1H10 Financial results

Zagreb – July 22nd, 2010

Growth despite challenging macroeconomic trends

- **Sales advanced to 1,073.1 million kuna**
  + 1.4% yoy based on reported figures

- **EBITDA soared to 135.6 million kuna**
  + 39.7% yoy based on reported figures

- **EBITDA (excluding the one-offs) increased to 89.5 million kuna**
  +2.6% yoy based on reported figures

- **Net profit after minorities advanced to 74.0 million kuna**
  +78.1% yoy based on reported figures
  +18.6% yoy higher net profit after minorities (excluding the one-offs) of **37.6 million kuna**

Chairman's comment

CEO of Atlantic Grupa, Emil Tedeschi commented the 1H10 results:

"Atlantic Grupa delivered growth both in top-line as well as in profitability thanks to continued efforts made by employees despite even more challenging trends for the real sector. Management paid considerable attention to retain the company's financial stability that eventually supported the banks' credence in approving acquisition loans and investors' participation in the most recent Atlantic Grupa's capital hike for takeover of 100% ownership in Droga Kolinska.
In the remainder of the year, alongside further focus on maintaining stability in operations and delivering growth in Atlantic Grupa's business, the company's employees will place considerable focus on preparations for the consolidation and integration of Droga Kolinska into Atlantic Grupa upon the takeover completion expected by the end of October/November this year."

1H10 financial highlights

Key figures	1H10	1H09	Change 10/09
Sales (HRKm)	**1,073**	1,058	1.4%
Revenues (HRKm)	**1,087**	1,070	1.6%
EBIT margin*	**6.1%**	6.3%	-26 bps
EBITDA margin*	**8.3%**	8.2%	+10 bps
Net income after minorities (HRKm)*	**38**	32	18.6%
Gearing ratio	**27.0%**	26,3%**	

*Ex. one-offs

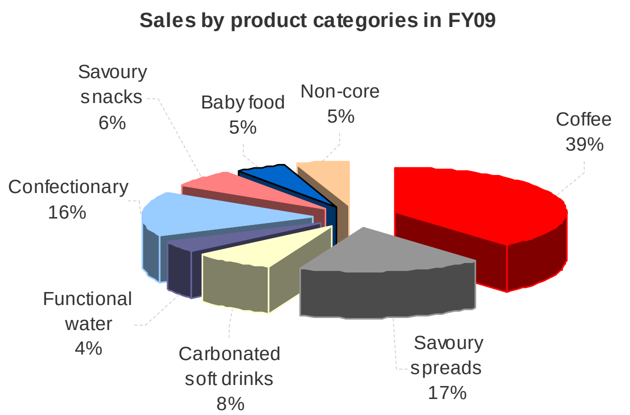
** At YE09

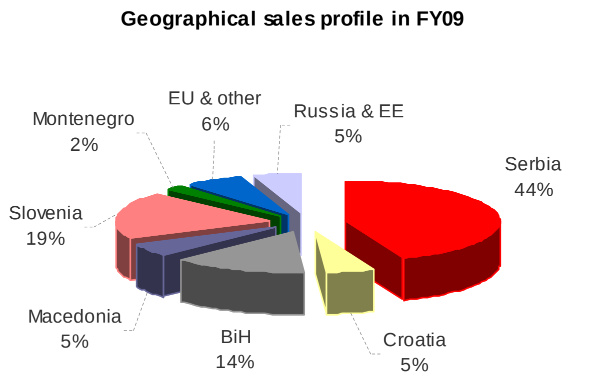
KEY DEVELOPMENTS in 1H10

Acquisition of Droga Kolinska – Atlantic Grupa's largest acquisition ever

In the beginning of July, Atlantic Grupa d.d. signed a contract with Istrabenz d.d. to take over 100% ownership in Droga Kolinska for the amount of EUR382m. Upon the completion of transaction expected in October/November this year, Atlantic Grupa will pay stated amount, net of net debt, in cash.

<u>About Droga Kolinska</u>
Droga Kolinska is the food and beverages producer with a wide portfolio of leading brand names across the ex-Yugoslav region as well as presence on the Russian and the Ukrainian markets with its baby food business. Droga Kolinska's business model comprises seven production categories operationally set up in five business segments with FY09 Group sales of EUR325.8m and reported EBITDA of EUR45.4m yielding EBITDA margin of 13.9%. Production, marketing and sale of coffee under brands Barcaffe and Grand Kaffa and of savoury spreads under Argeta brand as two largest production categories made up 56% of Droga Kolinska's sales in FY09. Geographic sales profile of Droga Kolinska reveals Serbian market as the top market accounting for 44% of sales, whereby outside the ex. Yugoslav region the company delivers 11% of the Group sales, i.e. altogether EUR35m in sales.





The company has 9 brands with sales over EUR10m, whereby top 5 brands (Grand Kafa, Argeta, Barcaffe, Cockta – carbonated soft drink and Smoki – savoury snack) accounted for 64% of Group sales. Region-wise the company has a leading position in the following categories: (i) in coffee in Serbia and Slovenia as well as (ii) in savoury spreads in Slovenia, BiH and Macedonia, whereby the company ranks second in the carbonated soft drinks segment in Slovenia and BiH.

Droga Kolinska operates in 14 production facilities on 9 locations region-wise (in Slovenia, BiH, Serbia and Macedonia).

ATLANTIC
GRUPA

Potential synergies

Three key factors stand behind Atlantic Grupa management's strategic reasoning for the acquisition of Droga Kolinska: (i) compatibility of industries, product assortments and operating markets between Droga Kolinska and Atlantic Grupa, (ii) potential for achieving synergies on both top-line and operating costs levels and (iii) Atlantic Grupa's strong M&A track-record with focus on raising operating efficiency and consequently profitability in an acquired company.

Atlantic Grupa has identified synergy potentials both on sales and operating costs levels with expected realization in the medium-term. When it comes to top-line synergies, Atlantic Grupa detects synergy potentials in several product categories with the most pronounced ones in savoury spreads and soft drinks segments, whereby from geographic perspective the majority of sales synergies will emerge on the Croatian and the BiH markets.

Sales synergies reasoning in Droga Kolinska's product categories include the following:

(i) Coffee: Synergies will emerge from exploiting Atlantic Grupa's distribution strength and know-how on the Croatian and BiH markets in both the retail and the HoReCa channels.

(ii) Confectionary: Merging distribution infrastructure of Droga Kolinska and Atlantic Grupa on the Croatian market will enable sales synergy potentials in this product category. In Slovenia, the potential emerges from introducing this assortment as the impulse category.

(iii) Snacks: Significantly better market positioning on the Croatian and BiH markets on the back of Atlantic Grupa's distribution know-how.

(iv) Savoury spreads: Considerable sales growth potential via more intensive and focused marketing investments as well as better positioning and distribution on the Croatian market.

(v) Soft drinks/Functional water: Combined operations and joint presence of Droga Kolinska and Atlantic Grupa's product assortment in this category represent substantial potential for lifting sales. This is achievable through activities including filling Cedevita GO! coolers with Cockta and Donat Mg as well as by exploiting Atlantic Grupa's strong presence in the HoReCa channel for Droga Kolinska's brands.

From the geographic perspective, Atlantic Grupa expects to achieve the strongest sales enhancements in Croatia and BiH largely by merging distribution networks and logistics operations of Droga Kolinska and Atlantic Grupa on these markets. All this will enable raising Droga Kolinska's low numeric and weighted distribution reach in nearly all production categories, particularly on the Croatian market. On other regional markets, Atlantic Grupa has identified sales synergy potentials in certain product categories as for example for Snacks in Slovenia and for Soft drinks in Serbia.

In the operating costs area, Atlantic Grupa has modelled in considerable cost savings potential in several segments:

(i) Distribution/Transport: Merging Droga Kolinska and Atlantic Grupa's distribution networks on ex. Yugoslav markets will enable elimination of overlapping distribution networks and thus raise utilisation capacity rates in vehicle fleets, optimise distribution routes and sales force. All this coupled with economies of scale and thus lower marginal costs in distribution will eventually lead toward lower overall distribution and transportation (gas/leasing) costs.

(ii) Logistics: Merger and optimisation of the logistics processes in Droga Kolinska and Atlantic Grupa will lead towards lower operating costs in the logistics area.

(iii) Procurement: Joining Droga Kolinska and Atlantic Grupa's procurement operations and suppliers base will result in higher negotiating power and better control in the procurement process of raw materials (sugar for Cedevita and many categories in Droga Kolinska) and packaging materials (same packaging materials for Cedevita GO!, Cockta, Donat Mg as well as for coffee and Cedevita VIN/HoReCa). All this in tandem with the simultaneous achievement of economies of scale in the procurement process will lead toward lower production material costs.

(iv) Marketing: Focus on the more efficient management of the marketing activities (both above and below the line) in product categories with higher growth potential through joined marketing investments will eventually result in more efficient marketing spending.

Consolidated Group

The merger of Atlantic Grupa and Droga Kolinska will create:

(i) One of the leading food and beverages company in the ex. Yugoslav region with presence in EU and Russia and with pro-forma consolidated sales of EUR627m in FY09 (expected pro-forma consolidated sales in FY10 of EUR635m) as well as pro-forma consolidated EBITDA of EUR67m in FY09 (Droga Kolinska and Atlantic Grupa's EBITDA adjusted for one-offs).

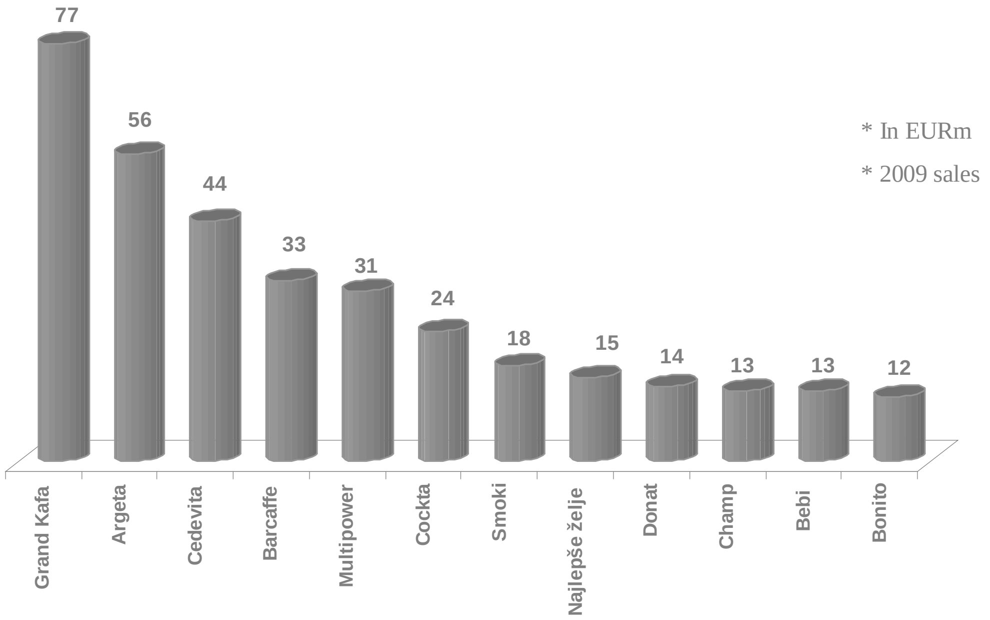
In EURm, FY09	Droga Kolinska	% of sales	Atlantic Grupa	% of sales	Consolidated	% of sales
Slovenia	62	19%	16	5%	78	12%
Croatia	18	6%	181	60%	199	32%
Serbia	144	44%	18	6%	162	26%
Montenegro	8	2%	2	1%	10	2%
BiH	44	14%	10	3%	54	9%
Macedonia	15	5%	3	1%	18	3%
Others	35	11%	71	24%	106	17%
Total	**326**	100%	**301**	100%	**627**	100%

(ii) The company with developed and strong regional distribution network and thus stronger negotiating power with customers.

(iii) The company with strong regional production network and production facility in the EU.

(iv) The company with 12 own brands (Grand Kafa, Argeta, Cedevita, Barcaffe, Multipower, Cockta, Smoki, Najlepše želje, Donat, Champ, Bebi, Bonito) and 3 principal brands with sales over EUR10m.

(v) The company with vertically integrated organisation combining: R&D – production – marketing – distribution – retail.



Financing and valuation

Enterprise value for 100% ownership in Droga Kolinska is EUR382m. Atlantic Grupa will pay stated amount net of net debt estimated at EUR140m at the time of deal closing. Consequently, Droga Kolinska will be acquired at the following acquisition multiples:

	Droga Kolinska
Ownership	100%
Enterprise value (in EURm)	382
2009 EV/Sales	1.2
2009 EV/EBITDA	8.4
2009 P/S	0.7
2009 P/EBITDA	5.3

Funds for Droga Kolinska's acquisition have been secured from several sources:

In EURm	
Capital increase	83
Atlantic Grupa's funds	25
Syndicated loan	104
Subordinated loan	30

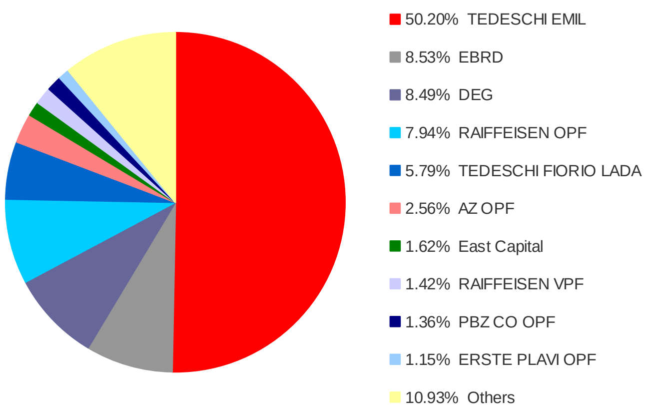
* The following banks participated in the syndicated loan: UniCredit Group (together UniCredit Bank Austria AG and Zagrebačka banka d.d.) and Raiffeisen Group (together Raiffeisenbank Austria d.d. and Raiffeisen Zentralbank Oestereich AG)
* Subordinated debt has been approved by the EBRD

Atlantic Grupa’s capital increase

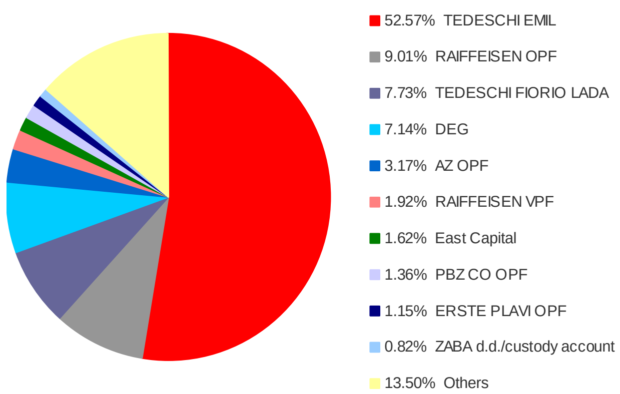
Atlantic Grupa’s capital increase assumed issuance of 864,305 new ordinary shares with nominal value of HRK40 and an increase in the company’s share capital from HRK98,799,800 by HRK34,572,200 to HRK133,372,000. New ordinary shares are issued at HRK700 that eventually resulted in raising HRK605m in new capital.

The Decision on capital increase specified Investors and Qualified investors as persons with the subscription right in the capital increase. The capital increase has been carried out in two rounds. In the first round, the subscription right had top 15 investors that were, on June 30th, 2010, registered in the depositary of the Central Clearing and Depositary Company as shareholders in Atlantic Grupa directly or via a custodian bank. Each Investor had a right to subscribe the number of shares he is entitled to in accordance with the Right to proportionate subscription. The first round of the capital increase was successfully completed with subscription of 535,004 shares, whereby 329,301 shares remained for the subscription in the second round that have been offered to Qualified investors: the German development bank - DEG and the European Bank for Reconstruction and Development - EBRD. The subsequent allocation took place with the DEG subscribing 45,000 shares (on top of 61,748 shares subscribed in the first round) and the EBRD subscribing 284,301 shares and thus the latter entered Atlantic Grupa’s ownership structure. Graphs below indicated Atlantic Grupa’s ownership structure with top 10 investors before and after the capital increase:

After the capital increase (21.07.2010)



Before the capital increase (30.06.2010)



Prospectus preparation for listing newly issued shares on the ZSE is planned for September, whereby the shares will be listed on the ZSE upon the regulatory agency CFFSA’s (Croatian Financial Services Supervisory Agency) Prospectus approval.

SALES DYNAMICS IN 1H10

Sales profile by division

in HRK thousands

1H10	Distribution	Consumer Health Care	Sports and Functional Food	Pharma	Group
Gross sales	599,992	252,177	272,566	156,875	**1,281,610**
Intersegment sales					208,548
Consolidated sales					**1,073,062**
1H09					
Gross sales	613,565	262,272	247,190	150,804	1,273,831
Intersegment sales					215,380
Consolidated sales					1,058,451
Change 10/09					
Gross sales	**-2.2%**	**-3.8%**	**10.3%**	**4.0%**	
Intersegment sales					
Consolidated sales					**1.4%**

In 1H10, Atlantic Grupa posted **1.4% yoy higher sales of HRK1,073.1m** supported by the top-line advance in the Sports and Functional Food and the Pharma divisions that counterbalanced lower sales in the Distribution and Consumer HealthCare divisions.

- Following 0.7% yoy higher sales in 1Q10, **Distribution division** saw its top-line declining in 2Q10 and eventually delivered 2.2% yoy lower sales in 1H10. The latter largely reflected lower consumption on the Croatian market, whereby Serbian and Slovenian sales continued to grow with the latter posting nearly three times higher sales in the local currency largely on wings of commencement of Ferrero program distribution in 2009.

- **Consumer HealthCare division** posted 3.8% yoy lower top-line in 1H10 largely on the back of lower sales in 2Q10. Nevertheless, one should consider that several product categories delivered growth including Cedevita in the HoReCa channel, dental care products under Plidenta brand and Multivita's assortment on the Russian market. The latter largely reflected setting up of Multivita's representative office in Russia during 1Q10 that as well evaluates future development potential for the launch of other brands from the Consumer HealthCare segment (e.g. Rosal lip balm).

- **Sports and Functional Food division** saw its top-line surging 10.3% yoy on wings of higher single-digit sales growth rate in Multipower products and double-digit sales growth rate of both the Champ brand (positioned in the lower price range) and the Multaben brand in the functional food segment. Thereby, precisely the latter delivered the most dynamic double-digit sales growth of 22% yoy. Geographically, Russian and Swiss markets posted the highest growth rates, while the largest markets in terms of sales – Germany, Italy and UK – as well posted top-line growth.

- The 4.0% yoy higher sales in the **Pharma division** largely reflected 29% yoy higher Fidifarm sales and sales of newly opened pharmacies/specialised stores throughout 2H09 and one pharmacy in the 1Q10. This result as well includes: (i) HRK15m in 1H09 sales of 2 pharmacies from the Health Institution Coner that were spun-off in exchange for the minority share in other pharmacies in August 2009 and (ii) 1H10 sales of last year acquired pharmacies in the pharmacy chain Dvoržak (2 pharmacies have been consolidated from the beginning of 2010 and 5 specialised stores since April). Stripping off these two effects, the Pharma division saw its sales soaring 10% yoy.

Multi-division summary by geographic zone

in HRKm	1H10	% of total sales	1H09	% of total sales	Change 1H10/1H09	in CER terms
Croatia	593.8	55.3%	656.9	62.1%	-9.6%	
Germany	123.1	11.5%	123.0	11.6%	0.0%	1.6%
Serbia	60.4	5.6%	55.7	5.3%	8.3%	16.6%
Slovenia	74.0	6.9%	27.8	2.6%	165.9%	170.2%
Bosna and Herzegovina	40.2	3.7%	40.0	3.8%	0.5%	2.1%
UK	21.9	2.0%	19.5	1.8%	11.9%	10.5%
Italy	27.8	2.6%	23.0	2.2%	20.6%	22.6%
Other	132.0	12.4%	112.4	10.6%	17.4%	
Total sales	1,073.1	100.0%	1,058.5	100.0%	1.4%	

- Following continuously harsh dynamics in Croatian economy, Atlantic Grupa posted 9.6% yoy lower **sales on the Croatian market** of HRK593.8m. Nevertheless, stripping off the 1H09 sales from the 2 spun-off pharmacies from the HI Coner as well as the 1H10 sales from the partially consolidated pharmacy chain Dvorzak, Croatian sales came in 8.7% yoy lower. Croatian sales drop largely reflected recessionary trends in the Croatian economy as evidenced by: (i) 1Q10 GDP contraction by 2.5% yoy, (ii) 4.1% yoy lower personal consumption, high level of consumer pessimism and disposable income deterioration, (iii) 5.6% yoy downturn in real 'core' retail trade (ex. auto/motorcycle sales) in 5M10 (May was the 20th subsequent month of contraction) and (iv) high unemployment rate of 17.2% in May reflecting unfavourable trends on the Croatian labour market with high level of job insecurity.

- On the key SEE markets, **Slovenian market** posted the most dynamic sales growth with 2.7 times yoy higher top-line of HRK74m and thereby contributed 436bp to the overall top-line growth. Two key factors acted as the key growth generators: (i) commencement of the Ferrero assortment distribution in 2009 and (ii) Cedevita vitamin instant drink sales growth in all consumption channels with double-digit growth in the HoReCa channel in the local currency. With regards to Cedevita's performance in Slovenia, the research agency Canadean's Soft Drinks Market Insights Report for Slovenia for 2009 highlights precisely the vitamin instant drinks market growth of 3.6% yoy compared to total soft drinks market growth of 2.8% yoy in 2009. Moreover, vitamin instant drinks market posted 2006-2009 CAGR of 14.0% as opposed to Slovenian soft drinks market growth of 0.8%. The research report as well estimates vitamin instant drinks market to deliver growth, though mild, of 0.6% in 2010 compared to soft drinks market fall by 1.5%. Consequently, vitamin instant drinks' share in total soft drinks market will increase to 4.2% in 2010 from 4.1% in 2009. Atlantic Grupa's market share in the Slovenian vitamin instant drinks segment advanced to 77% in 2009 from 74% in 2008 with the Cedevita vitamin instant drink per capita consumption increasing to 6.7 litres in 2009 from 6.4 litres in 2008. Last but not least, Cedevita ranks 6th among top 20 best selling brands on the Slovenian market.

  Serbian sales advanced 8.3% yoy to HRK60.4m and 16.6% yoy should one strip off the adverse Serbian Dinar movements. The key top-line growth drivers include Cedevita sales growth in all distribution channels with the most prominent growth in the HoReCa channel as well as to some extent commencement of the Ferrero semi-freddo program distribution. With reference to Cedevita's performance in Serbia, the Canadean's Soft Drinks Market Insights Report for Serbia for 2009 indicates that the vitamin instant drinks market surged 23.6% yoy, whereas total soft drinks market dropped 4.5% yoy in 2009. What's more, vitamin instant drinks market posted 2006-2009 CAGR of 17.0% as opposed to Serbian soft drinks market growth of 3.5%. The research report also estimates vitamin instant drinks market to post growth of 4.5% in 2010 compared to soft drinks market fall by 3.9%. As a consequence, vitamin instant drinks' share in total soft drinks market will grow to 1.5% in 2010 from 1.3% in 2009. Atlantic Grupa's market share in the Serbian vitamin instant drinks segment advanced to 93% in 2009 from 90% in 2008 with Cedevita/Multivita vitamin instant drink per capita consumption soaring to 2.2 litres in 2009 from 1.3 litres in 2008.

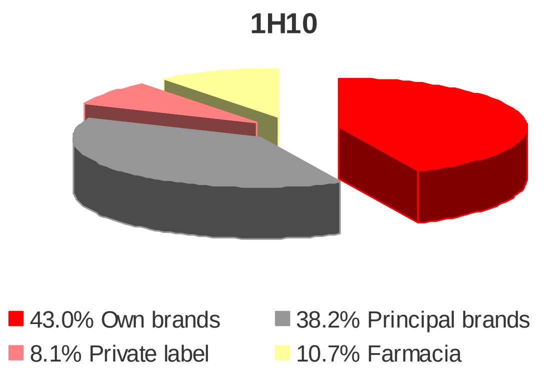
  Taking into consideration per capital consumption gap between Croatia and regional markets with Cedevita vitamin instant drink per capita consumption in Croatia of approximately 12 litres annually as opposed to regional per capita consumption with Serbia at 2.2 litres, Slovenia at 6.7 litres, BiH at 3.6 litres and Macedonia at 1.1 litres, Atlantic Grupa identified substantial sales growth potential by increasing per capita consumption in the region and thus lowering the consumption gap.

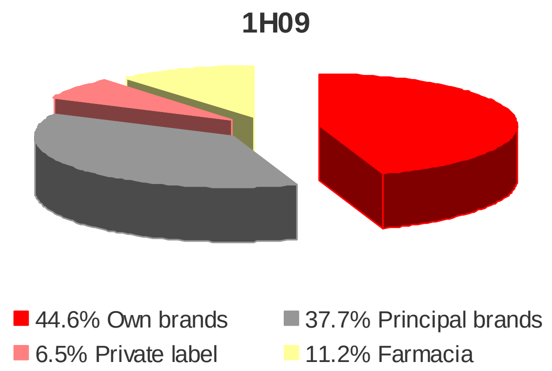
- On the **key West European markets**, **German market** maintained 1H10 sales on the 1H09 level, while in the constant exchange rate terms German sales advanced 1.6% yoy on the back of positive

2Q10 showing. The **UK and Italian markets** delivered more dynamic top-line showing of 11.9% yoy and 20.6% yoy.

- **Other markets** delivered 17.4% yoy higher sales largely thanks to higher sales on the Russian market backed by Multivita and Multipower's assortment. In that respect, this year's launch of Multivita's representative office in Russia certainly represents platform for further strengthening of Russian sales particularly as Russian economy is expected to expand by 4% in 2010. Following Slovenia, precisely other markets contributed the most to Group's top-line growth with 185bp.

Sales profile





- In 1H10, Atlantic Grupa's **own brands** accounted for the dominant 43.0% share in the Group's sales despite the 2.2% yoy sales decline reflecting lower Cedevita and Multivita's sales. Nevertheless, these were partially annulled by sales growth in Multipower, Champ, Dietpharm, Multaben and Plidenta brands.

- **Principal brands** posted 2.6% yoy higher sales supported by distribution of Ferrero program in Slovenia, One2play's assortment in the region and Rauch juices program in the retail in Croatia.

- **Private label** sales advanced the most with the consequent increase of their share in the Group's sales to 8.1%. The growth has been largely spurred by private label in the Sports and Functional Food division.

- **Farmacia** delivered 3.1% yoy lower sales amidst spinning off of 2 pharmacies from the HI Coner. Stripping off the latter's sales from 1H09 Farmacia's sales as well as the 1H10 sales of consolidated pharmacies from the last year acquired pharmacy chain Dvorzak, Farmacia posted 3.7% yoy higher top-line showing.

PROFITABILITY DYNAMICS in 1H10

in HRKm	1H10	1H09	Change 10/09
Sales	**1,073.1**	1,058.5	1.4%
EBITDA	**135.6**	97.0	39.7%
EBITDA ex. one-offs	**89.5**	87.2	2.6%
EBIT	**111.4**	76.9	44.8%
EBIT ex. one-offs	**65.3**	67.1	-2.7%
Net profit	**77.8**	48.1	61.8%
Net profit ex. one-offs	**41.4**	38.2	8.2%
Profitability margins			
EBITDA margin	**12.6%**	9.2%	+347 bps
EBITDA margin ex. one-offs	**8.3%**	8.2%	+10 bps
EBIT margin	**10.4%**	7.3%	+311 bps
EBIT margin ex. one-offs	**6.1%**	6.3%	-26 bps
Net profit margin	**7.2%**	4.5%	+271 bps
Net profit margin ex. one-offs	**3.9%**	3.6%	+24 bps

Key highlights:

- The 39.7% yoy higher **earnings before interests, taxes and depreciation (EBITDA)** to HRK135.6m partially reflected one-offs occurring in 2009 and 2010 as follows:

  (i) HRK9.9m in non-recurring gain on acquisition of minority interest in Cedevita from the German development bank DEG in 1H09
  (ii) HRK48.6m one-off gain in 1H10 from the sale of Neva's former location in Tuskanova
  (iii) HRK2.4m hitherto realised one-time transaction costs related to Droga Kolinska's acquisition in 1H10.

  Stripping off the one-offs, EBITDA advanced 2.6% to HRK89.5m reflecting therewith continuous cost control and optimisation of business processes. In 1H10, depreciation advanced substantially on the back of last years' investments in raising Cedevita's production capacity and in Cedevita GO!'s production equipment leaving operating profit (EBIT) ex. one-offs down 2.7% yoy to HRK65.3m.

Division operating profitability ex. one-offs

in HRKm	1H10	1H09	Change 10/09
Distribution	**7.7**	8.7	-11.3%
Consumer HealthCare	**35.4**	44.9	-21.2%
Sports and Functional Food	**15.5**	9.5	62.0%
Pharma	**6.7**	3.9	70.2%
EBIT	**65.2**	67.1	-2.7%
Reconciliation	**46.1**	9.9	
Group EBIT	**111.4**	76.9	44.8%

Decline in the 1H10 Group's EBIT largely came on the back of lower operating profitability in the Consumer HealthCare division, whereby the Sports and Functional Food and Pharma divisions posted the strongest operating profitability enhancement.

- **Distribution division** saw it operating profitability down 11.3% yoy amidst lower distribution top-line showing as well as higher marketing expenses spurred by trade-marketing activities for the Ferrero program in Slovenia.

- **Consumer HealthCare division** posted 21.2% yoy lower EBIT ex. one-offs of HRK35.4m reflecting yoy decline in 1H10 sales, more intensive marketing investments afore the summer season and higher COGS.

- **Sports and Functional Food division** posted further operating profitability enhancement of 62.0% yoy bearing fruits from the last years' restructuring process as well as higher 1H10 top-line showing. Moreover, growth has as well been spurred by modest growth in production material costs and lower service and employee costs on the yoy basis.

- **Pharma division** delivered the strongest operating profitability improvement of 70.2% yoy to HRK6.7m driven by positive top-line showing, low base effect and mildly lower employee costs.

ATLANTIC GRUPA

Operating costs structure

In HRKm	1H10	% of 1H10 sales	1H09	% of 1H09 sales	Change 10/09
COGS	495.1	46.1%	486.0	45.9%	1.9%
Production materials & energy and changes in inventory	144.0	13.4%	137.1	13.0%	5.0%
Services	70.4	6.6%	77.6	7.3%	-9.3%
Staff costs	159.5	14.9%	162.7	15.4%	-2.0%
Marketing and promotion costs	82.2	7.7%	76.5	7.2%	7.5%
Other operating expenses	43.8	4.1%	43.7	4.1%	0.2%
Other (gains)/losses, net	- 43.6	-4.1%	- 10.8	-1.0%	n/a
Total operating expenses	**951.3**	**88.7%**	**972.8**	**91.9%**	**-2.2%**

Excluding the one-offs, operating costs increased their share in total sales to 93.0% from 92.8% in 1H09 reflecting therewith the company's focus on the continuous cost management. Investigating the operating costs more closely, one should consider the following:

- **Costs of goods sold –** An increase in COGS's share in the Group's sales by 23bp to 46.1% was largely driven by product mix changes with higher share of principal brands and private label's sales in total sales.

- **Service costs –** The 9.3% yoy lower service costs reflected lower service costs related to principal brands as well as lower maintenance and transportation expenses.

- **Marketing and promotion costs –** The 7.5% yoy higher marketing expenses came on the back of two key factors: (i) higher trade marketing activities related to distribution of Ferrero assortment in Slovenia and (ii) more intensive marketing activities related to Cedevita afore the summer season.

- **Staff costs –** Lower employee expenses came on the back of lower number of employees largely amidst carried out optimisation in the Distribution division. Consequently, Atlantic Grupa had 1,740 employees (excluding seasonal workers) at the end of 1H10 as opposed to 1,847 employees (including 46 seasonal workers in the Consumer HealthCare division) at the end of 1H09.

- **Other (gains)/losses, net –** Alongside previously mentioned one-offs, this cost item as well contains HRK6m in negative FX differences as a result of kuna strengthening against euro and weakening of Serbian Dinar in 1H10 compared to 1H09.

FINANCIAL INDICATORS in 1H10

in HRKm	1H10	YE09
Net debt	**296.1**	270.6
Total assets	**1,806.4**	1,775.3
Equity	**799.2**	757.8
Current ratio	**1.73**	1.66
Gearing ratio	**27.0%**	26.3%
	1H10	1H09
Interest coverage ratio*	**7.1**	6.0
Capex net of receipts from sale	**11.6**	18.2
Cash flow from operating activities	**12.2**	27.5

*Ex. one-offs

In 1H10, Atlantic Grupa maintained financial stability in its operations as evidenced by:

- The management placed considerable focus on maintaining stable liquidity in the company with the current ratio improving to 1.73 times from 1.66 times at the YE09. Simultaneously, the company's quick ratio remained stable at 1.27 times compared to 1.26 times at the YE09. At the end of 1H10, Atlantic Grupa had HRK179.2m in cash, of which the majority is channelled to the acquisition of Droga Kolinska.

- At the end of 1H10, Atlantic Grupa operated with HRK296.1m in net debt and gearing ratio at 27% as well as improved interest coverage ratio to 7.1 times from 6.0 times in 1H09. Concurrently, the company's financial debt-to-assets ratio declined mildly to 0.26 times from 0.28 times at YE09. All these sound leverage indicators helped Atlantic Grupa in securing the financing for the acquisition of Droga Kolinska.

OUTLOOK for FY10

The management of Atlantic Grupa finds 2010 challenging in terms of additional efforts required to deliver positive results largely amidst continuously dim trends in the Croatian economy. The latter thus appears to be taking longer time in delivering recovery than other countries in CEE (the Institute of Economics expects Croatian economy to contract 1% in 2010). In the meantime, changes in the personal income taxation with an estimated net reduction in the income tax burden of HRK1bn annually coupled with the abolishment of the 2% 'crisis tax' on personal income in the range of 3,000-6,000 kuna (introduced on July 1st) are estimated to positively impact growth and consumer optimism recovery only in 2011. Moreover, positive impact is expected to come in full only in 2011 as the 4% crisis tax on personal income above 6,000 kuna will only be abolished in November this year. All this coupled with job insecurity, high unemployment rate and lower real gross salaries in 1Q10 by 1.8% yoy certainly do not provide support to the personal consumption in the near term.
Simultaneously, only a mild recovery of the regional economies is expected with Serbian economy posting 0.6% yoy higher 1Q10 GDP, but Slovenian economy contracting 1.2% yoy in the same period, whereas the ECB finds that the EU economies' recovery may still not be 'self-sustaining'

In the meantime, the management retained strategic determinants for coping with the grim macroeconomic environment and added additional determinant related to the most recent acquisition:

- **Each division's management should focus on innovations spurring organic growth**
- **Focused and intensive integration of Droga Kolinska into Atlantic Grupa with an aim to achieve planned synergy effects**
- **Continuous improvement of operating efficiency via conscious cost management**
- **Maintenance of financial stability ensuring business stability**
- **Liquidity maintenance**
- **Continuous business processes' optimisation in all operating divisions**

The management retains the FY10 guidance issued at the beginning of the year:

In HRKm	**2010 Guidance** (ex. one-offs)*	2009 ex. one-offs	Change 10/09
Revenues	**2,320**	2,225	4.3%
Sales	**2,300**	2,199	4.6%
EBITDA	**200**	189	5.6%
EBIT	**155**	146	6.0%

*Presented expectations do not include business results of Droga Kolinska, transaction costs and financing costs related to the takeover. Impact of the previously mentioned items is difficult to assume as these depend on the final takeover date.

ATLANTIC GRUPA d.d.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTH PERIOD ENDED 30 JUNE 2010 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan - Jun 2010	Jan - Jun 2009	Index	Apr - Jun 2010	Apr - Jun 2009	Index
Turnover	**1,086,888**	**1,069,848**	**101.6**	**574,257**	**573,819**	**100.1**
Sales revenues	1,073,062	1,058,451	101.4	568,826	567,935	100.2
Other revenues	13,826	11,397	121.3	5,431	5,884	92.3
Operating expenses	**951,305**	**972,821**	**97.8**	**529,436**	**531,476**	**99.6**
Cost of merchandise sold	495,116	485,976	101.9	256,368	256,621	99.9
Change in inventories	-9,088	-25,790	n/a	-1,227	-15,478	n/a
Production material and energy	153,046	162,900	94.0	81,347	88,027	92.4
Services	70,373	77,600	90.7	39,670	42,787	92.7
Staff costs	159,509	162,748	98.0	81,363	85,745	94.9
Marketing and selling expenses	82,209	76,494	107.5	46,102	47,211	97.7
Other operating expenses	43,786	43,707	100.2	23,076	24,460	94.3
Other (gains)/losses - net	-43,646	-10,814	n/a	2,737	2,103	130.1
EBITDA	**135,583**	**97,027**	**139.7**	**44,821**	**42,343**	**105.9**
Depreciation	19,915	14,848	134.1	10,363	7,623	135.9
Amortization	4,294	5,250	81.8	1,873	2,482	75.5
EBIT	**111,374**	**76,929**	**144.8**	**32,585**	**32,238**	**101.1**
Financial expenses - net	-8,616	-13,104	65.8	-3,858	1,162	n/a
Share in profit of joint venture	75	-	n/a	75	-	n/a
EBT	**102,833**	**63,825**	**161.1**	**28,802**	**33,400**	**86.2**
Income tax	25,053	15,746	159.1	7,708	9,566	80.6
Profit for the period	**77,780**	**48,079**	**161.8**	**21,094**	**23,834**	**88.5**
Attributable to:						
Minority interest	3,766	6,520	57.8	2,519	4,590	54.9
Equity holders of the Company	74,014	41,559	178.1	18,575	19,244	96.5
Earnings per share for profit attributable to the equity holders of the Company						
- basic	30.01	16.86		7.53	7.81	
- diluted	30.01	16.86		7.53	7.81	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Jun 2010	Jan - Jun 2009	Index	Apr - Jun 2010	Apr - Jun 2009	Index
Profit for the period	**77,780**	**48,079**	**161.8**	**21,094**	**23,834**	**88.5**
Currency translation differences	(4,609)	(1,852)	248.9	(2,317)	(2,451)	94.5
Cash flow hedge	58	-	n/a	58	-	n/a
Total comprehensive income	**73,229**	**46,227**	**158.4**	**18,835**	**21,383**	**88.1**
Attributable to:						
Minority interest	3,701	6,363	58.2	2,442	4,052	60.3
Equity holders of the Company	69,528	39,864	174.4	16,393	17,331	94.6
Total comprehensive income	73,229	46,227	158.4	18,835	21,383	88.1

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	30 June 2010	31 December 2009
Property, plant and equipment	295,448	296,945
Intangible assets	444,047	449,414
Available-for-sale financial assets	35,042	35,041
Interest in joint venture	31	179
Trade and other receivables	9,877	10,718
Deferred tax assets	7,853	7,485
Non-current assets	792,298	799,782
Inventories	273,545	233,736
Trade and other receivables	555,529	512,815
Non-current assets held for sale	133	7,154
Prepaid income tax	5,655	4,128
Deposits given	253	143,129
Cash and cash equivalents	179,019	74,580
Current assets	1,014,134	975,542
Total assets	1,806,432	1,775,324
Capital and reserves attributable to equity holders of the Company	762,229	725,187
Minority interest	36,995	32,620
Borrowings	371,155	379,240
Deferred tax liabilities	45,575	45,989
Provisions	5,847	5,739
Non-current liabilities	422,577	430,968
Trade and other payables	445,957	446,975
Borrowings	104,175	109,112
Current income tax liabilities	21,104	10,626
Derivative financial instruments	1,917	1,846
Provisions	11,478	17,990
Current liabilities	584,631	586,549
Total liabilities	1,007,208	1,017,517
Total equity and liabilities	1,806,432	1,775,324

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of Company					
in thousands of HRK, unaudited	Share capital	Reserves	Retained earnings	Total	Minority interest	Total
At 1 January 2009	**408,200**	**1,325**	**252,251**	**661,776**	**78,537**	**740,313**
Comprehensive income:						
Net profit for the period	-	-	41,559	41,559	6,520	48,079
Other comprehensive income	-	(1,695)	-	(1,695)	(157)	(1,852)
Total comprehensive income	-	(1,695)	41,559	39,864	6,363	46,227
Transactions with owners:						
Acquisition of minority interest	-	-	-	-	(23,316)	(23,316)
Share based payment	(887)	-	579	(308)	-	(308)
Purchase of treasury shares	(789)	-	-	(789)	-	(789)
Dividends relating to 2008	-	-	(17,262)	(17,262)	(2,624)	(19,886)
At 30 June 2009	**406,524**	**(370)**	**277,127**	**683,281**	**58,960**	**742,241**
At 1 January 2010	**408,404**	**(2,075)**	**318,858**	**725,187**	**32,620**	**757,807**
Comprehensive income:						
Net profit for the period	-	-	74,014	74,014	3,766	77,780
Other comprehensive income	-	(4,486)	-	(4,486)	(65)	(4,551)
Total comprehensive income	-	(4,486)	74,014	69,528	3,701	73,229
Transactions with owners:						
Acquisition of minority interest	-	-	(11,474)	(11,474)	674	(10,800)
Share based payment	1,425	-	(1,462)	(37)	-	(37)
Dividends relating to 2009	-	-	(20,975)	(20,975)	-	(20,975)
At 30 June 2010	**409,829**	**(6,561)**	**358,961**	**762,229**	**36,995**	**799,224**

ATLANTIC GRUPA d.d.

INTERIM CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	**Jan - Jun 2010**	**Jan - Jun 2009**
Cash flows from operating activities		
Net profit	**77,780**	**48,079**
Income tax	25,053	15,746
Depreciation and amortization	24,209	20,098
Gain on acquisition of minority interest	-	(9,856)
Gain on disposal of property, plant and equipment	(49,067)	-
Value adjustment of current assets	9,413	8,197
Interest income	(4,542)	(5,802)
Interest expense	12,558	14,593
Other non-cash changes	(7,271)	(2,875)
Changes in working capital:		
Increase in inventories	(47,241)	(62,222)
Increase in current receivables	(44,176)	(28,640)
Increase in current payables	51,131	71,710
Decrease in provisions for risks and charges	(6,404)	(10,069)
Interest paid	(12,434)	(14,609)
Income tax paid	(16,801)	(16,843)
Net cash flow from operating activities	**12,208**	**27,507**
Cash flow from investing activities		
Purchase of tangible and intangible assets	(20,900)	(47,928)
Proceeds from sale of property, plant and equipment	9,257	-
Advance received for sale of tangible assets	-	29,718
Acquisition of minority interest	(10,800)	-
Acquisition of subsidiary	(1,700)	-
Loans and deposits given - net	141,777	1,231
Dividend received	225	164
Purchase of financial assets	(1)	-
Interest received	4,550	3,572
Net cash flow from / (used in) investing activities	**122,408**	**(13,243)**
Cash flow from financing activities		
Purchase of treasury shares	-	(789)
Repayments of borrowings - net	(9,202)	(1,481)
Dividend paid to minority interest	-	(2,624)
Dividend paid to equity holders of the Company	(20,975)	(17,262)
Net cash flow used in financing activities	**(30,177)**	**(22,156)**
Net increase / (decrease) in cash and cash equivalents	**104,439**	**(7,892)**
Cash and cash equivalents at beginning of period	74,580	200,193
Cash and cash equivalents at end of period	179,019	192,301

NOTE 1 – GENERAL INFORMATION

Atlantic Grupa d.d. (the Company) is incorporated in the Republic of Croatia. Atlantic Grupa is the leading European producer of sports food with the Multipower brand, the largest regional producer of vitamin instant drinks and food supplements with Cedevita and Dietpharm brands, a significant manufacturer of personal care products as well as the leading distributor of fast moving consumer goods in South-eastern Europe and the owner of the leading private pharmacy chain in Croatia under the brand Farmacia. The Group has manufacturing plants in Croatia and Germany with firms and representative offices in 10 countries. It exports its products to more than 30 markets worldwide.

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 six months ended 30 June 2010 were approved by the Management Board of the Company in Zagreb on 21 July 2010.

The interim condensed consolidated financial statements have not been audited.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2010 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 2009.

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 2009, except for the adoption of new Standards and Interpretations as of 1 January 2010, as noted below:

IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions

The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the Group’s financial statements.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

The Group applies the revised standards from 1 January 2010. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The change in accounting policy was applied prospectively on acquisitions occurred after 1 January 2010.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment has no effect on the Group's financial statements.

IFRIC 17 Distribution of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes noncash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on the Group's financial statements.

Improvements to IFRSs (issued in April 2009)

In April 2009 the Board issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

- IAS 7 Statement of Cash Flows: Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.

- IAS 36 Impairment of Assets: The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:
- IFRS 2 Share-based Payment
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 8 Operating Segment Information
- IAS 1 Presentation of Financial Statements
- IAS 17 Leases
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedge of a Net Investment in a Foreign Operation

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

2.3. COMPARATIVES AND RESTATEMENTS

During 2009, the Group has changed the classification of several categories of expenses and income and this resulted in changes in comparative figures for 2009. Most important changes are following:
- reclassification of external sales agents' commissions from 'Marketing and selling expenses' to 'Staff costs';
- reclassification of listing fees and marketing activities from 'Marketing and selling expenses' to decrease of sales;
- reclassification of income from sale of marketing material from 'Other revenues' to decrease of 'Marketing and selling expenses'.

NOTE 3 – SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable segments – divisions as follows:

- The Distribution Division deals with the distribution of consumer goods including products of the Consumer Health Care, Sports and Functional Food and Pharma division.

- The Consumer Health Care Division produces vitamin instant drinks, tea, sweets, cosmetics and personal hygiene products.

- The Sports and Functional Food Division specialises in development, production and sale of sports and health food.

- The Pharma Division specialises in the development, production and sales of prescription drugs, OTC products and food supplements, through its chain of pharmacy stores.

Management monitors the operating results of its business unites separately for the purpose of making decisions about resource allocation and performance assessment.

Sales between operating segments are carried out at arm's length.

NOTE 3 – SEGMENT INFORMATION (continued)

For the period ended 30 June 2010 *(in thousands of HRK)*	Distribution	Consumer Health Care	Sports and Functional Food	Pharma	Reconciliation	Group
Gross revenues /i/	610,120	257,266	273,351	159,056	3,456	1,303,249
Inter-segment revenues /ii/	11,048	195,023	2,417	7,873	-	216,361
Total revenues	**599,072**	**62,243**	**270,934**	**151,183**	**3,456**	**1,086,888**
EBITDA /iii/	13,636	47,271	18,823	9,726	46,127	135,583
Depreciation and amortization	5,919	11,872	3,349	3,069	-	24,209
EBIT	**7,717**	**35,399**	**15,474**	**6,657**	**46,127**	**111,374**
Total assets /iv/	502,483	508,040	168,363	570,311	(196,326)	1,552,871
Total assets at 31.12.2009. /v/	480,240	458,183	144,634	556,797	(155,942)	1,483,912

For the period ended 30 June 2009 *(in thousands of HRK)*	Distribution	Consumer Health Care	Sports and Functional Food	Pharma	Reconciliation	Group
Gross revenues /i/	619,233	265,909	248,239	152,245	4,439	1,290,065
Inter-segment revenues /ii/	10,268	202,277	1,300	6,372	-	220,217
Total revenues	**608,965**	**63,632**	**246,939**	**145,873**	**4,439**	**1,069,848**
EBITDA /vi/	13,627	54,492	12,532	6,524	9,852	97,027
Depreciation and amortization	4,929	9,573	2,983	2,613	-	20,098
EBIT	**8,698**	**44,919**	**9,549**	**3,911**	**9,852**	**76,929**

/i/ The Company's gross revenues are not allocated to operating segments.

/ii/ Inter-segment revenues are eliminated on consolidation.

/iii/ HRK 48,557 thousand of gain that Neva has realised from sale of property and HRK 2,430 thousand of hitherto realised one-time transactional expenses relating to acquisition of Droga Kolinska are not allocated to operating segments.

/iv/ Inter-segment receivables are eliminated on consolidation. Segment assets do not include property, plant and equipment of the Company (HRK 1,194 thousand), Company's intangible assets (HRK 1,832 thousand), short term deposits given (HRK 253 thousand), trade and other receivables (HRK 28,337 thousand), available-for-sale financial assets (HRK 35,042 thousand), interest in joint venture (HRK 31 thousand), deferred tax assets (HRK 7,853 thousand) and cash and cash equivalents (HRK 179,019 thousand).

/v/ Inter-segment receivables are eliminated on consolidation. Segment assets do not include property, plant and equipment of the Company (HRK 1,754 thousand), Company's intangible assets (HRK 1,407 thousand), short term deposits given (HRK 143,129 thousand), trade and other receivables (HRK 27,837 thousand), available-for-sale financial assets (HRK 35,041 thousand), interest in joint venture (HRK 179 thousand), deferred tax assets (HRK 7,485 thousand) and cash and cash equivalents (HRK 74,580 thousand).

/vi/ Gain on acquisition of minority interest in Cedevita is not allocated to operating segments.

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.

	2010	2009
Net profit attributable to equity holders (in thousands of HRK)	74,014	41,559
Weighted average number of shares	2,466,460	2,464,595
Basic earnings per share (in HRK)	30.01	16.86

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.

Dividends paid

According to the decision of the Company's General Assembly in June 2010 (in June 2009), distribution of dividend in the amount of HRK 8.50 per share, HRK 20,975 thousand in total was approved (2009: HRK 7.00 per share and HRK 17,262 thousand in total).

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

During the six months period ended 30 June 2010, Group invested HRK 20,900 thousand in purchase of property, plant and equipment (2009: HRK 47,928 thousand).
Furthermore, transaction of property sale has completed and resulted in HRK 48,557 thousand profit (Note 8).

NOTE 6 - INVENTORIES

During the six months period ended 30 June 2010, the Group wrote down HRK 7,432 thousand of inventories due to damage and short expiry dates (2009: HRK 5,773 thousand). The amount is recognised in the income statement within Other operating expenses.

NOTE 7 – ACQUISITION OF MINORITY INTEREST

In January 2010 Group acquired additional 5% in subsidiary Atlantic Farmacia d.o.o. Difference between acquisition cost and net book value of acquired minority interest is recognised directly in equity.

NOTE 8 – ONE-OFF ITEMS

One-off items realised during the six months period ended 30 June 2010 relate to following:

(i) profit of HRK 48,557 thousand realized from the sale of property on Neva’s prior production location and

(ii) hitherto realised one-time transactional expenses relating to acquisition of Droga Kolinska in amount of HRK 2,430 thousand.

NOTE 9 – POST BALANCE SHEET EVENTS

In the beginning of July, Atlantic Grupa d.d. signed a contract with Istrabenz d.d. to takeover 100% ownership in Droga Kolinska for the amount of EUR 382 million. Upon the completion of transaction expected in October/November this year, Atlantic Grupa will pay stated amount, net of net debt, in cash.

With an aim to raise funds to finance the acquisition of Droga Kolinska d.d., Slovenia, Management Board adopted, during July, the decision on capital increase by the public offering of 864,305 newly issued ordinary shares (each in the nominal value of HRK 40.00). This will result in increase of subscribed share capital of the Company from the amount of HRK 98,799,800.00, for the amount of HRK 34,572,200.00 to the amount of HRK 133,372,000.00. Newly issued shares are issued for the amount of HRK 700.00 per share and therefore funds collected will amount HRK 605 million.

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 22 July 2010

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 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 30 June 2010 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 30 June 2010 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

<u>Contact:</u>

Atlantic Grupa
Investor relations

+385 1 2413 908
ir@atlantic.hr