Financial results in the FY12

Zagreb – February 22nd, 2013

Increase in sales with profitability growth in 2012

- **Sales at HRK 4,930.4 million**
  + 4.3% compared to the same period of the previous year
- **Earnings before interest, taxes, depreciation and amortisation (EBITDA) at HRK 575.1 million**
  + 14.9% compared to the same period of the previous year
  + 8.0% growth in normalized EBITDA to HRK 558.6 million
- **Earnings before interest and taxes (EBIT) at HRK 395.1 million**
  + 18.0% compared to the same period of the previous year
  + 13.6% growth in normalized EBIT to HRK 399.2 million
- **Net profit after minorities at HRK 55.2 million**
  + 18.5% compared to the same period of the previous year
  + 63.9% growth in normalised net profit, amounting to HRK 101.6 million

Chairman's comment

Commenting on the financial results and key business developments in the year 2012, Emil Tedeschi, CEO of Atlantic Grupa, pointed out:

"We are exceptionally satisfied with the results in 2012 in which Atlantic Grupa realised organic growth in sales with an improvement in profitability, whereby the company met the announced expectations. The year was marked by a successfully completed refinancing project as one of the key events in the Atlantic Grupa's development cycle, by which we once again proved the status of a company that responsibly plans and implements the business strategy and has the trust of international development institutions and financial community.

In 2013, employees and Management of Atlantic Grupa will continue to be focused on the organic business growth through active brand management and innovation, cost optimisation and operating risk management in order to achieve the set business objectives."

Financial highlights of the FY12

Key figures	2012	2011	2012/2011
Sales (in HRK millions)	**4,930.4**	4,727.8	4.3%
Revenues (in HRK millions)	**5,005.5**	4,774.4	4.8%
EBITDA margin	**11.7%**	10.6%	+107 bp
Net income after minorities (in HRK millions)	**55.2**	46.6	18.5%
Gearing ratio*	**61.7%**	62.3%	-56 bp

*Net debt/(Total equity+Net debt)

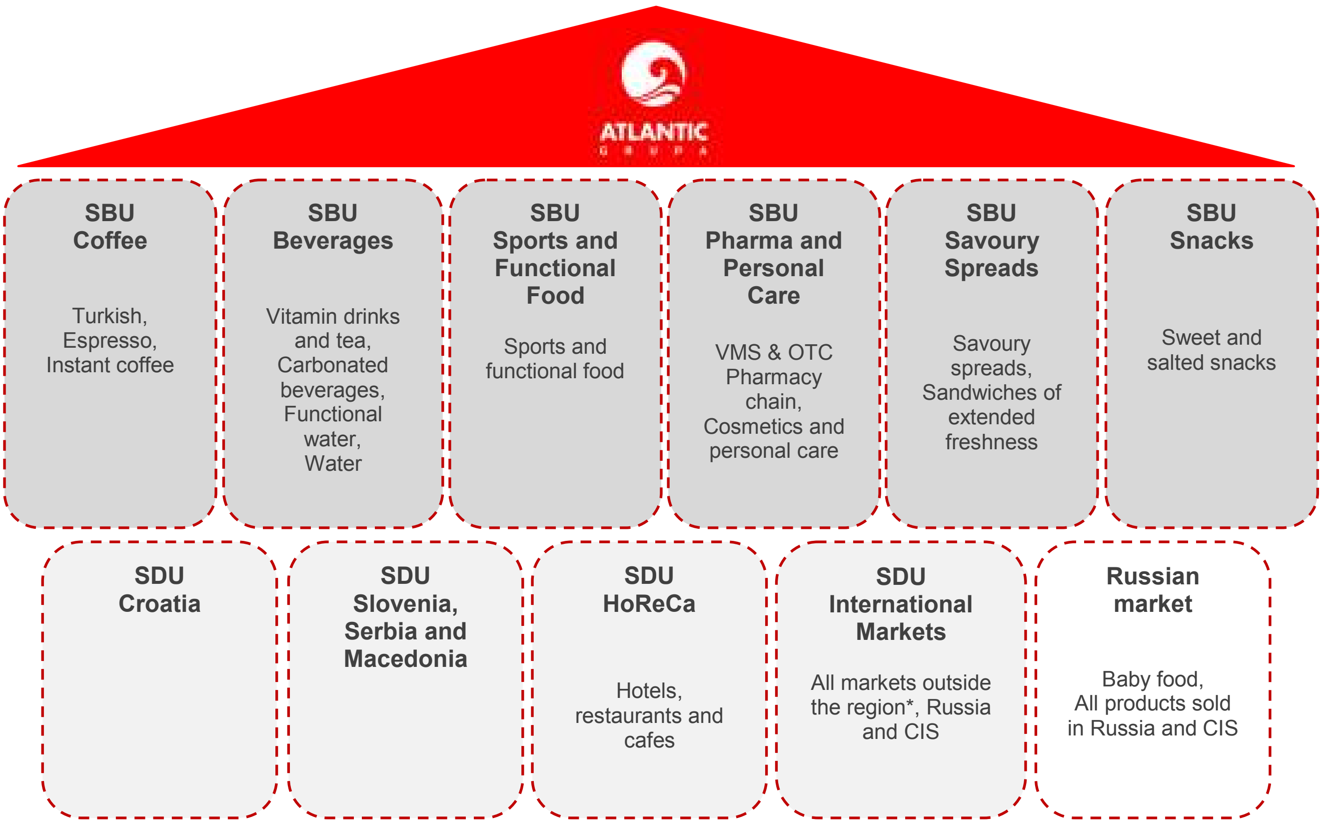
KEY DEVELOPMENTS in the FY12

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.



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

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

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 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 were 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. Additionally, for the purpose of central warehouse in Šimanovci, Serbia, automated warehouse management system has been implemented. The same system is used in warehouses in Zagreb and Split, and in this way warehouse operations in Croatia and Serbia have been standardized and unified. In the segment of consolidating licences for key business solutions and suppliers (SAP, Microsoft) during the third and fourth quarters all existing licence agreements were consolidated by regions and, under umbrella contracts, services are realised at more favourable conditions and with simpler control and planning. At the end of 2012, the project of implementing a regional data centre in Zagreb was initiated, where in the first and second quarters of 2013, all server and network infrastructure will be consolidated, that will support all IT services for the territories of Croatia and Slovenia. Thereby, through consolidation of infrastructure and support for IT services in one location, significant savings are achieved by a redefinition of the model of user support, redesign of a portion of the IT service and standardisation of the technological platform.

3. Refinancing

Due to the successfully completed integration of Droga Kolinska, consolidation of operations during the last two years, meeting all commitments and implementation of prudent company strategy, Atlantic Grupa met the conditions for contracting a significantly better credit arrangement with lower interest rate and longer maturity period compared to the loan obtained for the acquisition of Droga Kolinska.

Accordingly, as at 19 November 2012, Atlantic Grupa signed with the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation (IFC, a member of the World Bank Group) and four commercial banks the agreement on refinancing the existing loans that were used for financing the acquisition of Droga Kolinska and refinancing the loans that Droga Kolinska had. The amount of the loan package granted was EUR 307 million and was structured in the way that the EBRD arranged a syndicated loan in the amount of EUR 232 million, and participated in it with own funds of EUR 60 million, while the remaining EUR 172 million were syndicated to partner banks – Raiffeisen Bank, Unicredit Bank, Sberbank and Erste Bank. The IFC participated in the package with a loan of EUR 50 million, while the remaining 25 million were ensured by Raiffeisenbank Austria Zagreb and Zagrebačka banka. The funds from the contracted package were primarily used for restructuring of the company's balance sheet, in the amount of EUR 272 million, additional energy efficiency improvements in the amount of EUR 10 million and for financing of working capital in the amount of EUR 25 million.

4. Own and principal brands in 2012

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 year 2012, new products were launched in regional markets, existing products were introduced to new markets, and the distribution portfolio was further extended.

The quality of Atlantic Grupa's brands was confirmed once again by a research conducted by agency Valicon that calculates the power of brands on the basis of their recognisability, experience and quality. According to the latest research conducted at the end of 2012, Argeta, Cockta and Cedevita brands are among top 10 brands in the territories of Croatia, Slovenia, Bosnia and Herzegovina, Serbia and Macedonia, while the Smoki brand is in the 17th position.

Strategic Business Unit Beverages launched two new products in the carbonated soft drinks segment, Cockta Rossa, which started to be distributed in the markets of Croatia, Slovenia, Serbia and Macedonia, and Cockta Easy lemon, which replaced former brand Cockta light. In the water segment, natural spring water Kala has been launched, and sparkling natural mineral water Kalnička, which replaced former brands in the water segment, Unique and Kapljica.

Strategic Business Unit Coffee additionally extended its product range with extensions of the brands Grand kafa and Barcaffe to regional markets and it started to use Barcaffe brand for HoReCa segment in the whole region. 2012 was successful for the Barcaffe brand, which was, at the production location in Izola, awarded the highest international certificate for safe food: FSSC 22000 (Food Safety System Certification), and at the end of the year it participated in the fourth international contest in quality of coffee blends held in Brescia, Italy, where the Barcaffe Bar coffee blend entered the group of winning products.

Strategic Business Unit Snacks also initiated a more active launching of products from own portfolio to the Croatian market, while on the regional markets new products from flips category and sweet assortment have been launched.

Strategic Business Unit Savoury Spreads additionally extended its portfolio of savoury spreads by launching four new products on the regional markets. At the end of March, the Argeta brand at the production location in Izola was awarded the highest international certificate for safe food: FSSC 22000 (Food Safety System Certification). As of the end of July, the distribution of Montana sandwiches on the Petrol gas stations in the Slovenian market began.

Strategic Business Unit Sports and Functional Food redesigned the Multipower Sportsfood line, intended for active and recreational sportspersons. In addition, several new products were launched, which additionally supplemented the existing wide product range in the sports and functional food segment.

Within the Strategic Business Unit Pharma and Personal Care, Fidifarm launched in the Dietpharm line new products from the nutritional supplements category and the cosmetics with special medical purpose category, while in the Fidifarm line it launched a prescription medicine. Additionally, Atlantic Pharmacentar signed new agreements for exclusive distribution with seven new companies. At the beginning of 2012, the Croatian Chamber of Economy awarded Plidenta with “Croatian Creation” emblem for Plidenta Herbal, Pro-t-action and Triple active and “Croatian Quality” emblem for other Plidentas.

At the beginning of August, the Strategic Distribution Unit Slovenia, Serbia, Macedonia signed exclusive distribution rights for the herbal liqueur “Gorki list” in the Serbian market and thereby extended the Atlantic Grupa’s distribution portfolio by another principal.

SALES DYNAMICS in the FY12

Sales profile by Strategic Business Units and Strategic Distribution Units

(in HRK thousands)	2012	2011	2012/2011
SBU Beverages	**671,934**	670,354	0.2%
SBU Coffee	**1,090,672**	1,001,659	8.9%
SBU (Sweet and Salted) Snacks	**600,473**	578,772	3.7%
SBU Savoury Spreads	**463,664**	430,952	7.6%
SBU Sports and Functional Food	**679,971**	648,140	4.9%
SBU Pharma and Personal Care	**481,328**	446,302	7.8%
SDU Croatia	**876,829**	888,080	(1.3%)
SDU Slovenia, Serbia, Macedonia	**1,930,387**	1,875,454	2.9%
Other segments*	**373,152**	327,634	13.9%
Reconciliation**	**(2,237,969)**	(2,139,581)	n/a
Sales	**4,930,441**	4,727,766	4.3%

In 2012, Atlantic Grupa recorded **sales of HRK 4,930.4 million**. The result is by 4.3% higher compared to 2011, when sales amounted to HRK 4,727.8 million. All Strategic Business Units reported growth in sales, headed by the Strategic Business Unit Coffee and the Strategic Business Unit Pharma and Personal Care.

Following 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 a Strategic Distribution Unit), while sales of Strategic Distribution Units include both sales of external principals' products and sales of own products. This double representation of sales of own products is eliminated in the line item "Reconciliation".

- **Strategic Business Unit Beverages** in 2012 had a 0.2% better result than in 2011, recording sales of HRK 671.9 million. Analysing by markets, a double-digit growth in sales of SBU Beverages in the Russian market should be pointed out, realised by the growth in sales of the Donat Mg brand. Analysing by categories, the growth was achieved in: (i) the carbonated soft drinks category with the Cockta brand, which recorded double-digit growth rates in the markets of Croatia and

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* Other segments include SDU HoReCa, Russian market and non-allocable business activities (headquarters and support functions in Serbia, Slovenia and Macedonia) which are excluded from the reportable operating segments. For the time being, SDU International Markets will not be separated, but its sales and profitability will be presented within SBU to which they relate. For the time being, the Russian market will include only the baby food product range sales under the Bebi brand.
** Line item "Reconciliation" relates to the sale of own brands which is included in the appropriate SBU and in SDUs through which the products were distributed.

Bosnia and Herzegovina, (ii) the functional waters category with the Donat Mg brand, which recorded double-digit growth rates in the markets of Serbia, Bosnia and Herzegovina, Austria and Russia, and (iii) the waters category with the Kala and Kalnička brands.

- **Strategic Business Unit Coffee** recorded sales of HRK 1,090.7 million in 2012, which is by 8.9% better result compared to 2011, when sales amounted to HRK 1,001.7 million. Analysing by markets, the SBU Coffee recorded double-digit growth rates in the markets of Croatia, Slovenia, Macedonia and Bosnia and Herzegovina, while in the Serbian market it recorded a single-digit sales growth rate. Analysing by categories, the growth was achieved in all coffee categories – Turkish, espresso and instant coffee. In the Turkish coffee category we should point out the double-digit sales growth of the Barcaffe brand in the markets of Croatia and Slovenia, and the Grand kafa brand in the markets of Macedonia and Bosnia and Herzegovina. In the espresso coffee category, a significant growth was recorded by the Barcaffe brand in the markets of Croatia and Slovenia, and in the instant coffee category, the Grand kafa brand in Serbia. It should be pointed out that, according to the amount of coffee sold in 2012, it was the second best year for the SBU Coffee after 2008, and in the market of Bosnia and Herzegovina, the largest coffee sales volume ever was realised.

- **Strategic Business Unit Snacks** grew by 3.7% on an annual level in 2012, achieving sales of HRK 600.5 million. Analysing by markets, the most prominent growth of the SBU Snacks was recorded in the markets of Croatia, Slovenia and Bosnia and Herzegovina. The Croatian market achieved more than a double growth in sales as a result of the extension of the snacks product range distribution in 2012. Analysing by categories, the greatest contribution to the growth was made by biscuits, flips and salted sticks categories. The flips category with the Smoki and Čoko Smoki brands recorded growth in all regional markets, with the most prominent growth in the markets of Croatia and Slovenia, while the biscuits and salted sticks categories recorded the most significant growth in the markets of Serbia and Croatia.

- **Strategic Business Unit Savoury Spreads** in 2012 recorded a 7.6% growth in sales compared to 2011, recording sales of HRK 463.7 million. Analysing by markets, the most prominent growth of the SBU Savoury Spreads was achieved in the markets of Slovenia, Russia and Macedonia. In the markets of Switzerland and Sweden, Argeta records double-digit growth rates, while in the Russian market its sales were more than doubled. This indicates that Argeta is increasingly well received outside the region and gains new consumers, as shown by significant market shares in the markets of Austria and Switzerland. The growth was achieved in all categories – in the category of meat savoury spreads and the category of fish savoury spreads with the Argeta brand, and in the category of sandwiches of prolonged freshness with the Montana brand.

- **Strategic Business Unit Sports and Functional Food** in 2012 recorded sales of HRK 680.0 million, which is a 4.9% higher result than in 2011, when they amounted to HRK 648.1 million. Analysing by markets, the SBU Sports and Functional Food recorded double-digit growth rates in the markets of the United Kingdom, Russia, Spain, Switzerland and Turkey. Analysing by brands, the Multipower brand recorded lower sales due to lower sales in the German market, which was mitigated by double-digit growth rates of Multipower in the markets of United Kingdom, Russia, Spain and Turkey. The Multaben brand recorded a mild decrease in sales caused by lower sales in the Austrian market, while the Champ brand recorded lower sales due to a decrease in sales in the

German and Austrian markets. The private labels category recorded growth in sales, primarily in the German market.

- **Strategic Business Unit Pharma and Personal Care** in 2012, with sales of HRK 481.3 million, recorded a 7.8% growth compared to the previous year, when sales amounted to HRK 446.3 million. The factors that contributed most to the growth are as follows: (i) a 9.4% growth in sales of the pharmacy chain Farmacia, caused by the organic growth as well as the merger of 5 pharmacies acquired in May 2011 and (ii) significant growth rates of Multivita as a result of extending the product range distributed in the Russian market and solving problems that existed in 2011 in the operation of the relevant distributor.

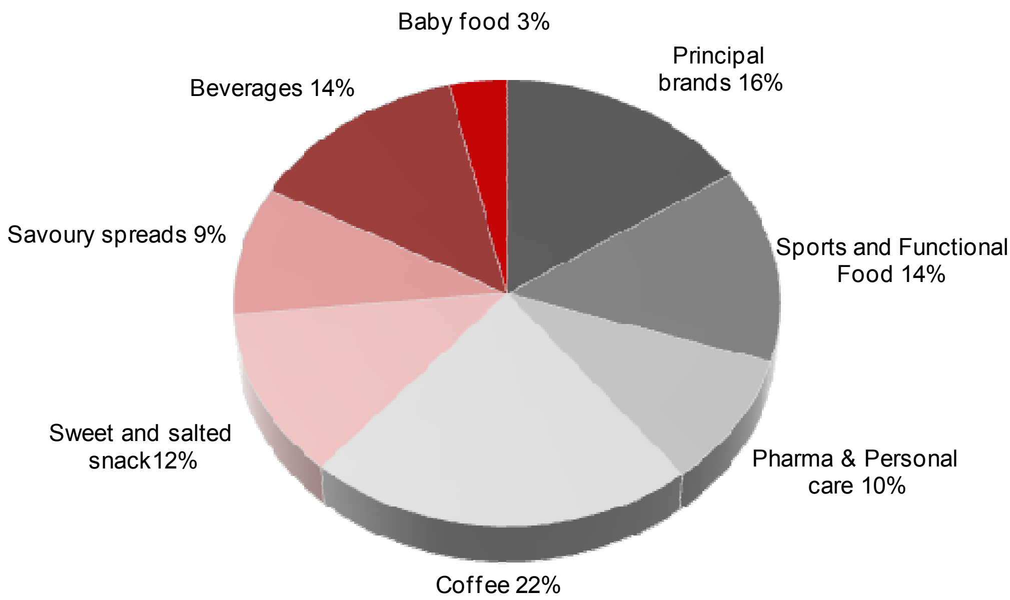
- **Strategic Distribution Unit Croatia** in 2012 recorded sales of HRK 876.8 million. The result is by 1.3% lower compared to the previous year, when sales amounted to HRK 888.1 million. This result is a consequence of a drop in the principals' brands segment distribution, primarily caused by the termination of a portion of Karolina product range distribution. The drop in the principals' brands segment was mitigated by the growth in the own brands segment distribution, as follows: (i) the coffee segment, (ii) the savoury spreads segment and (iii) the snacks segment.

- **Strategic Distribution Unit Slovenia, Serbia, Macedonia** in 2012 recorded sales of HRK 1,930.4 million, which is by 2.9% higher result compared to 2011, when they amounted to HRK 1,875.5 million. The greatest contribution to the result achieved was made by the segments of coffee and savoury spreads distribution. The most prominent growth in sales in the markets of Slovenia and Macedonia comes from the distribution of the coffee segment, the savoury spreads segment and the snacks segment. In the Serbian market, the most significant growth is recorded by the distribution of the coffee segment and the savoury spreads segment.

- **Other segments** in 2012 record an increase in sales of 13.9% compared to the previous year, achieving sales of HRK 373.2 million. Other segments include the Russian market, Strategic Distribution Unit HoReCa and business activities that are not allocated to the above mentioned Business and Distribution Units (administration offices and support services in Serbia, Slovenia and Macedonia) and are excluded from the reported operating segments. The Russian market is growing due to a double-digit growth rate of the baby food brand Bebi, while the Strategic Distribution Unit HoReCa records a growth in sales in the period under consideration due to the growth in the distribution of own brands segments, annulling the negative effect of the termination of the Tvornica Duhana Rovinj product portfolio distribution.

Sales overview by categories in 2012 indicates the following:

- The product category coffee with Grand kafa and Barcaffe brands is the largest individual product category, with a share of 22%
- The product category Sports and functional food with key brands Multipower and Champ, and the product category Beverages with key brands Cedevita, Cockta and Donat Mg are the second and third largest product categories, with 14% shares, respectively
- Principal brands make 16% of the total sales



Sales profile by markets

(in HRK millions)	2012	% of sales	2011***	% of sales	2012/2011
Croatia	**1,313.3**	26.6%	1,333.5	28.2%	(1.5%)
Serbia	**1,226.8**	24.9%	1,204.2	25.5%	1.9%
Slovenia	**648.7**	13.2%	598.4	12.7%	8.4%
Bosnia and Herzegovina	**377.0**	7.6%	357.9	7.6%	5.3%
Other regional markets*	**316.9**	6.4%	295.1	6.2%	7.4%
Western Europe**	**362.0**	7.3%	376.1	8.0%	(3.8%)
Russia and Commonwealth of Independent States	**245.0**	5.0%	186.4	3.9%	31.4%
Other markets	**440.8**	8.9%	376.2	8.0%	17.2%
Total sales	**4,930.4**	100.0%	4,727.8	100.0%	4.3%

- **The Croatian market** in 2012 recorded sales in the amount of HRK 1,313.3 million. The result is by 1.5% lower compared to 2011, when sales amounted to HRK 1,333.5 million. The result was impacted by lower sales of the vitamin instant drink category and principals' brands as a consequence of the termination of the distribution of Tvornica Duhana Rovinj product portfolio and a portion of products from Karolina product range. The decline in sales was mitigated by own brands, that recorded a growth in the Croatian market, which is the most prominent in: (i) the Turkish and espresso coffee category with the Barcaffe brand, which is strongly taking position in the Croatian market, (ii) the carbonated soft drinks category with the Cockta brand, (iii) the functional waters category with the Donat Mg brand, (iv) the savoury spreads category with the Argeta brand, and (v) the flips category with the Smoki brand. The pharmacy chain Farmacia also records a growth of 9.4%. An additional burden for the results of the Croatian market was the adverse macroeconomic situation with: (i) continued drop in GDP in the third quarter of 2012 of 1.9% on an annual level, (ii) negative trends in the labour market (increase in the number of the unemployed with a decrease in the number of the employed and active population, while the registered unemployment rate at the year-end was at a record high of 21.1%) and (iii) a decrease in real net salaries in the first eleven months of 2012 of 2.5% compared to the same period of 2011. In addition, the consumer confidence index dropped from -21.8 in January to -47.1 in December 2012. The Croatian market remains the largest sales market of Atlantic Grupa with 26.6% share in the Atlantic Grupa's total sales.

- **The Serbian market** with sales of HRK 1,226.8 million in 2012 recorded a 1.9% growth compared to 2011. In the Serbian market, the most significant growth was recorded by: (i) the Turkish and instant coffee categories with the Grand kafa and Bonito brands, (ii) the vitamin instant drink category with the Cedevita brand, (iii) the savoury spreads segment with the Argeta brand and (iv) the category of biscuits. In the local currency, the growth in sales was 11.7% on an annual level,

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*Other regional markets: Macedonia, Montenegro, Kosovo;
** Western Europe: Germany, United Kingdom, Italy;
*** The sales were restated compared to the report in 2011, since in 2011 the portion of sales related to brands of Droga Kolinska was not classified by all countries reported by Atlantic Grupa

which is a significant result, especially taking into account: (i) a GDP drop on the annual level in all four quarters of 2012, (ii) a decline in retail sales of 6.2% compared to the previous year, and (iii) negative trends in the labour market with an increase in the number of the unemployed, and a decrease in the number of the employed. The Serbian market is the second largest sales market of Atlantic Grupa with 24.9% share in the company's total sales in 2012.

- **The Slovenian market** recorded sales of HRK 648.7 million in 2012, which is an 8.4% growth compared to 2011, when sales amounted to HRK 598.4 million. The most prominent sales growth in the Slovenian market was recorded by: (i) the coffee segment with the Barcaffe brand, (ii) the functional waters category with the Donat Mg brand and (iii) the savoury spreads segment with the Argeta brand. By the result achieved, the Slovenian market increased its share in the Atlantic Grupa's total sales to 13.2% in 2012 compared to 12.7% in 2011. The sales growth was achieved in the following conditions: (i) a GDP drop in the second and third quarters of 3.2% and 3.3% on an annual level, respectively, (ii) a decrease in the consumer purchasing power due to a weak situation in the labour market and a higher growth in prices than in net wages in 2012, and (iii) a decrease in retail sales, other than fuel, of 5.3% on an annual level.

- **The market of Bosnia and Herzegovina** in 2012 recorded sales of HRK 377.0 million, which is a 5.3% growth compared to 2011, when sales amounted to HRK 357.9 million. By the achieved result, the share of Bosnia and Herzegovina in the Atlantic Grupa's total sales remained unchanged compared to 2011 and amounts to 7.6%. The greatest contribution to the growth in sales was made by: (i) the Turkish coffee category with the Grand Kafa brand, (ii) the carbonated soft drinks category with the Cockta brand and (iii) the flips category with the Smoki brand. The growth in the market of Bosnia and Herzegovina was achieved despite: (i) an extremely unfavourable situation in the labour market (in the first eleven months of 2012, the average registered unemployment rate was 44.1% with an increase in the average registered number of the unemployed in the same period of 2.5% on an annual level) and (ii) a decrease in the consumer purchasing power (in 2012, the average monthly net salary was by 1.2% higher on an annual level, but in the same period consumer prices grew by 2.1% on an annual level).

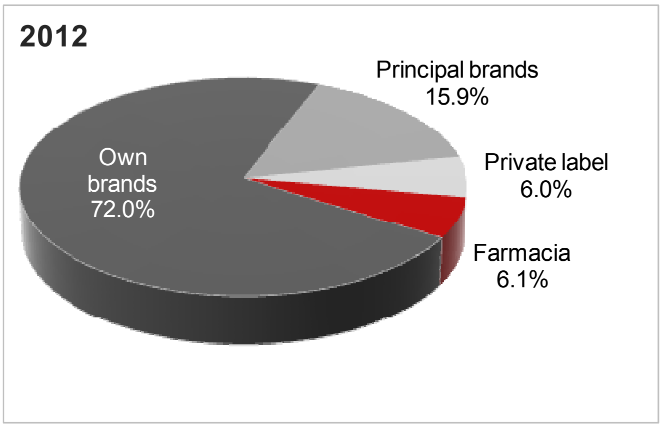
- **Other markets in the region** (Macedonia, Montenegro, Kosovo) recorded sales of HRK 316.9 million in 2012, which is a 7.4% growth compared to 2011, when sales amounted to HRK 295.1 million. The growth in these markets was achieved in certain categories of coffee, savoury spreads and snacks segments.

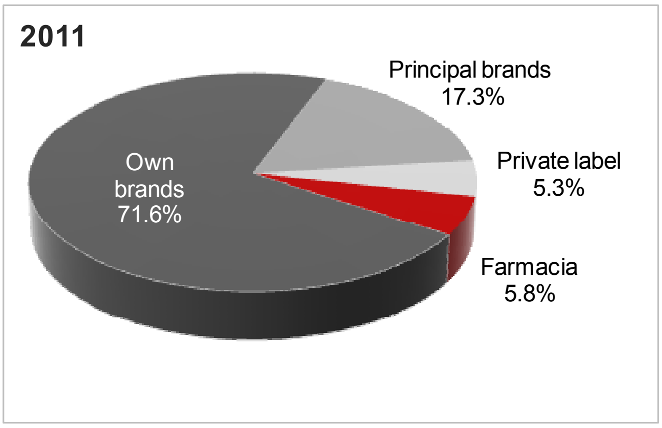
- **Western European markets** (Germany, Italy, the United Kingdom) in 2012 recorded sales of HRK 362.0 million, which is a 3.8% lower result compared to 2011. **The German market**, as the most significant Western European sales market of Atlantic Grupa, in 2012 recorded a 6.6% lower result compared to 2011. This result was impacted by a decrease in sales of the sports and functional food segment due to: (i) delisting of brands from the leading German fitness centre chain which introduced similar products under own brand and (ii) the bankruptcy of the significant retail chain Schlecker. A positive result within the sports and functional food segment was achieved by the Multaben brand and private labels. The German market is economically the most stable Western European market of Atlantic Grupa with positive macroeconomic indicators in 2012. **The market of the United Kingdom** in 2012 recorded a growth rate of 11.4% compared to 2011, due to a double-digit growth of the Multipower brand from the sports and functional food segment. This growth is significant, especially considering that the economic situation was not encouraging operations with: (i) a 0.3% drop in GDP in the last quarter on the quarterly level (preliminary data), (ii) a lack of recovery in the labour market (the average number of the unemployed in the first 11 months of 2012 is by 0.6% higher compared to the same period of 2011) and (iii) a decrease in the consumer purchasing power due to a higher growth in consumer prices than in weekly wages in the first 11 months of 2012 on an annual level. In addition, in November, VAT of 20% was introduced on a portion of the sports and functional food product range, which impacted the slower growth in the last quarter. **The Italian market** in the period under consideration recorded 4.5% lower sales compared to 2011. The result was impacted by lower sales of the sports and functional food segment, while a growth was recorded by the segments of savoury spreads with the Argeta brand and pharma and personal care with a growth in sales of private labels. In addition, the impact of the adverse economic situation must also be taken into account, with: (i) a drop in GDP in the first three quarters of 2012 on an annual level, (ii) an increase in the registered unemployment rate, which was 11.2% in December, and (iii) a stagnation of retail trade of food products in the first eleven months of 2012 on an annual level.

- **The markets of Russia and Commonwealth of Independent States** in 2012 recorded sales of HRK 245.0 million, which is a 31.4% growth compared to 2011, when sales amounted to HRK 186.4 million. Double-digit growth rates were recorded in: (i) the functional waters category with the Donat Mg brand, (ii) the savoury spreads segment with the Argeta brand, (iii) the baby food category with the Bebi brand and (iv) the sports and functional food segment with the Multipower brand. Also, the double-digit sales growth was achieved by Multivita products due to the product range extension and solving problems in the operation of the relevant distributor that occurred during 2011. By the result achieved, the markets of Russia and Commonwealth of Independent States increased their share in the Atlantic Grupa’s total sales to 5.0% compared to 3.9% in the previous year.

- **Other markets**, with sales of HRK 440.8 million realised in 2012, make 8.9% of the Atlantic Grupa’s total sales. This result is by 17.2% higher compared to 2011, when sales amounted to HRK 376.2 million. The growth was achieved in: (i) the savoury spreads segment with the Argeta brand and (ii) in the sports and functional foods segment with a growth of the Multipower brand and the product range of private labels.

Sales profile by product category





- **Own brands** in 2012 recorded a growth in sales of 5.1% compared to 2011, which resulted in sales of HRK 3,552.1 million. Also, the share of own brands in the Atlantic Grupa's total sales increased in 2012 and now amounts to 72.0% compared to 71.6% in 2011. The growth in sales of own brands is a result of the combination of activities aimed at a more efficient management of the existing products and launching new products from the Atlantic Grupa's current product range. The most prominent growth in sales was recorded by brands in the following segments: (i) coffee with the Grand kafa, Barcaffe and Bonito brands, (ii) beverages with the Cockta and Donat Mg brands, (iii) savoury spreads with the Argeta brand, (iv) snacks with the Smoki brand, and (v) baby food with the Bebi brand.

- **Principal brands** in 2012 recorded sales of HRK 782.1 million. The result is by 5.1% lower compared to 2011 as a result of the termination a portion of the Karolina product range distribution and the termination of the Tvornica Duhana Rovinj product portfolio distribution. The negative impact of the termination of a portion of the product range distribution was mitigated by the increase in sales of other principals, mainly Ferrero and Rauch. As a consequence of the growth in sales of own brands and lower sales of external brands, the share of external brands in the Atlantic Grupa's total sales dropped to 15.9% compared to 17.3% in 2011.

- **Private labels** in 2012 achieved a double-digit growth in sales of 18.7%, resulting in HRK 296.0 million. The growth in private labels primarily relates to the product range of the Strategic Business Unit Sports and Functional Food. The share of private labels in the Atlantic Grupa's total sales in 2012 grew to 6.0% compared to 2011, when it was 5.3% of the total sales.

- In 2012, the pharmacy chain **Farmacia** recorded a 9.4% growth in sales compared to 2011. The share of the pharmacy chain Farmacia in the Atlantic Grupa's total sales in 2012 grew to 6.1% compared to 5.8% in 2011. The growth in the pharmacy chain was achieved at the organic level, as well as through the merger of 5 pharmacies acquired in May 2011. As at 31 December 2012, the pharmacy chain Farmacia consisted of 45 pharmacies and 13 specialised stores.

PROFITABILITY DYNAMICS in the FY12

Atlantic Grupa's profitability

(in HRK millions)	2012	2011	2012/2011
Sales	**4,930.4**	4,727.8	4.3%
EBITDA	**575.1**	500.7	14.9%
Normalized EBITDA	**558.6**	517.3	8.0%
EBIT	**395.1**	334.8	18.0%
Normalized EBIT	**399.2**	351.5	13.6%
Net profit/loss	**66.1**	54.9	20.4%
Normalized Net profit/loss	**112.5**	70.3	60.1%
Profitability margins			
EBITDA margin	**11.7%**	10.6%	+107 bp
Normalized EBITDA margin	**11.3%**	10.9%	+39 bp
EBIT margin	**8.0%**	7.1%	+93 bp
Normalized EBIT margin	**8.1%**	7.4%	+66 bp
Net profit margin	**1.3%**	1.2%	+18 bp
Normalized Net profit margin	**2.3%**	1.5%	+79 bp

In 2012, Atlantic Grupa achieved a double-digit growth in profitability on the EBITDA (earnings before interest, taxes, depreciation and amortisation), EBIT (earnings before interest and taxes) and Net profit levels of 14.9%, 18.0% and 20.4%, respectively, compared to 2011.

Improved profitability is a result of a higher growth in sales than in expenses as a consequence of: (i) a more efficient management of the existing products, (ii) launching new products, (iii) implementation of cost management through the CORE cost reduction programme and (iv) optimisation of business processes at the central level and lower levels, introduced in order to improve the operative efficiency. An additional impact on the profitability growth was made by: (i) synergy impacts that were not fully realised in 2011, (ii) the fact that the first half of 2011 was burdened by numerous integration activities and negotiations with key customers and (iii) a change in the sales mix with a larger share of own brands sales.

The growth in earnings before interest and taxes was additionally impacted by a lower depreciation and amortisation, resulting from a more efficient management of the existing resources and accordingly a lower need for new investments.

Net profit grew despite net foreign exchange losses in the amount of HRK 64.0 million, which were primarily a result of a significant change in the exchange rate between RSD and EUR. The stated foreign exchange differences are solely a consequence of applying the accounting policy according to which non-financial assets are recorded at historical cost in the local currency, without revaluation, while financial liabilities are translated to their EUR value.

The growth in net profit was also influenced by a significant decrease in the effective tax rate due to recognising deferred tax asset on the basis of tax losses carried forward that will be used in the following periods.

At the normalised level, Atlantic Grupa recorded **normalised EBITDA of HRK 558.6 million** which is by 8.0% higher than the normalised EBITDA level in 2011. The normalised EBITDA margin in the period under consideration is by 39 basis points higher on an annual level and amounts to 11.3%.

Normalised EBIT of HRK 399.2 million is by 13.6% higher compared to the normalised EBIT in 2011 and the EBIT margin in the period under consideration increased by 66 basis points to 8.1%.

Normalised net profit of HRK 112.5 million in 2012 is by 60.1% higher compared to 2011.

One-off items that have been excluded in the normalisation process in 2011 include the following:

- Above the EBITDA level;
    - i. -12.0 million HRK of profit from the sale of a 13-percent share in the company RTL Hrvatska,
    - ii. +5.8 million HRK of transaction costs related to the acquisition of Droga Kolinska,
    - iii. +22.8 million HRK impact of the increase in the value of inventories arising from the purchase price allocation process
- Above the EBT level;
    - i. +16.6 million HRK related to one-off items with impact above the EBITDA level
    - ii. -1.2 million HRK of one-off impact of the increase in the value of financial liabilities arising from the purchase price allocation process.

One-off items that have been excluded in the normalisation process in 2012 include the following:

- Above the EBITDA level;
    - i. +1.1 million HRK of transaction costs related to the acquisition of Droga Kolinska and refinancing,
    - ii. +3.1 million HRK of restructuring costs in the SBU Sports and Functional Food,
    - iii. -20.7 million HRK of profit due to cancelation of liability under the option for sale of property in Ljubljana,
- Above the EBIT level;
    - i. -16.5 million HRK related to items with impact above the EBITDA level
    - ii. +20.7 million HRK impact of impairment of property in Ljubljana.
- Above the EBT level;
    - i. +4.2 million HRK related to items with impact above the EBIT level,
    - ii. +42.2 million HRK impact of refinancing costs.

Operating cost structure excluding one-offs

(in HRK millions)	2012	% of sales	2011	% of sales	2012/2011
COGS	1,155.4	23.4%	1,164.9	24.6%	(0.8%)
Changes in inventory	(3.7)	(0.1%)	(5.8)	(0.1%)	(36.5%)
Production materials	1,750.1	35.5%	1,579.9	33.4%	10.8%
Energy	64.8	1.3%	61.2	1.3%	5.9%
Services	314.9	6.4%	304.1	6.4%	3.6%
Staff costs	648.4	13.2%	635.0	13.4%	2.1%
Marketing and promotion costs	320.8	6.5%	300.8	6.4%	6.6%
Other operating expenses	184.6	3.7%	224.0	4.7%	(17.6%)
Other (gains)/losses, net	(9.1)	(0.2%)	(7.1)	(0.2%)	28.3%
Depreciation and amortization	159.4	3.2%	165.8	3.5%	(3.9%)
Total operating expenses	4,585.6	93.0%	4,422.9	93.6%	3.7%

In 2012, total operating expenses, excluding one-off items, amounted to HRK 4,585.6 million, which is a 3.7% growth compared to 2011, when they amounted to HRK 4,422.9 million. Their share in the total sales mildly decreased in 2012 and amounts to 93.0% compared to 2011 when it was 93.6%.

- Following an increase in the share of own brands and a decrease in the share of external brands in the Atlantic Grupa's sales product range, items of operating expenses closely related to the stated brand groups also change. This way, in 2012, the purchase cost of goods sold decreased by 0.8% compared to 2011, while the costs of production material in the same period increased by 10.8%. The increase in the costs of production material was additionally impacted by the increase in prices of raw material, primarily coffee, poultry and fish.

- After the production material and the purchase cost of goods sold, staff costs, marketing and sale expenses and service expenses are the three largest items of operating expenses. Staff costs make 13.2% of the total sales in 2012 and record a 2.1% growth compared to 2011. At the end of 2012, Atlantic Grupa had 4,247 employees, of which 86.7% employees from the markets of Croatia, Slovenia and Serbia, while at the end of 2011, it had 4,198 employees. Marketing and sale expenses in 2012 recorded a growth of 6.6% on an annual level and now make 6.5% of the total sales. Service expenses in 2012 made 6.4% of the total sales and were by 3.6% higher compared to 2011.

- Of other operating expenses items, energy costs record a 5.9% growth in 2012 on the annual level, while other operating expenses were by 17.6% lower in the period under consideration.

Operating profitability of Strategic Business Units and Strategic Distribution Units

(in HRK millions)	2012
SBU Beverages	106.1
SBU Coffee	141.2
SBU (Sweet and Salted) Snacks	96.3
SBU Savoury Spreads	110.0
SBU Sports and Functional Food	4.8
SBU Pharma and Personal Care	50.0
SDU Croatia	(4.7)
SDU Slovenia, Serbia, Macedonia	75.3
Other segments*	(183.9)
Group EBIT	395.1

In 2012, Atlantic Grupa recorded EBIT of HRK 395.1 million. The most significant contribution to the Group EBIT was made by the SBU Coffee with EBIT of HRK 141.2 million, SBU Savoury Spreads with EBIT of HRK 110.0 million and SBU Beverages with EBIT of HRK 106.1 million. Management of Atlantic Grupa is focused on the growth in operating result of the SBU Sports and Functional Food and especially SDU Croatia, which recorded a negative EBIT of HRK 4.7 million.

Since in 2012 the organisational structure, business model and manner of reporting significantly changed, it was not practical to restate the comparative results for 2011 by Strategic Business Units and Strategic Distribution Units.

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

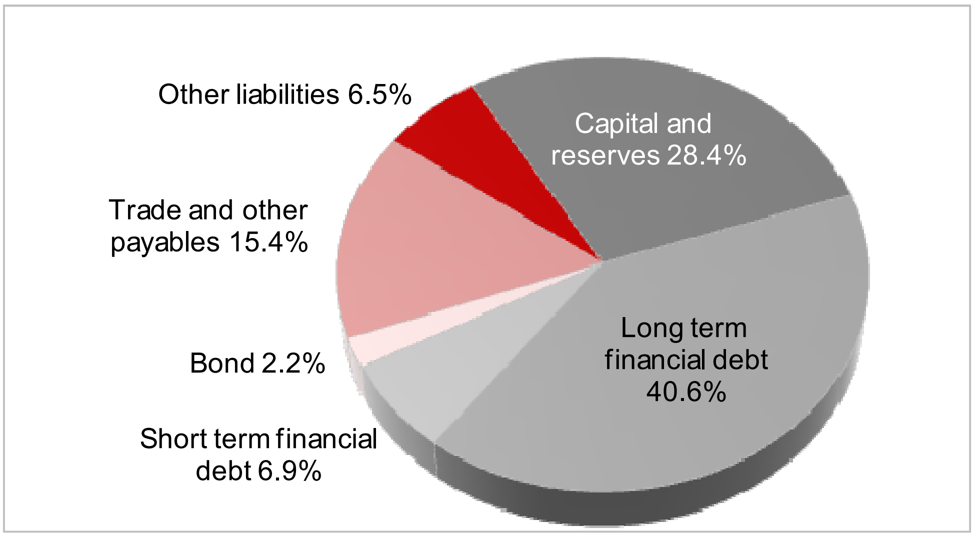
FINANCIAL INDICATORS in the FY12

(in HRK millions)	2012	2011
Net debt	**2,353.1**	2,494.0
Total assets	**5,142.1**	5,355.2
Equity	**1,461.4**	1,512.3
Current ratio	**1.8**	1.8
Gearing ratio	**61.7%**	62.3%
Net debt/EBITDA*	**4.2**	4.8
Interest coverage ratio*	**2.6**	2.3
Capex	**78.8**	96.5
Cash flow from operating activities	**296.0**	159.3

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

- Net debt of HRK 2,353.1 million was reduced by HRK 140.9 million and reflects the financial debt of HRK 2,553.0 million, net derivative liabilities of HRK 71.1 million and the amount of cash and cash equivalents and short-term deposits in the total amount of HRK 271.0 million. Consequently, the debt indicators are as follows: (i) ratio of net debt and capital increased by net debt of 61.7%, (ii) ratio of net debt and EBITDA of 4.2 and (iii) 2.6 times coverage of interest expense by normalised EBITDA.

- The Atlantic Grupa's equity and liabilities structure as at 31 December 2012 is as follows:



i. The most significant item of equity and liabilities are non-current financial liabilities which represent 40.6% of the total equity and liabilities,

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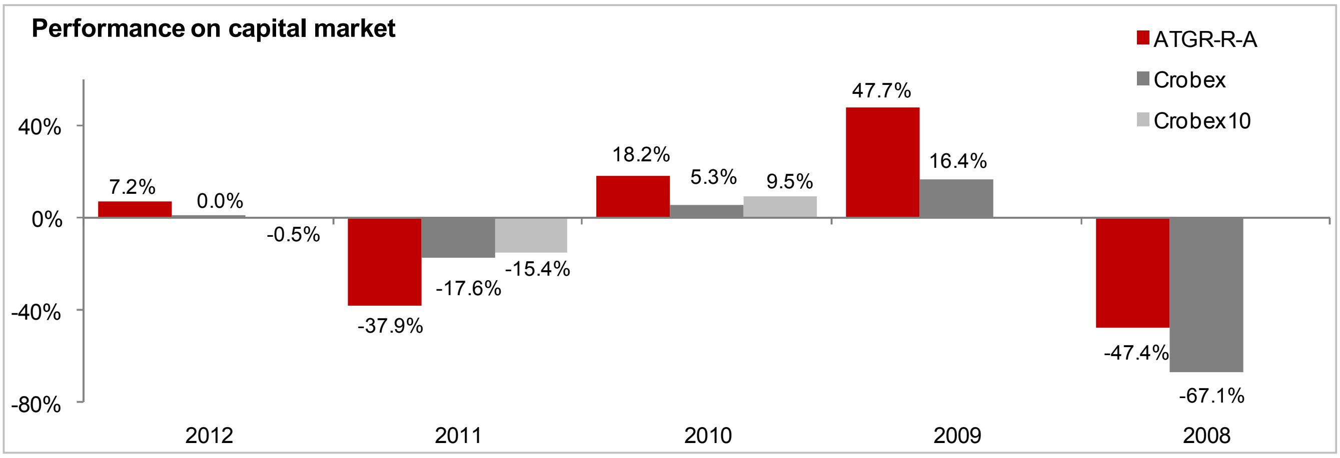
*Normalized

ii. The second most significant item is capital and reserves with a share of 28.4 percent,
iii. Non-current and current financial liabilities with the bond make 49.7% of the Atlantic Grupa's total equity and liabilities.

- The company's capital expenditure in the 2012 amounts to HRK 78.8 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, (iv) investment in the wafers packaging machine in Soko Štark, (v) equipping the bottling plant of Palanački Kiseljak, (vi) purchase of equipment for the production of coffee, (vii) automation of the Bosch line for coffee in Izola, (viii) purchase of espresso machines for the HoReCa channel, and (ix) purchase of the HRIS system (human resources information system).

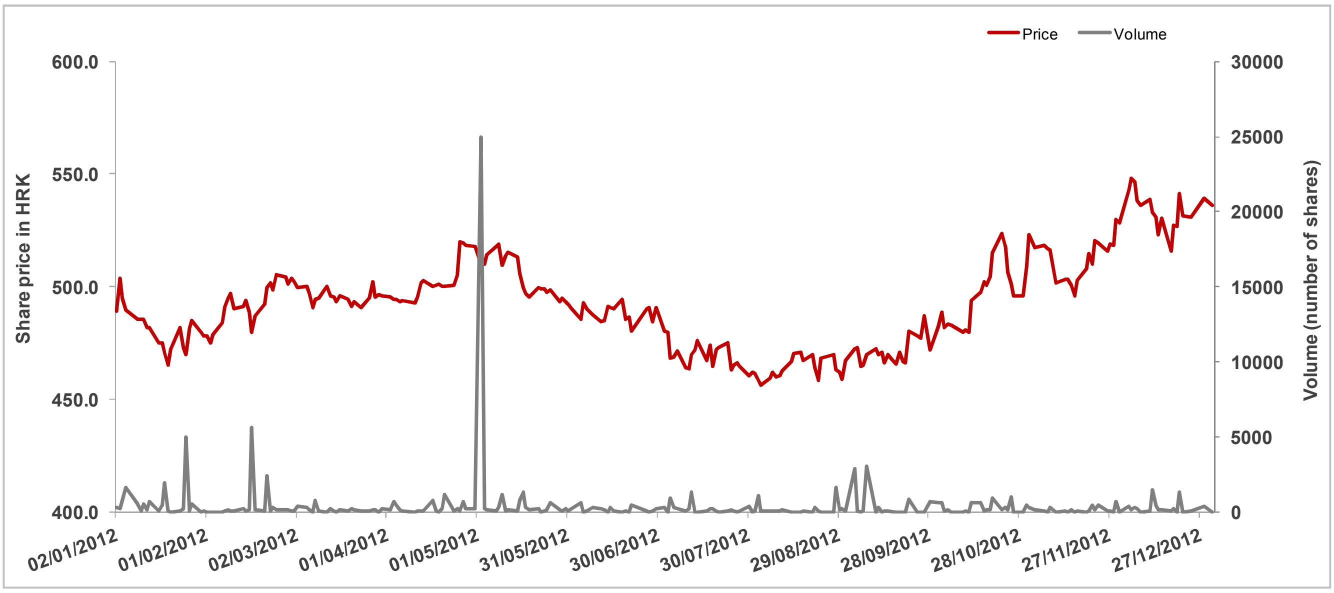
PERFORMANCE ON THE CROATIAN CAPITAL MARKET in FY12

In 2012, the total turnover at the Zagreb Stock Exchange was 34.9% lower than in 2011, while the orderbook turnover of stocks recorded a drop of 44.3%. The orderbook volume of stocks increased by weak 2.9%, and the orderbook volume of bonds increased significantly, by 183.3%. This indicates that in 2012 investors in the domestic market were unwilling to trade in shares. In such conditions, the Crobex stock index stagnated, while the Crobex10 stock index dropped by 0.5%. An Atlantic Grupa's share outperformed both indices with a price increase of 7.2%.



The average price of an Atlantic Grupa's share in 2012 amounted to HRK 492.4, while the average daily volume in the same period amounted to HRK 201,012.7. In the stated period, the highest average share price was HRK 548.0, and the lowest average price HRK 456.2. A share of Atlantic Grupa ended 2012 with the average price of HRK 536.0. It was the 16th most traded share on the Zagreb Stock Exchange in 2012.

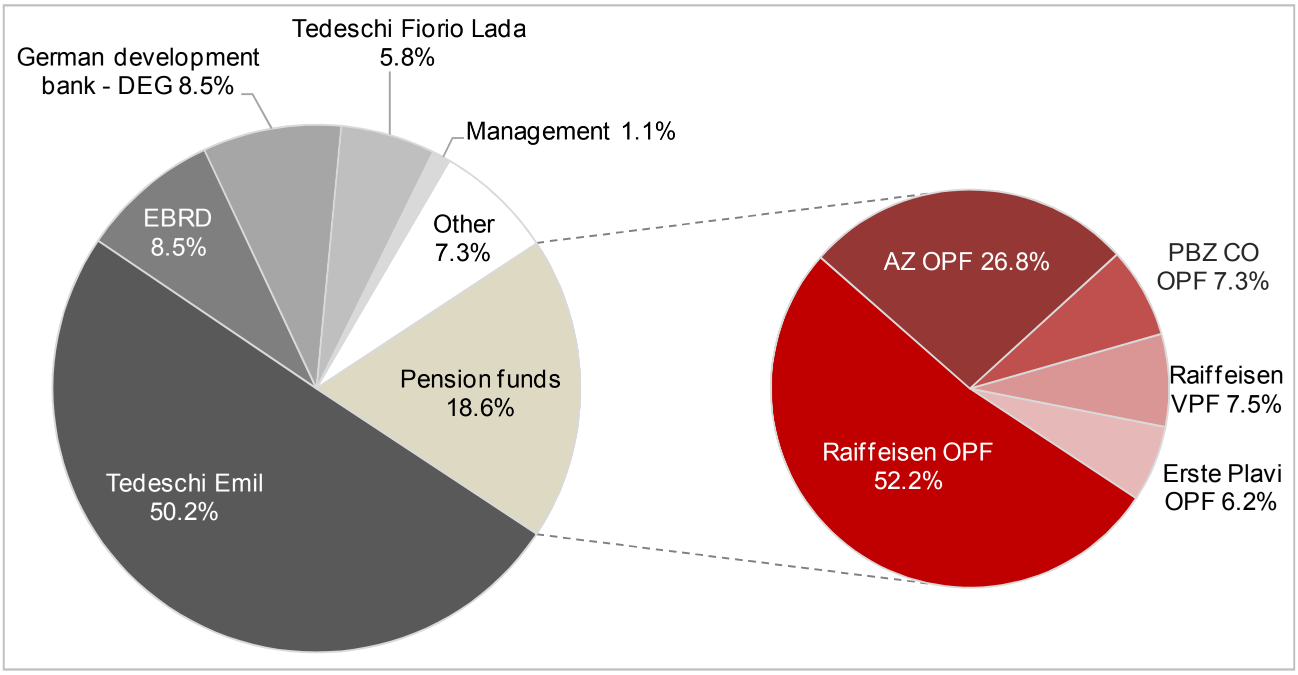
➢ Movements in the average daily price of an Atlantic Grupa's share in 2012



The average market capitalisation* of Atlantic Grupa in 2012 amounted to HRK 1.6 billion, whereby it positioned fifth regarding the average market capitalisation of the Crobex stock index components.

Atlantic Grupa has a stable ownership structure: as at 31 December 2012, 50.2% of the company is owned by Emil Tedeschi, 8.5% by the European Bank for Reconstruction and Development, 8.5% by the German Development Bank – DEG, 5.8% by Lada Tedeschi Fiorio, and 18.6% of the company is owned by pension funds.

➢ Ownership structure on 31.12.2012:



*Calculated as the sum of average daily prices in 2012 and the number of issued shares

The trend of the Atlantic Grupa's share price increase in the fourth quarter led to the closing price of HRK 536.0 and consequently to market capitalisation of HRK 1,787.2 million at the last trading date in 2012.

Valuation	2012	2011
Last price in reporting period	536.0	500.0
Market capitalization* (in HRK millions)	1,787.2	1,667.2
Average daily turnover (in HRK)	201,012.7	551,157.2
EV (in HRK millions)	4,187.5	4,229.1
EV/EBITDA**	7.5	8.2
EV/EBIT**	10.5	12.0
EV/sales**	0.8	0.9
EPS** (in HRK)	30.5	18.6
P/E**	17.6	26.9

OUTLOOK for 2013

Management's view on macroeconomic expectations

Atlantic Grupa's management considers that the economic situation in the Croatian market in 2013 will remain challenging. Management does not expect significant changes in the labour market where it sees continuation of negative trends in terms of an increase in the number of the unemployed and a decrease in the number of employed persons. These negative trends in the labour market are followed by reduced personal consumption due to the pessimism of the population, decrease in available income and further deleveraging. On the other hand, the accession to the European Union might add a positive impetus to the economy that will depend on the implementation of structural reforms and the success in using opportunities offered by the accession, such as the European Union funds.

For regional markets, management expectations are conservative, due to problems in the labour market that is a common characteristic of the entire region and for which there are no signs of recovery. The economic situation in Slovenia will also depend on political stability, and solving problems of the banking sector vulnerability. If a need for an arrangement with the IMF arises, additional reforms will have to be implemented, that might have a negative effect on personal consumption. The situation in state finances and relations with neighbouring countries will largely influence the arrangement of Serbia and the IMF and negotiations on the accession to the European Union, which have a large impact on the economy. The economic situation in Bosnia and Herzegovina will be impacted by the situation of main trade partners, but also by austerity measures and reforms planned.

* Calculated as sum of the closing price in reporting period and number of issued shares,
** Normalized

The economic situation in the eurozone will be impacted by the decisiveness of the economic policy makers in implementing the required reforms and establishing a stronger institutional framework of the monetary union. Recent statements by the IMF leaders that strict austerity measures might not be the best way to deal with the debt crisis could indicate a new direction and gradual loosening of the fiscal consolidation. The strongest economic stability is expected in the market of Germany.

Atlantic Grupa's strategic management guidance for 2013

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

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

Management expectations for 2013 are as follows:

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

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan - Dec 2012	Jan - Dec 2011	Index	Oct - Dec 2012	Oct - Dec 2011 (Restated)	Index
Turnover	**5,005,484**	**4,774,385**	**104.8**	**1,333,080**	**1,299,787**	**102.6**
Sales revenues	4,930,441	4,727,766	104.3	1,298,773	1,277,587	101.7
Other revenues	75,043	46,619	161.0	34,307	22,200	154.5
Operating expenses	**4,430,361**	**4,273,715**	**103.7**	**1,203,911**	**1,201,091**	**100.2**
Cost of merchandise sold	1,155,448	1,187,673	97.3	351,634	351,002	100.2
Change in inventories	(3,667)	(5,772)	63.5	28,996	14,610	198.5
Production material and energy	1,814,941	1,641,174	110.6	422,177	451,061	93.6
Services	315,935	308,439	102.4	83,333	82,178	101.4
Staff costs	651,498	635,047	102.6	180,217	155,199	116.1
Marketing and selling expenses	320,754	300,822	106.6	85,766	65,114	131.7
Other operating expenses	184,557	225,390	81.9	51,372	81,447	63.1
Other gains - net	(9,105)	(19,058)	47.8	416	480	86.7
EBITDA	**575,123**	**500,670**	**114.9**	**129,169**	**98,696**	**130.9**
Depreciation and impairment	159,949	136,419	117.2	58,757	31,384	187.2
Amortization and impairment	20,116	29,408	68.4	7,919	12,685	62.4
EBIT	**395,058**	**334,843**	**118.0**	**62,493**	**54,627**	**114.4**
Financial expenses - net	(321,481)	(256,006)	125.6	(98,764)	(76,676)	128.8
EBT	**73,577**	**78,837**	**93.3**	**(36,271)**	**(22,049)**	**164.5**
Income tax	7,465	23,945	31.2	(19,558)	(4,870)	401.6
Profit for the period	**66,112**	**54,892**	**120.4**	**(16,713)**	**(17,179)**	**97.3**
Attributable to:						
Non-controlling interest	10,882	8,291	131.3	(765)	1,143	n/a
Owners of the parent	55,230	46,601	118.5	(15,948)	(18,322)	87.0
Earnings per share for profit attributable to the owners of the Company						
- basic	16.57	13.98		(4.78)	(5.49)	
- diluted	16.57	13.98		(4.78)	(5.49)	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Dec 2012	Jan - Dec 2011	Index	Oct - Dec 2012	Oct - Dec 2011 (Restated)	Index
Profit for the year	**66,112**	**54,892**	**120.4**	**(16,713)**	**(17,179)**	**97.3**
Cash flow hedge	(10,226)	(44,202)	23.1	2,534	3,419	74.1
Currency translation differences	(56,069)	47,667	n/a	53,490	(27,472)	n/a
Total comprehensive income	**(183)**	**58,357**	**n/a**	**39,311**	**(41,232)**	**n/a**
Attributable to:						
Non-controlling interest	5,437	5,363	101.4	1,932	(4,061)	n/a
Equity holders of the Company	(5,620)	52,994	n/a	37,379	(37,171)	n/a
Total comprehensive income	(183)	58,357	n/a	39,311	(41,232)	n/a

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	31 December 2012	31 December 2011
Property, plant and equipment	1,093,108	1,189,502
Investment property	1,707	1,934
Intangible assets	1,870,965	1,956,194
Available-for-sale financial assets	1,300	1,358
Derivative financial instruments	-	8,617
Trade and other receivables	9,584	21,514
Deferred tax assets	64,814	56,412
Non-current assets	3,041,478	3,235,531
Inventories	543,317	533,680
Trade and other receivables	1,148,770	1,119,851
Non-current assets held for sale	113,868	139,127
Prepaid income tax	23,703	24,877
Deposits given	20,142	36,334
Derivative financial instruments	-	18,249
Cash and cash equivalents	250,865	247,596
Current assets	2,100,665	2,119,714
Total assets	5,142,143	5,355,245
Capital and reserves attributable to owners of the Company	1,414,230	1,444,404
Non-controlling interest	47,136	67,920
Borrowings	2,198,901	2,346,725
Deferred tax liabilities	179,587	193,064
Derivative financial instruments	50,224	62,393
Other non-current liabilities	191	36,357
Provisions	56,477	54,540
Non-current liabilities	2,485,380	2,693,079
Trade and other payables	794,252	719,606
Borrowings	354,101	375,035
Current income tax liabilities	3,575	12,553
Derivative financial instruments	20,911	20,673
Provisions	22,558	21,975
Current liabilities	1,195,397	1,149,842
Total liabilities	3,680,777	3,842,921
Total equity and liabilities	5,142,143	5,355,245

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of Company					
in thousands of HRK, unaudited	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total
At 1 January 2011	1,016,282	(3,190)	379,532	1,392,624	63,632	1,456,256
Comprehensive income:						
Net profit for the year	-	-	46,601	46,601	8,291	54,892
Cash flow hedge	-	(44,202)	-	(44,202)	-	(44,202)
Other comprehensive income	-	50,595	-	50,595	(2,928)	47,667
Total comprehensive income	-	6,393	46,601	52,994	5,363	58,357
Transactions with owners:						
Acquisition of non-controlling interest	-	-	-	-	(26)	(26)
Purchase of treasury shares	(2,532)	-	-	(2,532)	-	(2,532)
Share based payment	2,154	-	(836)	1,318	-	1,318
Dividends relating to 2010	-	-	-	-	(1,049)	(1,049)
At 31 December 2011	1,015,904	3,203	425,297	1,444,404	67,920	1,512,324
At 1 January 2012	1,015,904	3,203	425,297	1,444,404	67,920	1,512,324
Comprehensive income:						
Net profit for the year	-	-	55,230	55,230	10,882	66,112
Cash flow hedge	-	(10,113)	-	(10,113)	(113)	(10,226)
Other comprehensive income	-	(50,737)	-	(50,737)	(5,332)	(56,069)
Total comprehensive income	-	(60,850)	55,230	(5,620)	5,437	(183)
Transactions with owners:						
Acquisition of non-controlling interest	-	-	(23,919)	(23,919)	(25,342)	(49,261)
Purchase of treasury shares	(5,393)	-	-	(5,393)	-	(5,393)
Share based payment	5,609	-	247	5,856	-	5,856
Transfer	-	556	(556)	-	-	-
Dividends relating to 2011	-	-	(1,098)	(1,098)	(879)	(1,977)
At 31 December 2012	1,016,120	(57,091)	455,201	1,414,230	47,136	1,461,366

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	**Jan - Dec 2012**	**Jan - Dec 2011**
Cash flows from operating activities		
Net profit	**66,112**	**54,892**
Income tax	7,465	23,945
Depreciation, amortization and impairment	180,065	165,827
(Gain)/loss on disposal of property, plant and equipment	(9,248)	63
Gain on sale of available-for-sale financial assets	(43)	(11,962)
Value adjustment of current assets	32,414	51,341
Interest income	(9,741)	(11,350)
Interest expense	257,546	221,167
Other non-cash changes	57,401	30,000
Changes in working capital:		
Increase in inventories	(32,090)	(59,771)
Increase in current receivables	(31,576)	(57,316)
Increase/(decrease) in current payables	33,861	(15,540)
Increase /(decrease) in provisions for risks and charges	2,520	(9,129)
Interest paid	(219,779)	(188,372)
Income tax paid	(38,950)	(34,529)
Net cash flow from operating activities	**295,957**	**159,266**
Cash flow from investing activities		
Purchase of tangible and intangible assets	(78,812)	(96,525)
Proceeds from sale of property, plant and equipment	20,072	13,591
Acquisition of subsidiary	-	(5,807)
Acquisition of available-for-sale financial assets	(21,000)	-
Proceeds from sale of assets available for sale	21,043	46,962
Loans and deposits given - net	20,998	(25,495)
Interest received	9,741	11,350
Net cash flow used in investing activities	**(27,958)**	**(55,924)**
Cash flow from financing activities		
Purchase of treasury shares	(5,393)	(2,532)
Proceeds from borrowings, net of fees paid	1,919,805	1,121,484
Repayment of borrowings	(2,127,499)	(1,204,941)
Proceeds from bonds issued	-	62,221
Redemption of bonds	-	(66,082)
Dividend paid to non-controlling interests	(879)	(1,049)
Withholding tax paid on dividend within the Group	(1,098)	-
Acquisition of non-controlling interest	(40,536)	(26)
Net cash flow used in financing activities	**(255,600)**	**(90,925)**
Net increase in cash and cash equivalents	**12,399**	**12,417**
Exchange (losses) / gains on cash and cash equivalents	(9,130)	3,201
Cash and cash equivalents at beginning of period	247,596	231,978
Cash and cash equivalents at end of period	250,865	247,596

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 condensed consolidated financial statements of the Group for the year ended 31 December 2012 were approved by the Management Board of the Company in Zagreb on 21 February 2013.

The condensed consolidated financial statements have not been audited.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the year ended 31 December 2012 have been prepared in accordance with IAS 34 – Interim Financial Reporting.

The 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. For the same reason, the impact of different depreciation due to change in fair value and useful lives of property, plant and equipment was spread over the whole 2011. The effects of changes in comparative figures for 2011 are as follows:

(in thousands of HRK)	Jan - Sept 2011	Oct – Dec 2011
Restatement of depreciation	(1,588)	1,588
Restatement of amortization	(30,038)	30,038

Furthermore, the entertainment costs in the amount of HRK 12,396 thousand which were shown within Marketing and selling expenses in 2011 are shown within Other operating expenses in 2012.

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 four 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 (SBU) and four strategic distribution units (SDU):

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

and the Russian market.

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

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

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

NOTE 3 – SEGMENT INFORMATION (continued)

Sales revenues *(in thousands of HRK)*	**Jan-Dec 2012**	**Jan-Dec 2011**
SBU Beverages	671,934	670,354
SBU Coffee	1,090,672	1,001,659
SBU (Sweet and Salted) Snacks	600,473	578,772
SBU Savoury Spreads	463,664	430,952
SBU Sports and Functional Food	679,971	648,140
SBU Pharma and Personal Care	481,328	446,302
SDU Croatia	876,829	888,080
SDU Slovenia, Serbia, Macedonia	1,930,387	1,875,454
Other segments	373,152	327,634
Reconciliation	(2,237,969)	(2,139,581)
Total	**4,930,441**	**4,727,766**

Operating results	**Jan-Dec 2012**		
(in thousands of HRK)	**EBITDA**	**Depreciation and Amortization**	**EBIT**
SBU Beverages	150,980	44,926	106,054
SBU Coffee	159,009	17,853	141,156
SBU (Sweet and Salted) Snacks	117,891	21,611	96,280
SBU Savoury Spreads	126,480	16,525	109,955
SBU Sports and Functional Food	11,281	6,440	4,841
SBU Pharma and Personal Care	59,329	9,300	50,029
SDU Croatia	1,807	6,491	(4,684)
SDU Slovenia, Serbia, Macedonia	80,792	5,450	75,342
Other segments	(132,446)	51,469	(183,915)
Total	**575,123**	**180,065**	**395,058**

Due to significant change in organization structure, business model and reporting it was not practical to restate prior year results and therefore operating segment results for 2011 are not disclosed.

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
Net profit attributable to equity holders (in thousands of HRK)	55,230	46,601
Weighted average number of shares	3,334,014	3,333,889
Basic earnings per share (in HRK)	16.57	13.98

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 year ended 31 December 2012, Group invested HRK 78,812 thousand in purchase of property, plant and equipment (2011: HRK 110,330 thousand).

NOTE 6 - INVENTORIES

During the year ended 31 December 2012, the Group wrote down HRK 22,454 thousand of inventories due to damage and short expiry dates (2011: HRK 29,105 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 December 2012 and 31 December 2011 and transactions recognised in the Income statement for the year ended 31 December are as follows:

(all amounts expressed in thousands of HRK)	**31 December 2012**	**31 December 2011**
RECEIVABLES		
Current receivables		
Other entities	80,426	93,528
LIABILITIES		
Borrowings		
Shareholders	1,822,390	427,959
Trade payables		
Shareholders	22	22
Other entities	1,816	2,003
REVENUES	**Jan – Dec 2012**	**Jan – Dec 2011**
Sales revenues		
Other entities	459,324	388,914
Other revenues		
Other entities	-	93
EXPENSES		
Marketing and promotion expenses		
Other entities	17,045	15,969
Other expenses		
Other entities	2,743	59
Finance cost - net		
Shareholders	58,446	40,399

NOTE 8 – ACQUISITION OF NON-CONTROLLING INTEREST

During the year ended 31 December 2012 the Group acquired non-controlling interest in subsidiaries ZU Ljekarne Bamapharm and Atlantic Farmacia d.o.o. and became the sole owner of these subsidiaries.

Furthermore, in October 2012 the Group became the sole owner of Soko Nada Štark a.d., Belgrade, upon transferring the remaining 5.86% share in the share capital and of this subsidiary from minority shareholders to the majority shareholder Grand Kafa d.o.o., Belgrade. For the transfer of the minority shares in the share capital of Soko Nada Štark a.d., Belgrade the minority shareholders were paid a fair severance in the total amount of EUR 2.3 million.

Finally, in December 2012 the Group became the sole owner of Palanački Kiseljak a.d., Smederevska Palanka, upon transferring the remaining 7.1% of the share capital of this subsidiary to the majority shareholder Soko Nada Štark a.d., Belgrade.

Difference between consideration paid and the carrying value of acquired non-controlling interest is recognised directly in equity.

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 22 February 2013

Pursuant to the article 407. to 410. of the Capital market Law (Official Gazette 88/08, 146/08 and 74/09) 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 December 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 December 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:

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Investor relations

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