Financial results in the first quarter of 2012

Zagreb – 30 April 2012

Results in line with expectations, further growth in challenging macroeconomic environment

- **Sales at HRK 1,053.1 million**
  + 7.9% compared to the same period of the previous year
- **Earnings before interest, taxes, depreciation and amortisation (EBITDA) at HRK 134.2 million**
  + 44.4% compared to the same period of the previous year
- **Earnings before interest and taxes (EBIT) at HRK 97.4 million**
  + 83.9% compared to the same period of the previous year
- **Net loss after minorities at HRK 6.3 million**
  Significant impact of foreign exchange losses

Comment of the President of the Management Board

Commenting on the financial results and key business developments in the first quarter of 2012, Emil Tedeschi, the President of the Management Board of Atlantic Grupa, pointed out:

"In the first quarter of 2012, Atlantic Grupa delivered exceptional operating results and we are very proud to have increased sales in a challenging macroeconomic environment once again, and we are on our way to achieve the announced expectations for 2012. The significant increase in operating profit is a proof of the success of integration activities mainly carried out in the first quarter of the previous year and it justifies the investments at the time.
With the aim to achieve further growth in a very challenging macroeconomic environment for which we expect to continue over the entire 2012, the Management Board and employees continue to focus on the organic growth through innovation in production categories, active brand management, cost optimisation and settlement of financial liabilities."

Financial summary of the first quarter of 2012

Key figures	1Q12	1Q11 (Restated)	Change 12/11
Sales (in HRKm)	**1,053.1**	976.2	7.9%
Revenues (in HRKm)	**1,072.3**	983.0	9.1%
EBITDA margin	**12.7%**	9.5%	+322 bp
Net income after minorities (in HRKm)	**(6.3)**	(0.8)	n/a
Gearing ratio*	**61.6%**	62.3%	-64 bp

* Net debt/(Total equity+Net debt), Gearing ratio of 62.3% at YE11

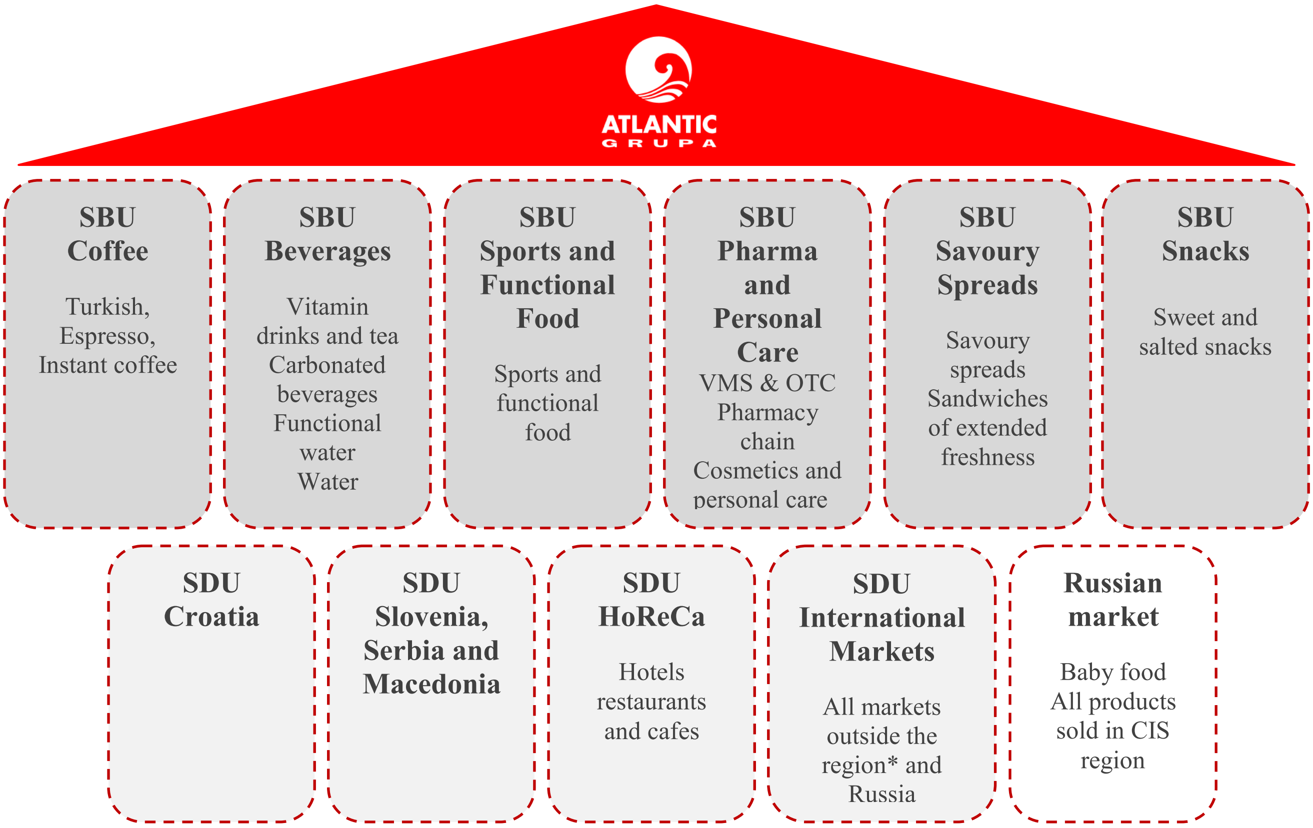
KEY DEVELOPMENTS in the first quarter of 2012

1. New organisational structure and Management Board of Atlantic Grupa

As of 1 January 2012, Atlantic Grupa introduced a new organisational structure aimed at more efficient management of business segments and distribution markets. The new business organisation includes:

1. Six Strategic Business Units (SBU) – Coffee, Snacks, Savoury Spreads, Beverages, Pharma and Personal Care, and Sports and Functional Food,
2. Four Strategic Distribution Units (SDU) – Croatia; Slovenia, Serbia and Macedonia; HoReCa; International Markets and
3. Russian market.

The main feature of such organizational structure is connecting operations in special business areas related to specific product type and special sales areas that cover all key markets as well as all strategic sales channels.



*The region includes Croatia, Slovenia, Bosnia and Herzegovina, Serbia, Montenegro, Macedonia and Kosovo

In addition to Strategic Business Units and Strategic Distribution Units, Operational Business also includes the Central procurement function, Central marketing function and Corporative quality management function, in order to use all synergies within the system and secure efficient coordination of procurement, marketing and quality assurance, as well as to establish unified standards on the Group level.

In order to achieve as efficient management as possible, the Strategic Management Council has been established, as a multifunctional body in charge of key strategic and operational corporate issues.

In relation with the new business organisation and establishment of the Strategic Management Council, as of the beginning of 2012, the new Management Board of Atlantic Grupa d.d. was reduced to four members:

2. Second integration phase of Droga Kolinska and Atlantic Grupa

The second integration phase, focused on consolidation of production plants and information technology, initiated in the second half of 2011, was successfully continued in the first quarter of 2012.

During the first quarter, the production of Multipower beverages was transferred from the contractor to own production plant in Rogaška Slatina. Also, further feasibility studies for the transfer of other production from outsourced producers to own production plants are being prepared.

In the first quarter, two major projects in the segment of consolidating IT solutions by markets were completed in the segment of integration of business IT solutions. In Slovenia, all companies are integrated in a single infrastructure and the same business solution – SAP. In Macedonia, all companies are integrated in a single infrastructure and the same business solution – MIS. Further integration of business IT solutions in the region is in progress, as well as redefining the existing IT contracts related to telecom services, licences and outsourced IT support.

3. Introduction of new own and principals' products

In line with the Atlantic Grupa's focus on organic business growth through innovation in production categories, active brand management, strengthening of regional character of distribution operations and further development of individual distribution channels such as the HoReCa segment, during the first quarter, new products were launched in regional markets, existing products were introduced to new markets, and the distribution portfolio was further extended.

Strategic Business Unit Beverages launched two new products, Cockta Easy and Cedevita GO with grapefruit flavour, and also launched natural spring water Kala and sparkling natural mineral water Kalnička, which will replace former brands in the water segment, Unique and Kapljica. Cedevita GO grapefruit has been launched on all regional markets except Kosovo, Cockta Easy on the markets of Croatia, Slovenia and Bosnia and Herzegovina, while Kala and Kalnička have been launched on the Croatian market. Cockta Easy, Kala and Kalnička have been launched on the retail and HoReCa markets, thereby additionally strengthening the Atlantic Grupa's portfolio in the HoReCa segment.

Strategic Business Unit Savoury Spreads additionally extended its portfolio by launching Argeta snack on the Croatian and Slovenian markets, and Argeta Posna on the markets of Serbia, Bosnia and Herzegovina, and Macedonia.

Strategic Distribution Unit Croatia extended its product range by adding new products from the Soko Štark portfolio and by signing a new agreement on the exclusive distribution with Sofidel, the second largest producer of paper hygienic products in Europe with the most prominent brand Regina.

SALES DYNAMICS in the first quarter of 2012

Sales profile by Strategic Business Units and Strategic Distribution Units

Sales revenues	**1Q12**	1Q11	1Q12/1Q11
(in thousands of HRK)			
SBU Beverages	**134,537**	125,055	7.6%
SBU Coffee	**221,895**	178,059	24.6%
SBU (Sweet and Salted) Snacks	**133,374**	117,281	13.7%
SBU Savoury Spreads	**96,913**	84,546	14.6%
SBU Sports and Functional Food	**163,776**	164,046	(0.2%)
SBU Pharma and Personal Care	**113,074**	98,647	14.6%
SDU Croatia	**172,386**	174,233	(1.1%)
SDU Slovenia, Serbia, Macedonia	**403,741**	180,598	123.6%
Other segments[1]	**74,415**	78,985	(5.8%)
Reconciliation[2]	**(460,975)**	(225,245)	104.7%
Sales	**1,053,136**	976,206	7.9%

In the first quarter of 2012, Atlantic Grupa records **sales** in the amount of HRK **1,053.1 million**, which is 7.9% higher compared to sales in the first quarter of 2011. The growth in sales was significantly influenced by double-digit growth rates of SBU Coffee, SBU Snacks, SBU Pharma and Personal Care and SBU Savoury Spreads.

[1] Other segments include SDU HoReCa, Russian market and other segments. For the time being, SDU International Markets will not be separated, but its sales and profitability will be presented within SBU to which they relate.
[2] Line item "Reconciliation" relates to the sale of own brands which is included in the appropriate SBU and in SDUs through which the products were distributed. The increase in sales in relation to the same period of the previous year is caused by the change of the business model at the beginning of 2011 by unifying distribution activities of Atlantic Grupa and Droga Kolinska, whereby joint distribution of all brands in the Slovenian and Macedonian markets commenced at the beginning of February, and in the Serbian market at the beginning of March 2011.

Taking into account the new organisational structure effective from the beginning of 2012, Atlantic Grupa records sales by business segments in a way that sales of individual Strategic Business Units represent the total sales to third parties in the markets (either directly from a Strategic Business Unit, or through Strategic Distribution Units), while sales of Strategic Distribution Units include both sales of external principals' products and sales of own products. This double representation of sales of own products is eliminated in the line item "Reconciliation".

- **Strategic Business Unit Beverages** records a growth in sales of 7.6% compared to the same period of the previous year, in addition to double-digit growth rates for Cockta and Donat Mg and a milder growth for Cedevita. At the end of the first quarter, the Strategic Business Unit Beverages launched four products and, accordingly, sales in the first quarter do not include sales of new products to the full extent. Also, as two new products from the water segment, Kala and Kalnička, were launched as new brands replacing Unique and Kapljica, during the first quarter, these brands were withdrawn from the market in preparation for launching the new products, which caused a drop in the water segment sales in Croatia.

- **Strategic Business Unit Coffee** grew by 24.6% in the first quarter of 2012, compared to the same period of 2011. The growth was mainly driven by an increase in volume sales of SBU Coffee and in part by raising the price of products. The SBU Coffee had double-digit growth rates in all significant markets, whereby the markets of Croatia and Bosnia and Herzegovina grew more than the others.

- **Strategic Business Unit Snacks** grew in the first quarter of 2012 by 13.7% compared to the same period of the previous year. The growth was evident in all categories, and the highest growth was achieved in: (i) the biscuits category, (ii) the flips category and (iii) the bars category. During the first quarter, the product range of SBU Snacks in the Croatian market was extended by introducing four products of Soko Štark.

- **Strategic Business Unit Savoury Spreads** records a 14.6% growth in the first quarter of 2012 compared to the same quarter of 2011. Within the savoury spreads category, during the first quarter, two new products were launched, Argeta Snack and Argeta Posna, which have been very well received in the market.

- **Strategic Business Unit Sports and Functional Food** ended the first quarter of 2012 almost at the same level as the first quarter of 2011 with a decrease in sales of 0.2%. The overview of geographic profile shows a drop in sales in German and Italian markets, a growth of the second biggest market, the United Kingdom, and a growth in the Spanish market. A decrease in the primary German market was caused by: (i) a decrease in sales in the sports channel due to delisting of the SBU Sports and Functional Food product range from the leading German fitness centre chain which introduced similar products under their own brand and (ii) a decrease in sales of the retail channel outside specialised sports channels (mass market) due to the bankruptcy of the significant retail chain Schleker. The decrease in the Italian market, in addition to the extremely adverse macroeconomic situation, was also caused by the transition of one of the leading fitness centre chains to sales through vending machines.

- **Strategic Business Unit Pharma and Personal Care** grew by 14.6% in the first quarter of 2012, compared to the same period of the previous year. The factors that contributed most to the growth are as follows: (i) 19.0% growth in sales of pharmacy chain Farmacia, caused by the organic growth as well as the merger of 5 acquired pharmacies in May 2011, (ii) a mild growth of the vitamin, mineral, supplement and OTC medications producer and drug wholesaler – Fidifarm, due to the growth in sales of trade goods and sales of own brand Dietpharm, (iii) significant triple-digit growth rate of Multivita in the Russian market as a result of solving the problems in product registration and operation of the relevant distributor, which marked 2011 but were solved at the year-end.

- **Strategic Distribution Unit Croatia** recorded a decrease of 1.1% in the first quarter of 2012, compared to the first quarter of 2011. The decrease in the segment of principal brands, caused by the termination of the distribution of a portion of the product range of Karolina, impacted the overall decrease in sales of the SDU Croatia. This decrease was largely annulled by the growth in the own brands segment, of which the most significant is the growth in sales of the SBU Coffee brand, Barcaffe, which is strongly taking position in the Croatian market, followed by brands of the SBU Savoury Spreads and the SBU Beverages.

- **Strategic Distribution Unit Slovenia, Serbia, Macedonia** records a growth of 123.6% compared to the first quarter of the previous year. Such growth was significantly impacted by the change of the distribution model arisen by consolidating distribution activities of Atlantic Grupa and Droga Kolinska, whereby the joint distribution of all brands in the Slovenian and Macedonian markets commenced at the beginning of February, and in the Serbian market at the beginning of March 2011. If the impact of the distribution model change is excluded, all three markets showed growth in sales. The Slovenian market records growth compared to the previous year caused by: (i) entering new retail chains, (ii) growth in the segment of Turkish and espresso coffee by the Barcaffe brand, (iii) growth in the beverages segment, primarily of brands Donat Mg and Cockta, and (iv) growth in the savoury spreads segment with the Argeta brand. The Serbian market primarily grew due to: (i) growth in the coffee segment by Grand Kafa brand, and (ii) growth in the snacks segment.
  The growth in the Macedonian market was impacted by a better organisation of sales as well as the rationalisation of a portion of the sales portfolio, and this growth is reflected through: (i) growth in sales of the coffee segment, (ii) growth in the beverages segment, primarily with brands Cockta and Cedevita, (iii) growth in the snacks segment, and (iv) growth in sales of principal brands.

- **Other segments** in the first quarter of 2012 record a decrease in sales by 5.8% compared to the same period of the previous year. Other segments include the Russian market, the Strategic Distribution Unit HoReCa and other segments. The Russian market is increasing due to a growth in the baby food segment with the Bebi brand. The SDU HoReCa records a drop compared to the same period of the previous year due to the termination of the Tvornica Duhana Rovinj product portfolio distribution, but if the sale of this product range is excluded from the first quarter of the previous year, the SDU HoReCa has a 19% growth.

Sales profile by market

(in HRKm)	**1Q12**	% of total sales	1Q11	% of total sales	1Q12/1Q11
Croatia	**276.9**	26.3%	278.7	28.6%	(0.7%)
Serbia	**262.2**	24.9%	225.2	23.1%	16.4%
Slovenia	**126.1**	12.0%	112.9	11.6%	11.7%
Bosnia and Herzegovina	**84.7**	8.0%	83.0	8.5%	2.1%
Other regional countries*	**61.1**	5.8%	53.0	5.4%	15.2%
Western Europe**	**95.5**	9.1%	100.6	10.3%	(5.1%)
Russia and Eastern Europe	**45.4**	4.3%	34.1	3.5%	33.2%
Other countries	**101.2**	9.6%	88.7	9.1%	14.1%
Total sales	**1,053.1**	100.0%	976.2	100.0%	7.9%

*Other regional countries: Macedonia, Montenegro, Kosovo
**Western Europe: Germany, United Kingdom, Italy

- **The Croatian Market** had sales in the amount of HRK 276.9 million in the first quarter of 2012, while in the first quarter of 2011 the sales amounted to HRK 278.7 million. The decrease in sales in the Croatian market was primarily caused by the termination of the distribution of Tvornica Duhana Rovinj product portfolio and a portion of products from the product range of Karolina. If these sales are excluded from the first quarter of 2011, the Croatian market showed growth in sales. The growth in sales of other production and distribution portfolio is achieved despite the absence of recovery of the domestic market, which is reflected through: (i) the record high registered unemployment rate which was 20.0% on average in the first quarter of 2012, (ii) poor recovery of retail sales, other than trade in motor vehicles and motorcycles, which records a weak 1.5% growth in the first two months on an annual level and (iii) another decrease in the consumer confidence, which, after a growth at the beginning of the year shows a decreasing trend again in February. The Croatian market with 26.3% share in the total sales in the first quarter of 2012 remains the largest sales market of Atlantic Grupa.

- With sales of HRK 534.1 million in the first quarter of 2012, **regional markets** (excluding Croatia) accounted for a half of Atlantic Grupa's total sales, which reflects the regional dimension of the company. As the second largest sales market of Atlantic Grupa, **the Serbian market** recorded sales of HRK 262.2 million, which represents 24.9% of the company's total sales. This result is higher by 16.4% compared to the first quarter of 2011 in the functional currency, while in the local currency the growth was 18.4% in the same period. The growth in sales was achieved despite: (i) the slowdown in the Serbian economy (GDP growth in the last quarter of 2011 is negative on the quarterly level), (ii) a decrease in retail sales in the first two months of 2012 by 4.7% on an annual level, which is the continuation of the previous year negative trend and (iii) weather conditions in February (state of emergency declared by the Serbian government) which aggravated distribution activities of Atlantic Grupa. **The Slovenian Market** with sales of HRK 126.1 million is the third largest sales market of Atlantic Grupa with 12.0% share in the company's total sales. Compared to the first quarter of 2011, the Slovenian market achieved a growth in sales of 11.7% in a situation of: (i) increasing unemployment (the average registered unemployment rate in the first two months of

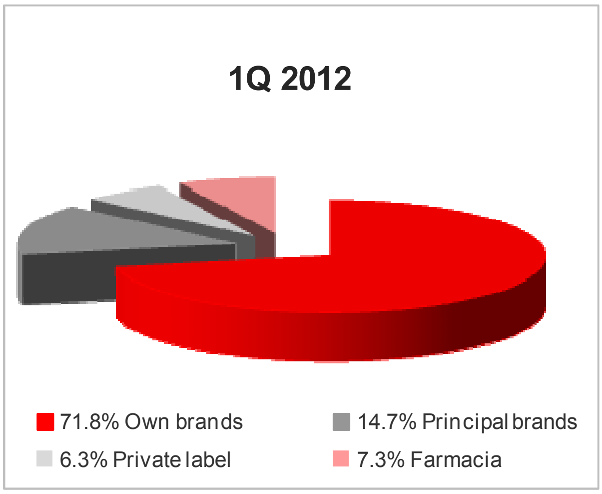
2012 was 12.5%, while the average registered unemployment rate in 2011 was 11.8%), (ii) decreased volume of retail sales, other than fuel, in the first two months of 2012 of 2.8% and (iii) general uncertainty related to the announced labour market reform and fiscal consolidation. With 8.0% share in the Atlantic Grupa's total sales, **the market of Bosnia and Herzegovina** had sales of HRK 84.7 million in the first quarter of 2012. This result is higher by 2.1% compared to the same period of the previous year. It is also important to mention here the unfavourable situation in the labour market in Bosnia and Herzegovina (registered unemployment rate of 44.2% in February 2012). With sales of HRK 61.1 million in the first quarter of 2012, **other countries in the region** (Macedonia, Montenegro, Kosovo) had the sales growth of 15.2% compared to the same period of the previous year.

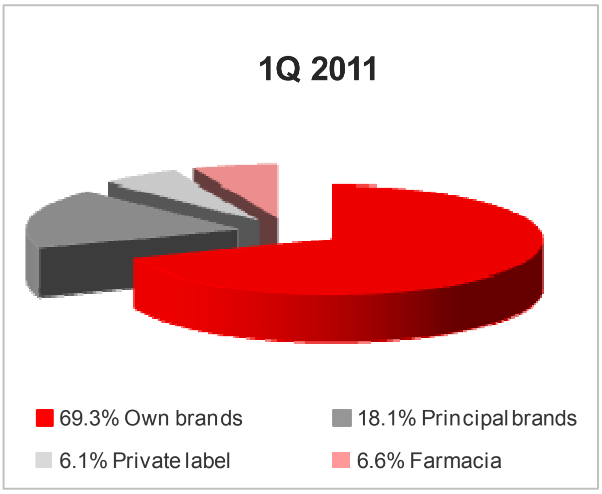
- **Key Western European markets** (Germany, Italy and the United Kingdom) in the first quarter of 2012 recorded sales of HRK 95.5 million compared to HRK 100.6 million in the same period of the previous year. Lower sales reflect the 8.2% lower sales of the largest Atlantic Grupa's Western European sales market – Germany – while in the local currency the sales are lower by 10.1%. The market of the United Kingdom with sales of HRK 15.3 million makes the second largest Atlantic Grupa's Western European sales market with 13.2% growth on an annual level in the functional currency and 8.5% growth in the local currency. The positive growth trend is continued in a situation of increasing unemployment and slowdown in the economy (preliminary data for the first quarter of 2012 indicate a decrease in GDP on the quarterly level and stagnation on the annual level). The Italian market with sales of HRK 11.7 million decreased in the functional and local currencies by 6.1% and 8.0%, respectively. Negative trends in the Italian economy from 2011 continue in the current year with: (i) an increase in unemployment (according to initial assessment, the number of the unemployed in February 2012 is higher by 16.6% compared to the same month of the previous year) and (ii) absence of the retail sale recovery (growth of poor 0.1% in January on the annual level).

- **The markets of Russia and Eastern Europe** reached sales of HRK 45.4 million in first quarter of 2012. Compared to the same period of the previous year, sales are higher by 33.2%, whereby the share of the markets of Russia and Eastern Europe slightly increases in the Atlantic Grupa's total sales.

- **Other markets** had sales of HRK 101.2 million in the first quarter of 2012, which is a 14.1% growth compared to the first quarter of 2011.

Sales profile





- The share of **own brands** sales in the Atlantic Grupa's sales profile continues to grow and in the first quarter of 2012 it amounts to 71.8%, as opposed to the first quarter of 2011 when it was 69.3%. In the period under consideration, own brands had a growth in sales of 11.8% which is a result of a better management of the existing products and launching new products such as Argeta Snack, Argeta Posna, and to a lesser extent Cockta Easy, Cedevita GO grapefruit, and Kala and Kalnička. The growth in own brands was most significant in the following Strategic Business Units: (i) SBU Coffee with brands Grand Kafa and Barcaffe, (ii) SBU Snacks with most significant growth in the biscuits, flips and bars segment and (iii) SBU Savoury Spreads with the Argeta brand.

- With a share of 14.7% in the Atlantic Grupa's sales profile in the first quarter of 2012, **external brands** represent the second most significant item of the company's sales profile. External brands record a decrease in share due to the further portfolio rationalisation and the termination of the distribution of products from the Tvornica Duhana Rovinj portfolio and a portion of product range of Karolina. Although the share of external brands in the total sales is decreasing, brands like Ferrero, Red Bull, Rauch, Italfood and Scholl record increased sales.

- **Private labels** make 6.3% of the company's sales profile in the first quarter of 2012 and record a growth in sales of 11.8% compared to the first quarter of 2011. The growth primarily relates to the product range of the SBU Sports and Functional Food.

- Following the 19.0% higher sales of the pharmacy chain **Farmacia** in the first quarter of 2012 compared to the first quarter of 2011, there was a growth in the share of sales in the period under consideration to 7.3% of the company's sales profile. The growth of Farmacia is reflected through the growth in operation of the existing pharmacies / specialised stores, opening new pharmacies / specialised stores and also the merger of 5 pharmacies of the acquired pharmacy chain Dvoržak. At the organic level, excluding the consolidation of the acquired pharmacy chain Dvoržak, sales of the pharmacy chain Farmacia grew by 9.2% compared to the same period of the previous year. At the end of the first quarter, the pharmacy chain Farmacia consisted of 45 pharmacies and 11 specialised stores.

PROFITABILITY DYNAMICS in Q1 2012

(in HRKm)	1Q12	1Q11 (Restated)[3]	1Q12/1Q11
Sales	**1,053.1**	976.2	7.9%
EBITDA	**134.2**	92.9	44.4%
EBIT	**97.4**	53.0	83.9%
Net profit/loss	**(2.9)**	(0.2)	n/a
Profitability margins			
EBITDA margin	**12.7%**	9.5%	+322 bp
EBIT margin	**9.3%**	5.4%	+382 bp
Net profit margin	**(0.3%)**	(0.0%)	-25 bp

The Atlantic Grupa's profitability in the first quarter of 2012 on the EBITDA (earnings before interest, taxes, depreciation and amortisation) and EBIT (earnings before interest and taxes) levels increased significantly compared to the first quarter of 2011. This profitability growth was influenced by the sales growth that was not accompanied by equal cost growth due to the implementation of cost management through the CORE cost reduction programme and optimisation of business processes on the central level and lower levels, introduced in order to improve the operative efficiency. The profitability growth was also influenced by synergy impacts that were not fully realised in the first quarter of 2011, but also the fact that the first quarter of the previous year was burdened by numerous integration activities and negotiations with key customers.

Consequently, the growth achieved in the first quarter of 2012 is not representative for the trends expected in subsequent periods.

- **EBITDA of HRK 134.2 million** is 44.4% higher than the EBITDA level in the first quarter of the previous year, which resulted in the 322 basis points higher EBITDA margin of 12.7%. The significant growth of the EBITDA and EBITDA margin was influenced by: (i) savings on the cost of goods sold due to further modification of the sales mix with an increase in the share of own brands, (ii) sales growth achieved with an insignificant increase in staff costs and a decrease in marketing expenses and (iii) growth in other revenues due to expected collection of damages incurred in previous periods.

- **EBIT of HRK 97.4 million** is 83.9% higher compared to EBIT in the first quarter of the previous year and the EBIT margin increased by 382 basis points to 9.3%. The profitability growth on the EBIT level, in addition to the factors mentioned in the previous point, was also influenced by lower

[3] In December 2011, the Group finalised the allocation of the amount paid for the acquired assets of Droga Kolinska. For this purpose, Atlantic Grupa hired an independent valuator and conclusions resulting from this process, among others, were that the useful lives of all brands of Droga Kolinska are indefinite and that, accordingly, they will not be depreciated but instead will be annually tested for impairment. The effect of the reduced depreciation charge in 2011 was distributed over the entire 2011 in order to obtain amounts comparable to results in 2012.

depreciation and amortisation resulting from efficient management of the existing resources and accordingly lower need for new investments.

- **Net loss of HRK 2.9 million** was mainly influenced by HRK 30.2 million of net foreign exchange losses due primarily to a significant change in the exchange rate between RSD and EUR.

FINANCIAL INDICATORS in the first quarter of 2012

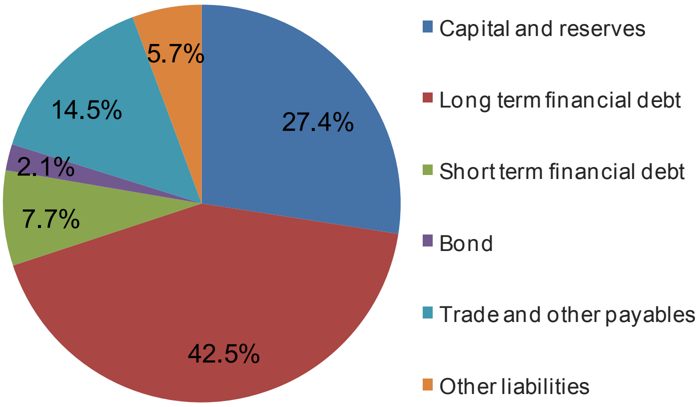
(in HRKm)	1Q12	2011
Net debt	**2,331.5**	2,494.0
Total assets	**5,296.1**	5,355.2
Equity	**1,452.8**	1,512.3
Current ratio	**1.8**	1.8
Gearing ratio	**61.6%**	62.3%
Net debt/EBITDA*	**4.2**	4.8
	1Q12	1Q11
Interest coverage ratio	**2.2**	1.8
Capex	**16.8**	28.1
Cash flow from operating activities	**199.2**	13.6

*Normalized EBITDA, 12-month trailing EBITDA in 1Q12

Among key determinants of the Atlantic Grupa's financial position in the first quarter of 2012, the following should be pointed out:

- Net loss of HRK 2,331.5 million reflects the financial debt of HRK 2,705.8 million, net derivative liabilities of HRK 64.1 million and the amount of cash and cash equivalents and short-term deposits in the total amount of HRK 438.4 million. Consequently, the debt indicators are as follows: (i) gearing ratio (ratio of net debt and capital plus net debt) of 61.6%, (ii) ratio of net debt and EBITDA of 4.2 and (iii) coverage of interest expense by EBITDA of 2.2 times.

❖ The Atlantic Grupa's equity and liabilities structure as of 31 March 2012 is as follows:



❖ The most significant item of equity and liabilities are non-current financial liabilities which, including the non-current portion of bond, represent 44.6 % of the total equity and liabilities.

❖ The second most significant item is capital and reserves with a share of 27.4 percent.

❖ Non-current and current financial liabilities with derivative liabilities and bond make 52.4% of the Atlantic Grupa's total equity and liabilities.

❖ As a consequence of the debt amount incurred primarily through the acquisition of Droga Kolinska, at the beginning of 2011, Atlantic Grupa prescribed the policy of active financial debt management, requiring the company to have fixed interest rates ranging from 50% to 100% on its financial liabilities at any time during the following three years. Accordingly, a substantial portion of non-current financial liabilities was fixed by interest rate swaps already during the first quarter of 2011.

❖ The company's capital expenditure in the first quarter of 2012 amounts to HRK 16.8 million, with the most significant investments related to the following: (i) the construction of the Cockta bottling plant in Apatovac, (ii) SAP licences for Slovenia, (iii) investments related to transferring the production of Multipower beverages to Rogaška Slatina and (iv) investment in the wafers packaging machine in Soko Štark.

OUTLOOK for FY12

Atlantic Grupa's strategic management guidance for 2012

Considering grim macroeconomic environment in 2012, the management expects that business growth can only be achieved by sticking to strategic management guidance that includes the following:

❖ Further delivery of planned synergy potentials both on sales and costs side following finalisation of the first integration phase of Atlantic Grupa and Droga Kolinska;
❖ Focus on execution of the second integration phase (consolidation of production facilities, information technology consolidation, real estate portfolio management) as the basis for further improvement of operating efficiency;
❖ Further focus on organic growth through innovations in product categories and active brand management (new flavours, modernized packaging, product line extensions), strengthening the regional character of distribution business and further development of certain distribution channels as HoReCa segment;
❖ Meeting financial commitments on regularly basis coupled with active debt and financial cost management;

- Cost management through the CORE program and optimisation of operating processes on both centralised and lower levels, aiming to improve operating efficiency;
- Prudent liquidity management;
- Continuous analysis of global commodity markets with particular focus on coffee, sugar, cocoa and milk powder as well as more active application of hedging instruments;
- More focused development of risk management on all levels in the company.

Taken all into account, the management currently retains guidance communicated in February with publication of FY11 Financial figures:

(in HRKm)	**2012 Guidance (excluding one-offs)**	2011 Normalized	2012/2011
Sales	**4,964**	4,728	5.0%
EBITDA	**550**	517	6.3%
EBIT	**385**	351	9.5%
Interest expense	**223**	222	

ATLANTIC GRUPA d.d.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE MONTH PERIOD ENDED 31 MARCH 2012 (UNAUDITED)

ATLANTIC GRUPA d.d.

INTERIM CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan - Mar 2012	Jan - Mar 2011 (Restated)	Index
Turnover	**1,072,309**	**982,996**	**109.1**
Sales revenues	1,053,136	976,206	107.9
Other revenues	19,173	6,790	282.4
Operating expenses	**938,159**	**890,064**	**105.4**
Cost of merchandise sold	211,012	245,515	85.9
Change in inventories	(19,943)	(29,320)	68.0
Production material and energy	421,107	352,750	119.4
Services	69,972	67,987	102.9
Staff costs	153,443	151,706	101.1
Marketing and selling expenses	61,075	62,924	97.1
Other operating expenses	38,807	40,680	95.4
Other gains - net	2,686	(2,178)	n/a
EBITDA	**134,150**	**92,932**	**144.4**
Depreciation	32,983	34,943	94.4
Amortization	3,734	5,010	74.5
EBIT	**97,433**	**52,979**	**183.9**
Financial expenses - net	(91,464)	(49,521)	184.7
EBT	**5,969**	**3,458**	**172.6**
Income tax	8,856	3,673	241.1
Profit for the period	**(2,887)**	**(215)**	**n/a**
Attributable to:			
Non-controlling interest	3,431	633	542.1
Owners of the parent	(6,318)	(848)	n/a
Earnings per share for profit attributable to the owners of the Company			
- basic	(1.88)	(0.25)	
- diluted	(1.88)	(0.25)	

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Mar 2012	Jan - Mar 2011 (Restated)	Index
Profit for the period	**(2,887)**	**(215)**	**n/a**
Cash flow hedge	2,736	(3,310)	n/a
Currency translation differences	(58,654)	24,453	n/a
Total comprehensive income	**(58,805)**	**20,928**	**n/a**
Attributable to:			
Non-controlling interest	1,291	1,039	124.3
Equity holders of the Company	(60,096)	19,889	n/a
Total comprehensive income	(58,805)	20,928	n/a

ATLANTIC GRUPA d.d.

INTERIM CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	31 March 2012	31 December 2011
Property, plant and equipment	1,148,249	1,189,502
Investment property	1,917	1,934
Intangible assets	1,899,516	1,956,194
Available-for-sale financial assets	1,307	1,358
Derivative financial instruments	-	8,617
Trade and other receivables	19,758	21,514
Deferred tax assets	54,658	56,412
Non-current assets	3,125,405	3,235,531
Inventories	571,023	533,680
Trade and other receivables	992,348	1,119,851
Non-current assets held for sale	142,525	139,127
Prepaid income tax	22,406	24,877
Deposits given	64,400	36,334
Derivative financial instruments	3,927	18,249
Cash and cash equivalents	374,037	247,596
Current assets	2,170,666	2,119,714
Total assets	5,296,071	5,355,245
Capital and reserves attributable to owners of the Company	1,384,419	1,444,404
Non-controlling interest	68,332	67,920
Borrowings	2,307,488	2,346,725
Deferred tax liabilities	180,699	193,064
Derivative financial instruments	56,668	62,393
Other non-current liabilities	36,351	36,357
Provisions	52,709	54,540
Non-current liabilities	2,633,915	2,693,079
Trade and other payables	769,330	719,606
Borrowings	398,313	375,035
Current income tax liabilities	11,884	12,553
Derivative financial instruments	11,368	20,673
Provisions	18,510	21,975
Current liabilities	1,209,405	1,149,842
Total liabilities	3,843,320	3,842,921
Total equity and liabilities	5,296,071	5,355,245

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of Company					
in thousands of HRK, unaudited	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total
At 1 January 2011	**1,016,282**	**(3,980)**	**379,532**	**1,391,834**	**63,632**	**1,455,466**
Comprehensive income:						
Net profit for the period	-	-	(848)	(848)	633	(215)
Cash flow hedge	-	(3,310)	-	(3,310)	-	(3,310)
Other comprehensive income	-	24,047	-	24,047	406	24,453
Total comprehensive income	-	20,737	(848)	19,889	1,039	20,928
Transactions with owners:						
Acquisition of non-controlling interest	-	-	(2,614)	(2,614)	(26)	(2,640)
Purchase of treasury shares	(2,532)	-	-	(2,532)	-	(2,532)
At 31 March 2011	**1,013,750**	**16,757**	**376,070**	**1,406,577**	**64,645**	**1,471,222**
At 1 January 2012	**1,015,904**	**3,203**	**425,297**	**1,444,404**	**67,920**	**1,512,324**
Comprehensive income:						
Loss for the period	-	-	(6,318)	(6,318)	3,431	(2,887)
Cash flow hedge	-	2,736	-	2,736	-	2,736
Other comprehensive income	-	(56,514)	-	(56,514)	(2,140)	(58,654)
Total comprehensive income	-	(53,778)	(6,318)	(60,096)	1,291	(58,805)
Transactions with owners:						
Share based payment	237	-	(1)	236	-	236
Purchase of treasury shares	(125)	-	-	(125)	-	(125)
Dividends relating to 2011	-	-	-	-	(879)	(879)
At 31 March 2012	**1,016,016**	**(50,575)**	**418,978**	**1,384,419**	**68,332**	**1,452,751**

INTERIM CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	Jan - Mar 2012	Jan - Mar 2011 (Restated)
Cash flows from operating activities		
Net profit	**(2,887)**	**(215)**
Income tax	8,856	3,673
Depreciation and amortization	36,717	39,953
Loss on disposal of property, plant and equipment	-	846
Value adjustment of current assets	5,531	4,456
Interest income	(2,421)	(2,390)
Interest expense	61,229	51,429
Other non-cash changes	(8,871)	10,096
Changes in working capital:		
Increase in inventories	(40,113)	(45,755)
Decrease in current receivables	148,973	77,855
Increase / (decrease) in current payables	38,154	(65,360)
Decrease in provisions for risks and charges	(5,295)	(14,007)
Interest paid	(35,031)	(33,874)
Income tax paid	(5,607)	(13,154)
Net cash flow from operating activities	**199,235**	**13,553**
Cash flow from investing activities		
Purchase of tangible and intangible assets	(16,787)	(28,084)
Proceeds from sale of property, plant and equipment	-	2,263
Acquisition of subsidiary and non-controlling interest	-	(5,052)
Loans and deposits given	(27,602)	(935)
Interest received	2,421	2,390
Dividend paid to equity holders of the Company	(879)	-
Net cash flow used in investing activities	**(42,847)**	**(29,418)**
Cash flow from financing activities		
Purchase of treasury shares	(125)	(2,532)
Proceeds from / (repayment of) borrowings - net	(29,822)	21,764
Net cash flow from / (used in) financing activities	**(29,947)**	**19,232**
Net increase in cash and cash equivalents	**126,441**	**3,367**
Cash and cash equivalents at beginning of period	247,596	231,978
Cash and cash equivalents at end of period	374,037	235,345

NOTE 1 – GENERAL INFORMATION

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

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 2012 were approved by the Management Board of the Company in Zagreb on 27 April 2012.

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 three months ended 31 March 2012 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 2011.

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 2011.

2.3. COMPARATIVES AND RESTATEMENTS

In December 2011 the Group has finished the allocation of the purchase price paid for Droga Kolinska's assets acquired. For that purpose, Atlantic Grupa engaged the independent appraiser and conclusions emerging form the process, among others were that the useful life for all of Droga Kolinska's brands is indefinite and consequently, these will not be amortized but tested annually for impairment. The effect of lower amortization in 2011 was therefore spread over the whole 2011 in order to obtain comparative figures to 2012 results. The effects of changes in comparative figures for 2011 are as follows:

(in thousands of HRK)	Jan-Mar 2011
Decrease in amortization	(10,120)

NOTE 3 – SEGMENT INFORMATION

In January 2012, the Group adopted a new organization and replaced the earlier divisional structure with a model where business has been organized through six strategic business units and three strategic distribution units, which have been joined by a separate market unit, Russia. The newly formed Strategic Management Council is responsible for strategic and operational issues.

For more efficient management of individual strategic business and strategic distribution units, the new organization unites similar business activities, or products, shared markets, or channels, together. Specifically, from now on, Atlantic Grupa's business has been organized in six strategic business units and three strategic distribution units:

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

and the Russian market (MU Russia).

Due to the fact that SDU HoReCa and MU Russia do not meet quantitative thresholds required by IFRS 8 for reportable segments, they are reported within Other segments, where also the Company's gross revenues are disclosed since they are excluded from the reportable operating segments.

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

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

NOTE 3 – SEGMENT INFORMATION (continued)

Sales revenues *(in thousands of HRK)*	**Jan-Mar 2012**	**Jan-Mar 2011**
SBU Beverages	134,537	125,055
SBU Coffee	221,895	178,059
SBU (Sweet and Salted) Snacks	133,374	117,281
SBU Savoury Spreads	96,913	84,546
SBU Sports and Functional Food	163,776	164,046
SBU Pharma and Personal Care	113,074	98,647
SDU Croatia	172,386	174,233
SDU Slovenia, Serbia, Macedonia	403,741	180,598
Other segments	74,415	78,985
Reconciliation	(460,975)	(225,245)
Total	**1,053,136**	**976,206**

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.

	2012	**2011 (Restated)**
Net loss attributable to equity holders (in thousands of HRK)	(6,318)	(848)
Weighted average number of shares	3,369,394	3,334,078
Basic loss per share (in HRK)	(1.88)	(0.25)

Diluted earnings per share

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

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

During the three months period ended 31 March 2012, Group invested HRK 16,787 thousand in purchase of property, plant and equipment (2011: HRK 28,084 thousand).

NOTE 6 - INVENTORIES

During the three months period ended 31 March 2012, the Group wrote down HRK 2,770 thousand of inventories due to damage and short expiry dates (2011: HRK 1,513 thousand). The amount is recognised in the income statement within Other operating expenses.

NOTE 7 – RELATED PARTY TRANSACTIONS

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

(all amounts expressed in thousands of HRK)	**31/03/2012**	**31/12/2011**
RECEIVABLES		
Current receivables		
Other entities	99,628	93,528
LIABILITIES		
Borrowings		
Shareholders	431,741	427,959
Trade payables		
Shareholders	22	22
Other entities	2,315	2,003

REVENUES	**31/03/2012**	**31/03/2011**
Sales revenues		
Other entities	99,452	20,341
Other revenues		
Other entities	111	-
EXPENSES		
Marketing and promotion expenses		
Other entities	1,517	683
Finance cost - net		
Shareholder	8,768	7,838

NOTE 8 – EVENTS AFTER THE INTERIM REPORTING DATE

In April 2012 the Group acquired the non-controlling interest in subsidiary ZU Ljekarne Bamapharm and became the sole owner of this subsidiary. Difference between acquisition cost and net book value of acquired non-controlling interest is recognised directly in equity.

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 30 April 2012

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

MANAGEMENT BOARD'S STATEMENT OF LIABILITY

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

The consolidated financial statements for the period ended 31 March 2012 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Group.
The management report for the period ended 31 March 2012 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

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