9M10 Financial results

Zagreb – October 27th, 2010

Business growth with focus on finalisation of Atlantic Grupa's largest acquisition ever

- **Sales rose to 1,684.3 million kuna**
  + 3.0% yoy based on reported figures

- **EBITDA soared to 198.8 million kuna**
  + 25.1% yoy based on reported figures

- **EBITDA (excluding the one-offs) advanced to 162.8 million kuna**
  +7.6% yoy based on reported figures

- **Net profit after minorities increased to 99.3 million kuna**
  +37.5% yoy based on reported figures
  +13.1% yoy higher net profit after minorities (excluding the one-offs) of **73.0 million kuna**

Chairman's comment

CEO of Atlantic Grupa, Emil Tedeschi commented the 9M10 results:

"We are very pleased that alongside the part of management's focus **on successful finalisation of Droga Kolinska's takeover**, Atlantic Grupa continued with **top-line growth, profitability enhancement and constant optimisation of business processes** in the macroeconomic challenging 2010.

Alongside delivery of, at the beginning of the year announced, expectations for the year 2010, Atlantic Grupa's key goal in the remaining of 2010 is parallel fulfilment of all **preparatory activities for the start of intensive and large-scale integration of Droga Kolinska** into Atlantic Grupa with an aim of its as fast as possible execution."

9M10 financial highlights

Key figures	9M10	9M09	Change 10/09
Sales (HRKm)	**1,684**	1,636	3.0%
Revenues (HRKm)	**1,702**	1,654	2.9%
EBIT margin*	**7.5%**	7.4%	+8 bps
EBITDA margin*	**9.7%**	9.2%	+42 bps
Net income after minorities (HRKm)*	**73**	65	13.1%
Gearing ratio	**-28.9%**	26,3%**	

*Normalized ** At YE09

KEY DEVELOPMENTS in 3Q10

Finalisation of Droga Kolinska's takeover

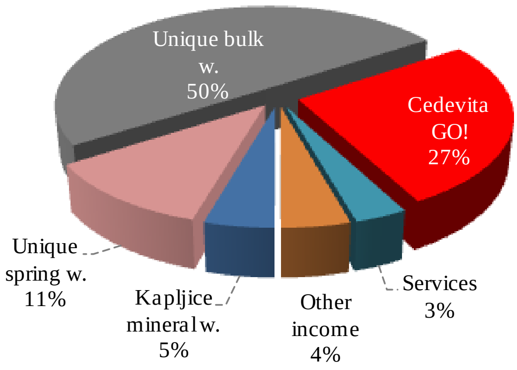
During third and fourth quarters the company places considerable attention to completion of Droga Kolinska's takeover (expected by the end of November) by systematic monitoring of the company's business results (that come in line with the expectations), finalisation of financial documentation and securing approvals on concentration permissibility from the competition agencies on all relevant markets. With reference to the latter, concentration permissibility has been successfully approved particularly on key markets including Serbian and Slovenian markets. Moreover, with an aim to provide funds for Droga Kolinska's acquisition, Atlantic Grupa had successful capital increase in July that resulted in subscription of 864,305 newly issued shares and raising funds of HRK605m. Therewith, Atlantic Grupa's share capital is divided to 3,334,300 shares, whereby Atlantic Grupa's nine months weighted average number of shares amounted 2,689,286. Following the Prospectus approval by the regulatory agency HANFA, 864,305 shares have been listed on the Zagreb Stock Exchange's Official Market on 21 October 2010. In the meantime, the company is also very active on preparations of integration activities in order to ultimately achieve synergies' goals in due course.

Acquisition of Kalničke vode Bionatura d.d.

Following the large-scale acquisition of Droga Kolinska d.d., Atlantic Grupa made smaller-size acquisition by signing a contract with the Croatian beverages producer Badel 1862 to take over 96.73% share in the local water producer Kalničke vode Bio Natura for the amount of HRK82m (enterprise value).
As a holder of 96.73% of shares in Kalničke vode Bio Natura d.d., Atlantic Grupa has commitment, under the Takeover Act, to announce takeover offer, that the company will execute in the period required by law. Furthermore, pursuant to the legal provisions, remaining shareholders will be paid out during the squeeze out process, upon the public offer execution.

<u>About Kalničke vode Bio Natura</u>
As a local water producer, Kalničke vode Bio Natura's business model is comprised of five production categories with reported FY09 total revenues of HRK50.6m and normalized FY09 EBITDA of HRK8.1m. Production, marketing and sale of bulk/HOD water under Unique brand and outsourced bottling service of Cedevita GO! made up 76% of KVBN's total revenues in FY09. The third largest category refers to production, marketing and sale of spring water Unique with 11% of total revenues. Kalničke vode Bio Natura's brand portfolio comprises two brands including Unique spring water and Unique bulk water as well as Kapljice carbonated water. Geographic sales profile of Kalničke vode Bio Natura reveals Croatian market as the dominant market and BiH market as marginal export market with share slightly above 1% of total revenues. Kalničke vode Bio Natura has state-of-art production facility comprising PET, glass and bulk/HOD production lines, that proved to be highly underutilized with capacity utilisation rates below 20%.

Sales by product categories in FY09



Market overview:

According to the Canadean's Soft Drinks Market Insight Report for Croatia for 2010, Croatian water market posted 2006-2010E volume CAGR of -0.5% to estimated 310 million litres, of which packaged water delivered -1.2% and bulk/HOD water +7.0% in the same period. Consequently, bulk/HOD water segment is expected to comprise 11% of total water volume in 2010 as opposed to 8% in 2006.

With 41.4% market share in 2009, KVBN ranks number one on the local bulk/HOD market.

Strategic reasoning for the acquisition of Kalničke

- **Cedevita GO!** – Further expansion and development of Cedevita GO! requires in-house bottling with spring water, i.e. control of an overall production process particularly given the product's unique innovative characteristics. Taking into consideration that water bottling is currently outsourced, transferring entire production in-house will lower service costs on Atlantic Grupa's level.
- **Bulk/HOD water** – This market segment provides significant opportunities for further expansion on top of Kalničke vode Bio Natura's currently dominant market position as Atlantic Grupa finds this distribution channel lucrative for distribution of other products from Atlantic Grupa's (including Droga Kolinska's) wide portfolio. Namely, this distribution channel represents direct distribution to an end customer and therewith circumvents the retailer. Moreover, Atlantic Grupa believes that precisely the bulk water segment offers considerable growth potential both in households and business offices, whereby further growth potential in this segment emerges from providing water coolers' cleaning services.
- **Spring water** – With extensive spring and carbonated water brands portfolio comprising brands of Kalničke vode Bio Natura and Droga Kolinska, Atlantic Grupa will become regional water producer. With Kalničke vode Bio Natura's product assortment, Atlantic Grupa plans to improve their so far low numeric and weighted distribution reach in the medium-term, in particular in smaller retail formats, kiosks and gas stations. Furthermore, Atlantic Grupa identifies synergies potential through joint presence of Atlantic Grupa, Droga Kolinska and Kalničke vode Bio Natura's product assortments. Namely, this is achievable by, for example, filling coolers (initially intended for Cedevita GO!) with Cedevita GO!, Cockta, Donat Mg and Kalničke vode Bio Natura's water assortment as well as by exploiting Atlantic Grupa's strong presence in the HoReCa channel for Kalničke vode Bio Natura and Droga Kolinska's brands.
- **Production equipment** – Kalničke vode Bio Natura's modern and highly underutilized production plant and equipment provides significant opportunities for further production capacity increases without substantial capex requirements.

SALES DYNAMICS IN 9M10

Sales profile by division

in HRK thousands

9M10	Distribution	Consumer Health Care	Sports and Functional Food	Pharma	Group
Gross sales	953,845	384,279	420,895	237,960	**1,996,980**
Intersegment sales					312,685
Consolidated sales					**1,684,295**
9M09					
Gross sales	960,841	392,935	376,510	223,861	1,954,148
Intersegment sales					318,365
Consolidated sales					1,635,783
Change 10/09					
Gross sales	**-0.7%**	**-2.2%**	**11.8%**	**6.3%**	
Intersegment sales					
Consolidated sales					**3.0%**

In 9M10, Atlantic Grupa delivered **3.0% higher top-line of HRK1.684,3m** largely on the back of top-line growth in Sports and Functional Food and Pharma divisions that eventually dwarfed drop in sales in Consumer HealthCare and Distribution divisions. Looking at the **3Q10** more closely, Atlantic Grupa posted **5.9% yoy higher top-line to HRK611.2m** spurred by sales growth in all four divisions.

- After 2.2% yoy lower 1H10 sales, **Distribution division** saw its top-line advancing in 3Q10 and therewith reduced the cumulative 9M10 sales decline to 0.7% yoy. Lower 9M10 figure largely reflected generally lower level of personal consumption on the Croatian market. Nevertheless, Serbian and Slovenian markets posted growth, whereby the latter delivered nearly doubled sales in the local currency driven by distribution of the Ferrero assortment.

- Following 3.8% yoy dip in 1H10 sales, **Consumer HealthCare division** delivered modest growth in 3Q10 largely supported by positive seasonal impact as well as, by some extent, this year's tourist season in Croatia (the latter posted growth in tourist arrivals and nights in 3Q10 and therewith supported retail sales growth in July and August as well as seasonally lower unemployment). Driven by 3Q10 positive impact that eventually alleviated 1H10 sales decline, the division posted 2.2% yoy lower 9M10 top-line. Nevertheless, on a more positive note, Multivita's assortment delivered stronger growth on the Russian market in 9M10 period. With the worst recession since the 90s now being over, the IMF expects

Russian economy to grow by 4.0% in 2010 followed by 4.3% in 2011 whereby gradually rising real wages and lower unemployment should back personal consumption. Consequently, from the macroeconomic perspective Atlantic Grupa finds the Russian market of interest for further development of Multivita's assortment and potentially of other brands from the Consumer HealthCare division.

- **Sports and Functional Food division** posted the most dynamic growth of 11.8% yoy spurred by sales growth in division's own brands and private label segment. Namely, while Multipower saw its sales advancing by mid single-digit rate, other brands including Champ (positioned in the lower price range) and Multaben (in the functional food segment) delivered double-digit growth rates of 16% yoy and 17% yoy, apiece. The largest markets in terms of sales – Germany, Italy and UK – posted growth in the local currency, whereby Russia and Switzerland popped out as the fastest growing markets.

- **Pharma division** saw its top-line advancing by 6.3% yoy supported by (i) 21% yoy higher Fidifarm sales, (ii) newly launched pharmacies and specialised stores in the 2H09 and throughout 2010 as well as (iii) last year's acquired pharmacies and specialised stores, part of Dvoržak pharmacy chain (2 pharmacies have been consolidated since the beginning of 2010 and 5 specialised stores since the beginning of April 2010). By the end of the year, Atlantic Grupa plans to consolidate other pharmacies/specialised stores from the pharmacy chain Dvoržak. Nevertheless, Pharma division posted 9.7% yoy higher normalized sales once stripping off (i) 8M09 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) 9M10 sales of this year partially consolidated pharmacies/specialised stores, part of Dvoržak pharmacy chain.

Multi-division summary by geographic zone

in HRKm	9M10	% of total sales	9M09	% of total sales	Change 9M10/9M09	in CER terms
Croatia	**941.2**	55.9%	1,005.0	61.4%	**-6.3%**	
Germany	**187.3**	11.1%	185.7	11.4%	**0.8%**	2.3%
Serbia	**93.6**	5.6%	87.7	5.4%	**6.8%**	17.1%
Slovenia	**113.5**	6.7%	58.4	3.6%	**94.5%**	97.4%
Bosna and Herzegovina	**63.7**	3.8%	61.6	3.8%	**3.5%**	4.9%
UK	**34.2**	2.0%	30.9	1.9%	**10.6%**	8.5%
Italy	**40.5**	2.4%	34.4	2.1%	**17.7%**	19.4%
Other	**210.2**	12.5%	172.1	10.5%	**22.2%**	
Total sales	**1,684.3**	100.0%	1,635.8	100.0%	**3.0%**	

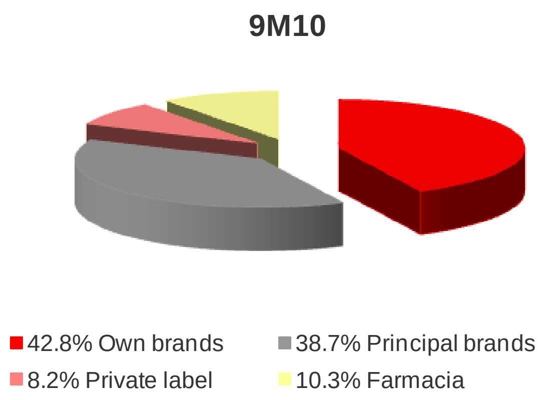
- Following 9.6% yoy sales drop in 1H10, **Croatian market** posted seasonally-impacted growth in 3Q10 that eventually reduced 9M10 sales decline to 6.3% yoy to an overall amount of HRK941.2m. Moreover, normalizing sales figure by stripping off 8M09 sales from the 2 spun-off pharmacies from the HI Coner as well as the 9M10 sales from the partially consolidated pharmacy chain Dvoržak, Croatian sales declined by 5.9% yoy. Thereby, 9M10 drop in sales largely reflected unfavourable macroeconomic surrounding as indicated by: (i) 1H10 GDP fall by 2.5% yoy, (ii) 3.3.% yoy downturn in personal consumption in 1H10 but with somewhat reduced consumer pessimism (as evidenced by modest increase in the consumer sentiment index from the March's -50.6 pts to -44.5 pts in July) and stagnating disposable personal income (excluding the increase amidst abolishment of lower crisis tax rate), (iii) 5.6% yoy dip in real 'core' retail trade (ex. auto/motorcycle sales) in 8M10 and (iv) increase in the unemployment rate in September to 16.9% after seasonally affected hiring in July and August, whereby the unemployment rate came in 2.2% higher than in last year's September. Nevertheless, 3Q10 should bring some relief with modest GDP recovery largely driven by positive tourist season supporting retail sales recovery (July and August posted mild recovery after subsequent 21 months long downturn) and seasonally lower unemployment.

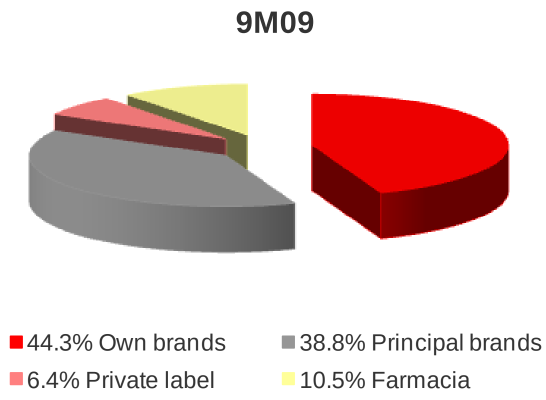
- Amongst the key SEE markets, **Slovenian market** nearly doubled sales to HRK113.5m and therewith contributed to the group's top-line growth by 337bp. Nearly doubled sales came in on wings of Ferrero assortment's distribution and Cedevita vitamin instant drink sales advance in retail and HoReCa distribution channels. One should consider that Slovenian market delivered growth in spite of 0.5% qoq personal consumption decline in 2Q10 and growth in unemployment rate to 10.6% in August. The 6.8% higher **Serbian** sales to HRK93.6m, i.e. the 17.1% higher top-line in CER terms reflected (i) double-digit sales growth in Cedevita vitamin instant drink in all distribution channels with most dynamic growth in the HoReCa channel and (ii) distribution of Ferrero semifreddo program. From the macroeconomic perspective, in spite of 1.1% yoy Serbian GDP recovery in 1H10, personal consumption remains weighed by continued labour market woes with survey unemployment rate in 2Q10 at 19.2% and pressures on disposable personal income

- Among **key West European markets**, the largest market in terms of sales – **Germany** – posted modest 0.8% yoy growth and 2.3% yoy stripping off exchange rate movements. German sales showing came along 0.6% qoq recovery in personal consumption in 2Q10 and 3.1% German GDP advance in 1H10. The 17.7% yoy higher sales on the **Italian market** and the 19.4% yoy surge once exchange rate fluctuations stripped off, partially reflected macroeconomic recovery followed by unemployment decline as well as personal consumption and retail sales rebound. The **UK market** posted 10.6% yoy growth in sales and 8.5% yoy in the constant exchange rate terms.

- **Other markets** posted 22.2% yoy surge in top-line and therewith along the Slovenian market contributed the most to the group's sales by 233 bp. Among other things, Multivita's assortment and Sports and Functional Food division's product portfolio increase on the Russian market buoyed growth of this geographic category.

Sales profile





- Even though **own brands** delivered modest sales dip of 0.6% yoy (vs. 2.2% yoy in 1H10) and therewith shrank their share in total sales to 42.8%, these retained dominant share in the group's sales profile. Thereby, sales decline came on the back of lower sales in Cedevita and Plidenta brands that in larger part annulled higher sales in Sports and Functional Food brands as well as in Multivita and Dietpharm brands.

- The 2.8% yoy higher 9M10 **principal brands**' sales came in on the back of Ferrero program distribution in Slovenia and new distributive categories including One2play's assortment in the region and Rauch juices program in the retail in Croatia.

- The most dynamic sales growth in the group's sales profile came from the **private label** segment resulting in their share increase in total sales to 8.2%. Higher private label sales in the Sports and Functional Food division largely spurred growth in the segment.

- **Farmacia** posted 1.2% yoy higher top-line, whereby once stripping off 8M09 sales from 2 spun off pharmacies from the HI Coner and 9M10 sales from partially consolidated pharmacies/specialised stores from the acquired pharmacy chain Dvoržak, Farmacia's sales advanced by 5.4% yoy.

PROFITABILITY DYNAMICS in 9M10

in HRKm	9M10	9M09	Change 10/09
Sales	**1,684.3**	1,635.8	3.0%
EBITDA	**198.8**	158.9	25.1%
Normalized EBITDA	**162.8**	151.3	7.6%
EBIT	**162.0**	128.6	25.9%
Normalized EBIT	**126.0**	121.0	4.1%
Net profit	**106.6**	81.8	30.4%
Normalized Net profit	**80.4**	74.2	8.4%
Profitability margins			
EBITDA margin	**11.8%**	9.7%	+209 bps
Normalized EBITDA margin	**9.7%**	9.2%	+42 bps
EBIT margin	**9.6%**	7.9%	+175 bps
Normalized EBIT margin	**7.5%**	7.4%	+8 bps
Net profit margin	**6.3%**	5.0%	+133 bps
Normalized Net profit margin	**4.8%**	4.5%	+24 bps

Key highlights:

- In 9M10, **earnings before interests, taxes and depreciation (EBITDA)** came in 25.1% yoy higher to HRK198.8m partially reflecting one offs appearing in 2009 and 2010, including:

  (i) HRK9.9m in non-recurring gain on acquisition of minority interest in Cedevita from the German development bank DEG in 2009
  (ii) HRK2.2m in one-off cost related to transfer of Neva's production to new production location
  (iii) HRK48.6m one-off gain in 2010 from the sale of Neva's former location in Tuskanova
  (iv) HRK21.6m hitherto realised one-time transaction costs related to Droga Kolinska's acquisition in 2010
  (v) HRK9.1m in positive financial impacts in 2010 (related to income on deposits from capital increase funds and positive exchange rate differences).

  Once the one-offs excluded, normalized EBITDA increased 7.6% to HRK162.8m signalling continuous management focus on the cost control. In the 9M10, considerable increase in depreciation came on the back of last year's investments in increasing Cedevita's production capacity and in Cedevita GO!'s production equipment. Consequently, normalized operating profit (EBIT) came in 4.1% yoy higher to HRK126.0m.

- Operating profitability enhancement in 9M10 came on the back of EBIT improvement in all divisions except in the Consumer HealthCare division that posted modest single-digit dip largely impacted by higher depreciation level amidst abovementioned reasons. Consequently, on the EBITDA level, Consumer HealthCare division posted lower single-digit growth.

- Looking at the **3Q10** more closely, Atlantic Grupa posted **14.4% yoy higher EBITDA** and **12.6% yoy higher EBIT**, on normalized level, on wings of profitability improvement in all divisions.

Operating costs structure

In HRKm	9M10	% of 9M10 sales	9M09	% of 9M09 sales	Change 10/09
COGS	781.0	46.4%	754.6	46.1%	3.5%
Production materials & energy and changes in inventory	227.1	13.5%	214.8	13.1%	5.7%
Services	116.1	6.9%	115.6	7.1%	0.4%
Staff costs	240.1	14.3%	240.6	14.7%	-0.2%
Marketing and promotion costs	115.4	6.9%	111.8	6.8%	3.3%
Other operating expenses	79.3	4.7%	66.3	4.1%	19.7%
Other (gains)/losses, net	- 52.4	-3.1%	- 8.5	-0.5%	n/a
Total operating expenses	**1,506.5**	**89.4%**	**1,495.1**	**91.4%**	**0.8%**

Once the one-offs stripped off, the share of operating costs in total sales marginally declined to 91.4% from 91.9% suggesting therewith the company's focus on cost optimisation. Looking at the operating costs more closely, one should consider the following:

- **Costs of goods sold** posted modest share increase in total sales by 24bp to 46.4% largely amid higher share of principal brands and private label sales in total sales.

- **Marketing and promotion costs** delivered only marginal growth by 3.3% driven by higher trade marketing activities related to distribution of Ferrero assortment in Slovenia and Cedevita-linked marketing activities. Consequently, these increased their share in total sales by small extent to 6.9%.

- **Staff costs** posted modest decline by 0.2% despite lower average number of employees throughout 9M10 of 1,733 employees as opposed to 1,797 employees in 9M09 largely amidst optimisation activities in the Distribution division.

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FINANCIAL INDICATORS in 9M10

in HRKm	9M10	YE09
Net debt	**-319.8**	270.6
Total assets	**2,447.1**	1,775.3
Equity	**1,425.8**	757.8
Current ratio	**2.72**	1.66
Gearing ratio	**-28.9%**	26.3%
	9M10	9M09
Interest coverage ratio*	**8.6**	7.1
Capex (net of receipts from sale)	**19.0**	34.7
Cash flow from operating activities	**44.9**	67.4

*Ex. one-offs

Financial results in 9M10 partially reflected Atlantic Grupa's preparatory activities ahead of expected finalisation of Droga Kolinska's takeover and these are evidenced in the following:

- Following the July's capital increase (subscribed and issued 864,305 new ordinary shares) with an aim to raise funds for the acquisition of Droga Kolinska, Atlantic Grupa's share capital has been increased by 34,572,200 kuna to 133,372,000 kuna. Considering that new shares have been issued for the amount of HRK 700 a share, the company eventually raised HRK605m in total. This consequently resulted in an increase of the total equity item, whereby the company had HRK820m in cash on disposal at the end of September. Majority of stated amount will be channelled to Droga Kolinska's previous owner upon the acquisition finalisation by the end of November. Taking into consideration stated cash amount, the company's current ratio improved considerably to 2.7 times from 1.7 times at the end of 2009.

- Considering that Atlantic Grupa still has not drawn down announced long-term financing aimed at Droga Kolinska's acquisition (expected to be drawn down upon the takeover finalisation), total financial commitments have not changed considerably since the end of 2009. Consequently and alongside high level of cash at disposal, Atlantic Grupa's net debt is negative at HRK319.8m. Subsequently, the company's gearing ratio is as well negative at 28.9%.

OUTLOOK for FY10

Throughout 4Q10, Atlantic Grupa's management has two key goals including: (i) successful finalisation of Droga Kolinska's takeover by the end of November with the parallel preparatory activities for the start of Droga Kolinska's integration into Atlantic Grupa, with the simultaneous (ii) focus on maintaining stability in the company's regular operations.

Even though the CNB's governor expects macroeconomic picture to depict slowdown in the economic activity decline in the 2H10, the Croatian macroeconomic trends proved to be considerably more unfavourable as opposed to surrounding economies and West European economies. Namely, the IMF's macroeconomic outlook forecasts Croatian GDP to contract by 1.5% yoy in 2010 as opposed to expected 1.5% GDP rebound in Serbia and 0.8% growth in Slovenia as well as even more pronounced recovery in the German economy by 3.3%. Simultaneously, it is expected that following seasonally supported hiring during summer, modest improvements on the labour market can only be expected in 2Q11 that will act as a precondition for personal consumption recovery. Nevertheless, it is considered that abolishment of higher crisis tax rate in November 2010 will disburden groups with higher consumption capacity and therewith provide short-term positive impact[1]. In the same time, in 2011 IMF expects Croatian economy to rebound at slower rate of 1.6% yoy as opposed to 3.0% in Serbia, 2.4% in Slovenia and 2.0% in Germany.

Considering macroeconomic pricture, the management's key strategic determinants include:

- **Management's focus on achieving sales targets through focused positioning of product/distributive portfolio and improvement of existing numeric and weighted distribution reach**
- **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**

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.

[1] RBAnalize, no 39-October 2010, Raiffeisen Research

ATLANTIC GRUPA d.d.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR NINE MONTH PERIOD ENDED 30 SEPTEMBER 2010 (UNAUDITED)

ATLANTIC GRUPA d.d.

INTERIM CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan - Sep 2010	Jan - Sep 2009	Index	Jul - Sep 2010	Jul - Sep 2009	Index
Turnover	**1,705,288**	**1,653,958**	**103.1**	**618,400**	**584,111**	**105.9**
Sales revenues	1,684,295	1,635,783	103.0	611,233	577,332	105.9
Other revenues	20,993	18,175	115.5	7,167	6,779	105.7
Operating expenses	**1,506,528**	**1,495,066**	**100.8**	**555,223**	**522,246**	**106.3**
Cost of merchandise sold	780,956	754,600	103.5	285,840	268,624	106.4
Change in inventories	(7,931)	(16,461)	48.2	1,157	9,329	12.4
Production material and energy	234,994	231,234	101.6	81,948	68,333	119.9
Services	116,068	115,641	100.4	45,695	38,041	120.1
Staff costs	240,107	240,558	99.8	80,598	77,810	103.6
Marketing and selling expenses	115,444	111,761	103.3	33,235	35,267	94.2
Other operating expenses	79,333	66,278	119.7	35,547	22,573	157.5
Other (gains)/losses - net	(52,443)	(8,545)	613.7	(8,797)	2,269	-387.7
EBITDA	**198,760**	**158,892**	**125.1**	**63,177**	**61,865**	**102.1**
Depreciation	30,103	22,735	132.4	10,188	7,887	129.2
Amortization	6,691	7,510	89.1	2,397	2,260	106.1
EBIT	**161,966**	**128,647**	**125.9**	**50,592**	**51,718**	**97.8**
Financial expenses - net	(19,487)	(19,678)	99.0	(10,871)	(6,574)	165.4
Share of profit of joint venture	75	-	n/a	-	-	n/a
EBT	**142,554**	**108,969**	**130.8**	**39,721**	**45,144**	**88.0**
Income tax	35,942	27,183	132.2	10,889	11,437	95.2
Profit for the period	**106,612**	**81,786**	**130.4**	**28,832**	**33,707**	**85.5**
Attributable to:						
Minority interest	7,320	9,590	76.3	3,554	3,070	115.8
Equity holders of the Company	99,292	72,196	137.5	25,278	30,637	82.5
Earnings per share for profit attributable to the equity holders of the Company						
- basic	36.92	29.29		9.40	12.43	
- diluted	36.92	29.29		9.40	12.43	

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Sep 2010	Jan - Sep 2009	Index	Jul - Sep 2010	Jul - Sep 2009	Index
Profit for the period	**106,612**	**81,786**	**130.4**	**28,832**	**33,707**	**85.5**
Currency translation differences	(3,269)	(1,375)	237.7	1,340	477	280.9
Cash Flow hedge	62	-	n/a	4	-	n/a
Total comprehensive income	**103,405**	**80,411**	**128.6**	**30,176**	**34,184**	**88.3**
Attributable to:						
Minority interest	7,290	9,465	77.0	3,589	3,102	115.7
Equity holders of the Company	96,115	70,946	135.5	26,587	31,082	85.5
Total comprehensive income	103,405	80,411	128.6	30,176	34,184	88.3

ATLANTIC GRUPA d.d.

INTERIM CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	30 September 2010	31 December 2009
Property, plant and equipment	292,399	296,945
Intangible assets	442,070	449,414
Available-for-sale financial assets	35,042	35,041
Interest in joint venture	31	179
Trade and other receivables	9,598	10,718
Deferred tax assets	7,483	7,485
Non-current assets	786,623	799,782
Inventories	283,646	233,736
Trade and other receivables	553,820	512,815
Non-current assets held for sale	66	7,154
Prepaid income tax	2,637	4,128
Deposits given	236	143,129
Cash and cash equivalents	820,022	74,580
Current assets	1,660,427	975,542
Total assets	2,447,050	1,775,324
Capital and reserves attributable to equity holders of the Company	1,393,830	725,187
Minority interest	31,976	32,620
Borrowings	359,740	379,240
Deferred tax liabilities	45,397	45,989
Provisions	5,911	5,739
Non-current liabilities	411,048	430,968
Trade and other payables	427,601	446,975
Borrowings	140,718	109,112
Current income tax liabilities	25,410	10,626
Derivative financial instruments	1,730	1,846
Provisions	14,737	17,990
Current liabilities	610,196	586,549
Total liabilities	1,021,244	1,017,517
Total equity and liabilities	2,447,050	1,775,324

ATLANTIC GRUPA d.d.

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	-	-	72,196	72,196	9,590	81,786
Other comprehensive income	-	(1,250)	-	(1,250)	(125)	(1,375)
Total comprehensive income	-	(1,250)	72,196	70,946	9,465	80,411
Transactions with owners:						
Share based payment	(887)	-	579	(308)	-	(308)
Purchase of treasury shares	(789)	-	-	(789)	-	(789)
Acquisition of minority interest	-	-	-	-	(25,146)	(25,146)
Dividends relating to 2008	-	-	(17,262)	(17,262)	(3,567)	(20,829)
At 30 September 2009	**406,524**	**75**	**307,764**	**714,363**	**59,289**	**773,652**
At 1 January 2010	**408,404**	**(2,075)**	**318,858**	**725,187**	**32,620**	**757,807**
Comprehensive income:						
Net profit for the period	-	-	99,292	99,292	7,320	106,612
Other comprehensive income	-	(3,177)	-	(3,177)	(30)	(3,207)
Total comprehensive income	-	(3,177)	99,292	96,115	7,290	103,405
Transactions with owners:						
Capital increase	605,014	-	-	605,014	-	605,014
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)	(8,608)	(29,583)
At 30 September 2010	**1,014,843**	**(5,252)**	**384,239**	**1,393,830**	**31,976**	**1,425,806**

INTERIM CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	Jan - Sep 2010	Jan - Sep 2009
Cash flows from operating activities		
Net profit	**106,612**	**81,786**
Income tax	35,942	27,183
Depreciation and amortization	36,794	30,245
Gain on acquisition of minority interest	-	(9,856)
Gain on disposal of property, plant and equipment	(49,183)	-
Value adjustment of current assets	13,709	12,151
Interest income	(8,270)	(8,873)
Interest expense	18,867	21,210
Other non-cash changes	(8,379)	124
Changes in working capital:		
Increase in inventories	(61,057)	(41,499)
Increase in current receivables	(34,167)	(23,527)
Increase in current payables	32,587	27,760
Decrease in provisions for risks and charges	(3,082)	(7,361)
Interest paid	(15,075)	(17,657)
Income tax paid	(20,427)	(24,336)
Net cash flow from operating activities	**44,871**	**67,350**
Cash flow from investing activities		
Purchase of tangible and intangible assets	(29,052)	(83,157)
Proceeds from sale of property, plant and equipment	10,031	-
Advance received for sale of tangible assets	-	48,415
Acquisition of subsidiary net of cash acquired	(10,800)	-
Acquisition of subsidiary	(1,700)	-
Advances given for acquisition of subsidiaries	(4,233)	(27,336)
Loans and deposits given	147,913	2,113
Dividend received	225	164
Purchase of financial assets	(1)	-
Interest received	5,063	5,148
Net cash flow from / (used in) investing activities	**117,446**	**(54,653)**
Cash flow from financing activities		
Capital increase	605,014	-
Purchase of treasury shares	-	(789)
Proceeds from / (Repayment of) borrowings - net	7,694	(3,560)
Dividend paid to minority interest	(8,608)	(3,567)
Dividend paid to equity holders of the Company	(20,975)	(17,262)
Net cash flow from / (used in) financing activities	**583,125**	**(25,178)**
Net increase / (decrease) in cash and cash equivalents	**745,442**	**(12,481)**
Cash and cash equivalents at beginning of period	74,580	200,193
Cash and cash equivalents at end of period	820,022	187,712

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 nine months ended 30 September 2010 were approved by the Management Board of the Company in Zagreb on 22 October 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 nine months ended 30 September 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 September 2010 (in thousands of HRK)	Distribution	Consumer Health Care	Sports and Functional Food	Pharma	Reconciliation	Group
Gross revenues /i/	967,695	392,591	422,043	241,192	6,727	2,030,248
Inter-segment revenues /ii/	16,968	292,068	3,298	12,626	-	324,960
Total revenues	**950,727**	**100,523**	**418,745**	**228,566**	**6,727**	**1,705,288**
Total assets /iii/	484,716	516,636	186,431	569,606	(211,592)	1,545,797
Total assets at 31.12.2009. /iv/	480,240	458,183	144,634	556,797	(155,942)	1,483,912

For the period ended 30 September 2009 (in thousands of HRK)	Distribution	Consumer Health Care	Sports and Functional Food	Pharma	Reconciliation	Group
Gross revenues /i/	969,506	398,638	378,653	227,357	6,715	1,980,869
Inter-segment revenues /ii/	15,704	299,796	1,906	9,505	-	326,911
Total revenues	**953,802**	**98,842**	**376,747**	**217,852**	**6,715**	**1,653,958**

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

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

/iii/ Inter-segment receivables are eliminated on consolidation. Segment assets do not include property, plant and equipment of the Company (HRK 968 thousand), Company's intangible assets (HRK 1,941 thousand), short term deposits given (HRK 236 thousand), trade and other receivables (HRK 35,530 thousand), available-for-sale financial assets (HRK 35,042 thousand), interest in joint venture (HRK 31 thousand), deferred tax assets (HRK 7,483 thousand) and cash and cash equivalents (HRK 820,022 thousand).

/iv/ 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).

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)	99,292	72,196
Weighted average number of shares	2,689,286	2,465,081
Basic earnings per share (in HRK)	36.92	29.29

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 nine months period ended 30 September 2010, Group invested HRK 29,052 thousand in purchase of property, plant and equipment (2009: HRK 83,157 thousand).
Furthermore, transaction of property sale has completed and resulted in HRK 48,557 thousand profit (Note 9).

NOTE 6 - INVENTORIES

During the nine months period ended 30 September 2010, the Group wrote down HRK 11,147 thousand of inventories due to damage and short expiry dates (2009: HRK 9,491 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 – SHARE CAPITAL

	Number of shares	Ordinary shares	Share premium	Treasury shares	Total
			(in thousands of HRK)		
1 January 2010	2,465,608	98,800	312,784	(3,180)	408,404
Capital increase /i/	864,305	34,572	570,442	-	605,014
Share based payment	2,019	-	(37)	1,462	1,425
30 September 2010	**3,331,932**	**133,372**	**883,189**	**(1,718)**	**1,014,843**

/i/ 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 resulted 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 amounted HRK 605 million.

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 9 – ONE-OFF ITEMS

One-off items realised during the nine months period ended 30 September 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 21,645 thousand.

NOTE 10 – POST BALANCE SHEET EVENTS

By the end of September, Atlantic Grupa d.d. signed a contract with Badel 1862 to take over the company Kalničke vode Bio Natura for the amount of HRK 82 million (enterprise value). The process of control takeover has finished during October.

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 27 October 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 and stand-alone 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 September 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 September 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

Contact:

Atlantic Grupa
Investor relations

+385 1 2413 908
ir@atlantic.hr