March 2013 presents true and fair presentation of development and results of the Group's operations with description of significant risks and uncertainties for the Group.

President of the Management Board

Emil Tedeschi

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