Financial results in FY 2013

Zagreb – February 24, 2014

Business growth in line with expectations

- **Sales at HRK 5,051.3 million**
  + 2.5% compared to FY 2012
- **Earnings before interest, taxes, depreciation and amortisation (EBITDA) at HRK 590.8 million**
  +5.8% compared to the normalized FY 2012
- **Earnings before interest and taxes (EBIT) at HRK 424.6 million**
  + 6.4% compared to the normalized FY 2012
- **Net profit after minorities at HRK 194.9 million**
  Significantly reduced interest expenses following the previous year's refinancing

Chairman's comment

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

"In the last several years we operate in aggravated conditions, especially in the SEE region where Atlantic Grupa realises the majority of its revenues. However, in 2013, Atlantic continued with the business growth meeting for the seventh consecutive year the announced guidance.

Following achieved results and growth in the CIS markets and key European markets we confirm the company's strategic focus on internationalisation. At the same time, we continue to invest in the business development, as confirmed by our latest investment in the factory for the production of energy bars from the sports and functional food product range in Nova Gradiška and the expansion of the distribution operation, crowned at the end of 2013 by the agreement on the distribution of Unilever, one of the leading global FMCG producers, in the markets of Croatia and Slovenia.

In the following period the company will continue to be focused on business development, risk management, liquidity maintenance and debt management."

Financial summary of FY 2013

Key figures	2013	2012*	2013/2012
Sales (in HRK millions)	**5,051.3**	4,930.4	2.5%
Turnover (in HRK millions)	**5,092.2**	4,984.8	2.2%
EBITDA margin	**11.7%**	11.3%	+37 bp
Net income after minorities (in HRK millions)	**194.9**	101.6	91.8%
Gearing ratio**	**55.2%**	61.7%	-654 bp

*Normalized; **Gearing ratio = Net debt/(Total equity+Net debt)

KEY DEVELOPMENTS in FY 2013

1. Distribution operations

Taking over the distribution of Unilever for Croatia and Slovenia

At the beginning of December 2013, Atlantic Grupa signed the agreement on taking over the distribution of one of the leading global producers of consumer goods, Unilever, for the markets of Croatia and Slovenia. Unilever's portfolio includes globally famous brands Knorr, Hellman's, Axe, Rexona, Brut, Signal, Coccolino, Domestos, Cif and many others. The agreement, considering the annual value of the portfolio sales, has the total value of HRK 240 million, of which 51% of sales relate to the market of Croatia, and 49% to the market of Slovenia.

Atlantic Grupa started the distribution of the Unilever's portfolio at the beginning of 2014. By taking over the Unilever's distribution portfolio in the Croatian and Slovenian markets, Atlantic Grupa confirms its status of the leading distributor in the region, offering the highest level of the distribution service with the high realisation of distribution parameters.

Implementation of new commercial terms and conditions in the Croatian market

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

2. Preparation for the new energy bars factory in Nova Gradiška

By singing the preliminary contract in the Industrial park Nova Gradiška at the end of September 2013, Atlantic Grupa started the investment in the new factory for the production of energy bars from the sports and functional food product range. This is a project with the total value of HRK 120 million, which will create 50 new jobs in the first year of the production, and with the planned business growth, 160 new jobs will be created in the end. After the required preparations, the beginning of the factory construction is planned for April 2014, and the first products from the new lines are expected in the market in the 1Q 2015.

Transferring the production from the contractual producer to own plant for the production of energy bars will have a positive impact on the improvement in operating profitability already in the first year of the production, and tax benefits and incentives are expected over the project duration.

3. Continued integration of information technologies

In 2013, the project of implementing a regional data centre in Zagreb was finalised, which has consolidated in one location all server and network infrastructure required for the operation of IT services for the territories of Croatia and Slovenia, and which will support more than 1,000 users in Croatia, Slovenia and Russia. Through the consolidation of infrastructure and support for IT services, significant savings are achieved by redefining the model of user support, redesigning a portion of IT services and standardising the technological platform.

The regional data centre will be the infrastructural basis for consolidation projects that are being prepared, related to the consolidation and integration of the business solutions system for the region of Croatia and Slovenia in the ERP (Enterprise Resource Planning) solution segment and reporting and analytical systems that are planned during 2014.

At the end of the third quarter, the new system for vehicle surveillance, fleet management and optimisation of delivery routes in logistics for the distribution company Atlantic Trade Zagreb was employed. By successfully implementing modern technologies in vehicle tracking and optimisation of delivery routes, the quality of goods delivery to customers was improved, with a measurable impact in savings on fleet’s expenses. Based on the project’s success, in the last quarter of 2013, the same solution started to be implemented in the distribution company Atlantic Brands in Serbia, and will be fully implemented in the first half of 2014.

4. Own and principal brands in 2013

The Strategic Business Unit **Coffee** in 2013 extended its Grand kafa brand product range in the markets of Bosnia and Herzegovina, Serbia and Macedonia in the instant category and its Barcaffe brand product range in the markets of Bosnia and Herzegovina in the Turkish coffee category.

The Strategic Business Unit **Beverages** launched a new product in the carbonated soft drinks category, Cockta Chinotto, which started to be distributed in the retail and HoReCa segments in regional markets. In April, Cedevita GO! Kids started to be distributed in the regional markets and Cedevita elder-lemon in the HoReCa segment in the markets of Croatia, Slovenia and Bosnia and Herzegovina. In the functional waters segment, the new design of Donat Mg packaging was launched, which certainly contributed to good sales results in 2013.

At the beginning of 2013, the Strategic Business Unit **Savoury Spreads** entered the Spanish market, and at the beginning of 2014 the German market with the Argeta brand, as a result of the Atlantic Grupa’s management strategy focused on the international development of the Argeta brand. Accordingly, the Argeta brand records increase in sales in international markets in 2013. Argeta tuna fish pâté and chicken pâté received Superior Taste Award 2013, awarded each year by the International Taste & Quality Institute (iTQi) from Brussels.

The Strategic Business Unit **Snacks** extended its product range with 16 new products, 9 of which are fully new recipes, while the Smoki brand was strengthened by the new sub-brand Flipster in the pellet product category that was perceived by consumers as a combination of two largest snack categories – flips and chips. It should be pointed out that, according to the report of the research agency AC Nielsen, Smoki became the number one brand in the flips category in the Croatian market in the period October-November 2013, while in 2013 it recorded the growth in volume and value market shares in all regional markets.

The Strategic Business Unit **Pharma and Personal Care** extended the product range of the Dietpharm brand by nine new products and six new products (Melem Pharma Akut, ROSAL Lip Balm (INK)REDIBLE COLORS, etc.) from the Neva product range. Also, Neva’s brands Plidenta, Melem and Rosal Lip Balm were listed in the renowned drugstore chain Müller, while Atlantic Pharmacentar started distributing new own and principal brands (Uriage, Mustela, Slimmies, etc.). The pharmacy chain Farmacia records an increase in the number of newly opened locations with 3 new pharmacies and 6 new specialised stores.

The Strategic Business Unit **Sports and Functional Food** extended the product range in the markets of Germany and Austria, while in the market of Spain its presence in distribution channels was increased. Multipower was the exclusive partner of the famous bicycle race Giro d'Italia, whereby it extended its portfolio of international cycling sponsorships and was one of the sponsors of the Zagreb Marathon.

It is important to mention that, according to the research of the Valicon agency that measured the strength of brands in the markets of Croatia, Slovenia, Bosnia and Herzegovina, Serbia and Macedonia, brands Argeta, Cedevita, Cockta and Smoki are among top 10 brands in the region. Argeta is in the 4th place, Cedevita improved by three places and is now in the 5th place, Cockta is in the 6th place, and Smoki in the 9th place and, compared to the previous year's research, improved by eight positions. The strength of brands was calculated on the basis of their recognisability, experience and use.

The **Strategic Distribution Unit Croatia** at the beginning of 2014 took over the distribution of Ilirija brands. Ilirija is more than a 100 years old company whose portfolio includes a wide range of cosmetic products, household products and a product line for the footwear and leather products care. In the Ilirija's portfolio, the most significant place take products for body care, including brands Subrina and Green line, while the household products line includes brands Čisto and Biokill.

The **Strategic Distribution Unit Slovenia, Serbia, Macedonia** in 2013 started distributing principals Stock and BIC in the Slovenian market, principals Klas, Schwartau and the Gorki list brand in the Serbian market and the principal Bakers in the Macedonian market.

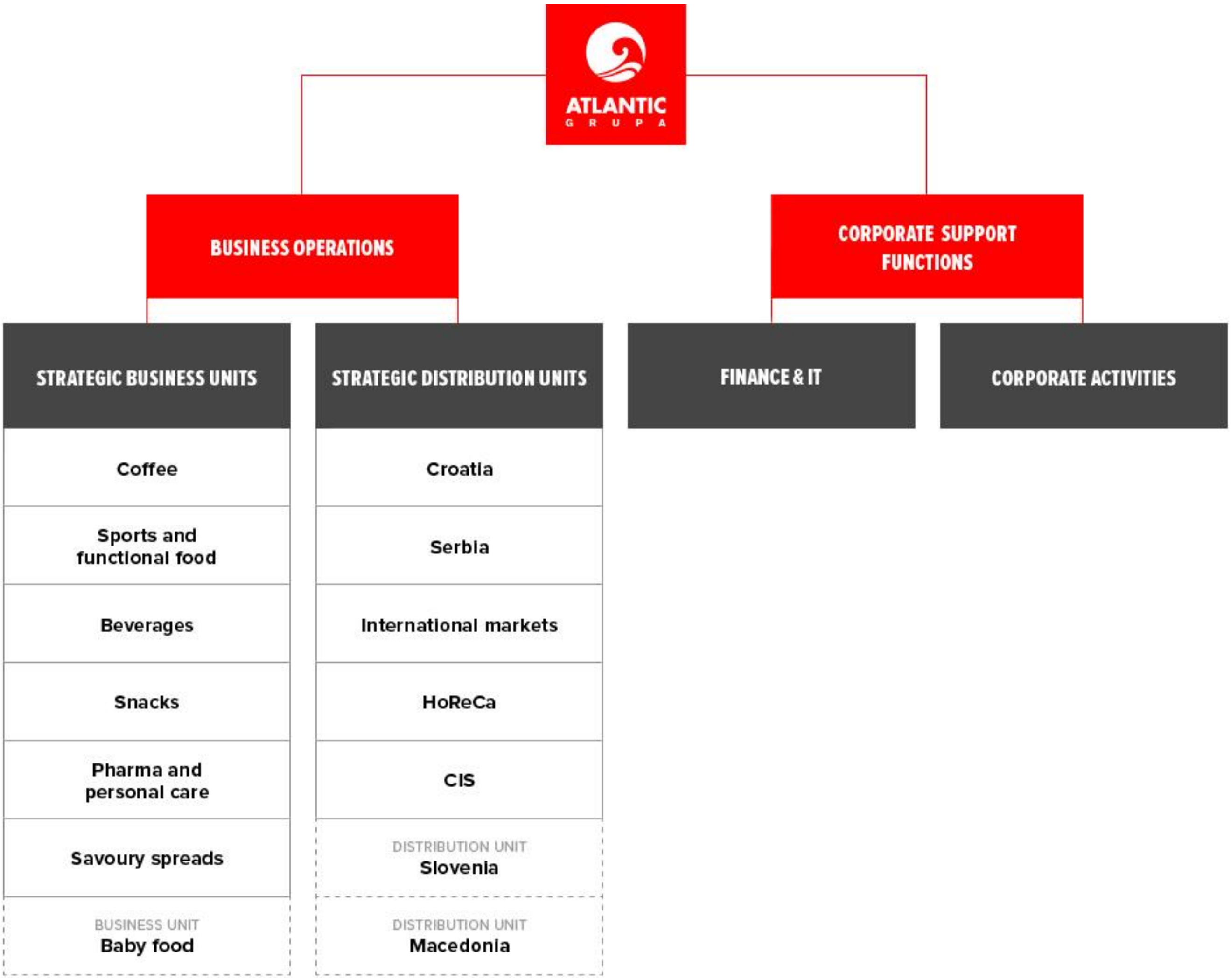
NEW ORGANISATIONAL STRUCTURE OF BUSINESS OPERATIONS

In 2014, Atlantic Grupa introduces a new organisational structure of business operations with the aim to manage business segments and distribution markets as effectively as possible.

Taking into account the company's significant step towards the CIS (Commonwealth of Independent States) markets in accordance with the strategic focus of the internationalisation of operations, the company nominated the CIS market its new Strategic Distribution Unit. Taking into account the importance and the size of the Serbian market (the second largest individual market in the Atlantic Grupa's portfolio), management decided to promote the Serbian market into a Strategic Distribution Unit.

Accordingly, the new business organisation includes:

1) Six Strategic Business Units (SBUs) – Coffee, Snacks, Beverages, Savoury Spreads, Pharma and Personal Care, and Sports and Functional Food
2) Business Unit (BU) Baby Food
3) Five Strategic Distribution Units (SDUs) – Croatia, Serbia, International markets, HoReCa and the Commonwealth of Independent States (CIS) and
4) Two Distribution Units (DUs) – Slovenia and Macedonia.



SALES DYNAMICS in FY 2013

Sales profile by Strategic Business Units and Strategic Distribution Units

(in HRK thousands)	2013	2012	2013/2012
SBU Beverages	**651,991**	671,934	(3.0%)
SBU Coffee	**1,087,157**	1,090,672	(0.3%)
SBU (Sweet and Salted) Snacks	**617,494**	600,473	2.8%
SBU Savoury Spreads	**458,843**	463,664	(1.0%)
SBU Sports and Functional Food	**780,992**	679,971	14.9%
SBU Pharma and Personal Care	**505,954**	481,328	5.1%
SDU Croatia	**806,721**	876,829	(8.0%)
SDU Slovenia, Serbia, Macedonia	**1,938,605**	1,930,387	0.4%
Other segments*	**423,659**	373,152	13.5%
Reconciliation**	**(2,220,129)**	(2,237,969)	(0.8%)
Sales	**5,051,287**	4,930,441	2.5%

Atlantic Grupa in **2013 recorded sales of HRK 5.1 billion** which is a 2.5% growth compared to the previous year. The growth was mainly impacted by the growth in sales in the strategic business units Sports and Functional Food, Pharma and Personal Care and Snacks, which compensated for the decline in sales of other strategic business units and the Strategic Distribution Unit Croatia.

- Recorded sales of the **Strategic Business Unit Beverages** were negatively impacted by the temporarily suspended distribution in the Croatian market in the 1Q 2013 due to negotiations related to the implementation of new commercial terms and conditions and generally unfavourable developments in the beverages segment in the regional markets (e.g. the soft drinks category declines 6.8% in Slovenia by sales volume). Analysing by markets, the decline was recorded in the markets of Bosnia and Herzegovina and Croatia, while the most significant growth was recorded in the markets of Russia, Italy and Macedonia. Analysing by the most significant categories, vitamin instant drinks make 43% of sales, carbonated soft drinks 26%, and functional waters 20% of sales. In this, the most significant decline was recorded in the vitamin instant drinks category and the carbonated soft drinks category, while the most prominent growth was recorded by the functional

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".
* 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.

waters category with the Donat Mg brand, the most important growth being recorded in the markets of Slovenia, Russia and Italy, partly stimulated by the new packaging design.

- In the **Strategic Business Unit Coffee** the Serbian market recorded lower sales, thus reflecting unfavourable market developments in the Turkish coffee category and redirecting the marketing into price discounts, which was mitigated by the growth in other markets, the most prominent of which was seen in the markets of Slovenia, Bosnia and Herzegovina and Croatia. The Croatian market recorded a double-digit growth resulting from the growth of the Barcaffe brand in the Turkish coffee and espresso categories in retail and HoReCa channels. Analysing by categories, the most significant is Turkish coffee with an 89 percent share, espresso makes 5% of sales, and instant 3%. In this, the most prominent growth was realised in the instant category and the Turkish coffee category. The instant category realised a double-digit growth rate primarily resulting from the growth in sales of the Grand kafa brand in the Serbian market, while the Turkish coffee category achieved the best results in the markets of Slovenia and Croatia with the Barcaffe brand and in the market of Bosnia and Herzegovina with the Grand kafa brand.

- The **Strategic Business Unit Snacks** posted growth in sales primarily due to good results in the markets of Serbia, Macedonia and Croatia. Analysing by categories, the sweet segment makes 66% of sales and the salty segment 34%, while of the most significant individual categories, flips make 30%, chocolate 29%, and biscuits 16% of the total sales. In this, the highest growth in sales was delivered in the categories of flips, chocolate and biscuits. The flips category with the Smoki brand and the biscuits category with the Štark brand recorded growth in all regional markets, while the chocolate category posted the most significant growth with the Menaž brand in the markets of Serbia and Bosnia and Herzegovina.

- The **Strategic Business Unit Savoury Spreads** delivered 1.0% lower sales, primarily due to lower results of the Argeta brand in the markets of: (i) Bosnia and Herzegovina, due to decline in the category, but also due to unfavourable macroeconomic situation, which resulted in lower consumption of premium products, including Argeta, (ii) Kosovo, due to a decrease in distributor's stock and (iii) Serbia, due to lower consumption of premium brands. At the year end, negative movements were stopped primarily by combining ATL and BTL marketing investments (marketing campaign “Odobrile mame” (“Approved by Mums”) and price discounts). On the other hand, the significant growth in sales in the markets of Slovenia, Austria (as the second and third largest markets of savoury spreads), Russia and Sweden, as well as entering the market of Spain mitigated the decline in sales in the above mentioned markets.

- The double-digit growth rate of the **Strategic Business Unit Sports and Functional Food** is primarily a consequence of the growth in sales in the markets of Germany, Spain and Russia. Analysing by brands, the growth in sales was recorded by all brands in the segment of Sports and Functional Food – Multipower, Champ and Multaben. The Multipower brand recorded the most prominent growth in sales in the markets of Germany, Spain and Russia. Private labels posted a double-digit growth in sales, primarily as a result of the growth in sales in the markets of Germany and Switzerland.

- **The Strategic Business Unit Pharma and Personal Care** saw an increase in sales due to: (i) the growth in sales of Multivita in the market of Russia, (ii) the growth in sales of own products from the Dietpharm product range and new principal brands in the Atlantic Pharmacentar product range and

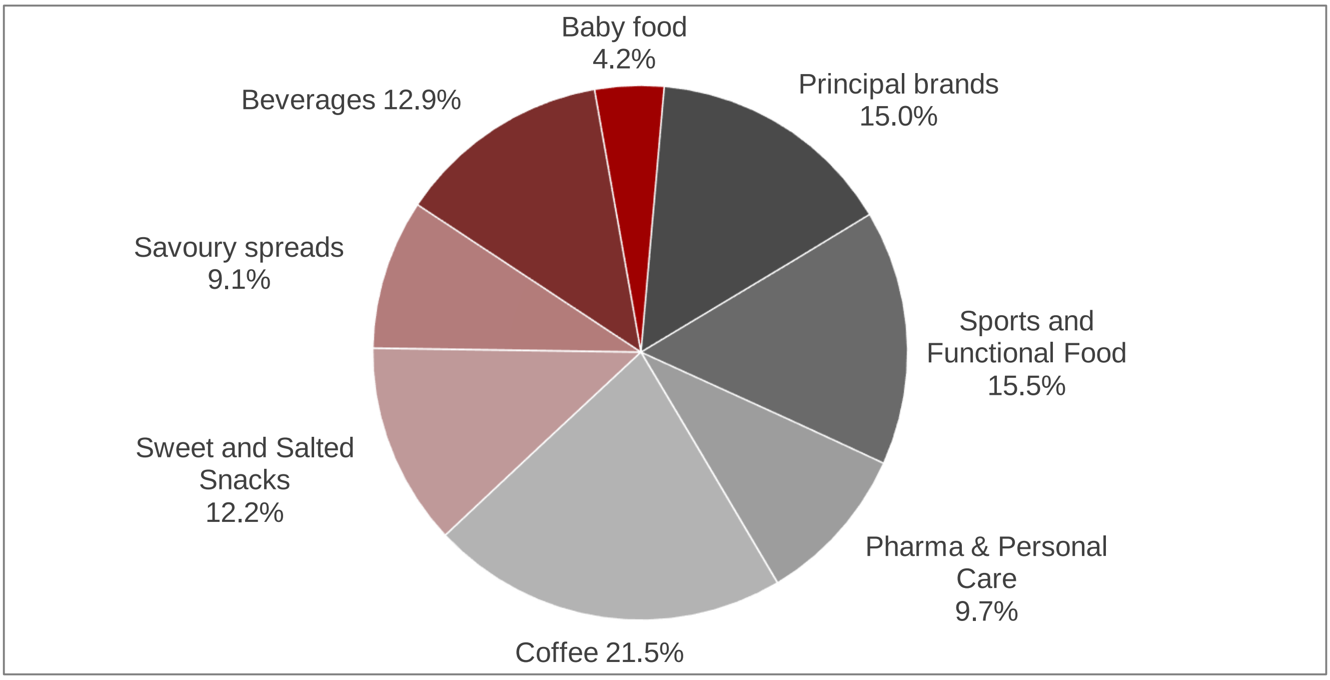
(iii) the sales of 9 newly opened units in the pharmacy chain Farmacia. Analysing by markets, the most prominent growth was recorded in the market of Croatia and the market of Russia, where the distributor was successfully replaced, compensating in the remaining portion of 2013 the sales absent during the first quarter.

- Lower sales of the **Strategic Distribution Unit Croatia** are a consequence of: (i) the temporarily suspended distribution of own and principal brands in the first quarter of 2013 during negotiations related to the implementation of new commercial terms and conditions, (ii) lower sales of the beverages segment and (iii) the termination of the one2play and Red Bull product ranges distribution. This result was dwarfed by the growth in sales of certain own brands, such as the Barcaffe brand in the Turkish coffee category and the Smoki brand in the flips category, but also by the growth of certain principal brands such as Ferrero and Rauch.

- **The Strategic Distribution Unit Slovenia, Serbia, Macedonia** saw a mild growth in sales resulting from: (i) the snacks segment, (ii) the functional waters category and (iv) principal brands, annulling the drop in sales of the coffee and savoury spreads segments. Analysing individual markets, the distribution in the Slovenian market recorded growth in sales primarily as a result of higher sales in the coffee, savoury spreads and principal brands segments. The distribution recorded lower sales in the market of Serbia, primarily influenced by the drop in sales of the Turkish coffee category, and in the market of Macedonia, primarily due to lower sales of the savoury spreads segment.

- **Other segments** posted a significant growth in sales due to a double-digit sales growth rate of the Russian market, resulting mainly from the strong growth in sales of baby food with the Bebi brand. The Strategic Distribution Unit HoReCa also recorded a growth in sales primarily due to the growth in the distribution of the coffee segment, vitamin instant drinks category and some principal brands.

Sales overview by segments



Sales profile by markets

(in HRK millions)	2013	% of sales	2012	% of sales	2013/2012
Croatia	**1,254.1**	24.8%	1,313.3	26.6%	(4.5%)
Serbia	**1,215.2**	24.1%	1,226.8	24.9%	(0.9%)
Slovenia	**689.3**	13.6%	648.7	13.2%	6.3%
Bosnia and Herzegovina	**364.2**	7.2%	377.0	7.6%	(3.4%)
Other regional markets*	**317.1**	6.3%	316.9	6.4%	0.0%
Key European markets**	**589.8**	11.7%	542.8	11.0%	8.7%
Russia and CIS	**299.3**	5.9%	245.0	5.0%	22.2%
Other markets	**322.3**	6.4%	260.0	5.3%	24.0%
Total sales	**5,051.3**	100.0%	4,930.4	100.0%	2.5%

- **The Croatian market** posted 4.5% lower sales impacted by: (i) the temporarily suspended distribution in the first quarter of 2013 during negotiations related to the implementation of new commercial terms and conditions, (ii) lower sales of the beverages segment and (iii) the termination of the one2play and Red Bull product ranges distribution. The decline in sales in the Croatian market was mitigated by the growth in sales of: (i) the pharmacy chain Farmacia, (ii) the Turkish and espresso coffee categories with the Barcaffe brand, (iii) the flips category with the Smoki brand, (iv) the Dietpharm brand, (v) principal brands through the drug wholesale operations and (vi) some principal brands through distribution operations.
- Lower sales in the **market of Serbia** are a result of the lower sales of the Turkish coffee category and the savoury spreads segment. The lower sales in the Turkish coffee category reflect unfavourable movements of the category in the market that recorded the volume drop of 5.5% compared to the previous year. On the other hand, the growth in sales was delivered in: (i) the carbonated soft drinks category with the Cockta brand (primarily in the HoReCa channel), (ii) the snacks segment with Smoki, Štark and Menaž brands, and (iii) the principal brands segment, primarily as a result of the Gorki list brand distribution, the distribution of which started in August 2012.
- The greatest contribution to the growth in sales of the **Slovenian market** was made by: (i) the Turkish coffee category (although the category in the market recorded a volume drop of 0.9%) with the Barcaffe brand, (ii) the functional waters category, with the Donat Mg brand, (iii) the savoury spreads segment with the Argeta and Montana brands and (iii) principal brands, primarily Ferrero and principals that were not distributed in the same period of the previous year (Rauch, Stock).

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

- Lower sales of the **market of Bosnia and Herzegovina** are a result of lower sales of the beverages segment and the savoury spreads segment. The sales in the savoury spreads segment were negatively impacted by the drop of the category in the market (the volume drop of 0.8%), but also by unfavourable macroeconomic situation, resulting in lower consumption of premium products, including Argeta. On the other hand, the growth in sales was recorded in: (i) the Turkish coffee category with the Grand kafa brand, (ii) the biscuits (the Štark brand) and chocolate (the Menaž brand) categories and (iii) the flips category with the Smoki brand.

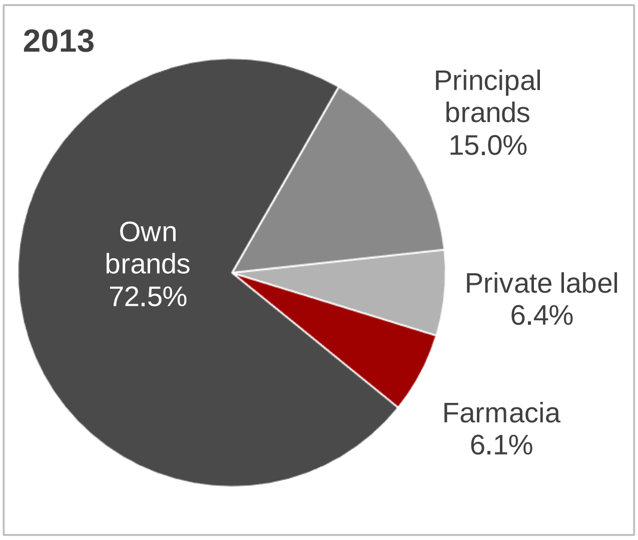
- **Other regional markets** achieved the result at the previous year's level with lower sales of the savoury spreads segment, which was compensated by the growth in sales in: (i) the flips category with the Smoki brand, (ii) the biscuits category with the Štark brand, (iii) the carbonated soft drinks category with the Cockta brand and (iv) the Turkish coffee category with the Grand kafa brand.

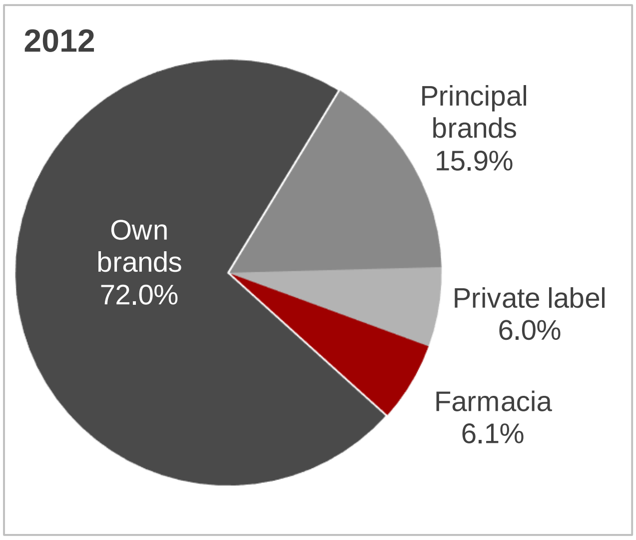
- The greatest contribution to the 8.7% higher sales of **key European markets** was made by the growth in the sports and functional food segment, where the growth was delivered by Multipower, Champ and Multaben brands and private labels. The growth in sales was also recorded by the savoury spreads segment with the Argeta brand, growing in the markets of Austria, Sweden and Switzerland and the functional waters category with the Donat Mg brand.

- The strong 22.2 percent growth in sales in the **markets of Russia and the Commonwealth of Independent States** was mainly impacted by the double-digit growth in sales of the baby food segment with the Bebi brand (in two most represented sub-segments, cereals and milk formula). In addition, the growth in sales was also achieved in (i) the pharma and personal care segment, with the Multivita brand, (ii) the savoury spreads segment, with the Argeta brand, (iii) the sports and functional food segment with the Multipower brand and in (iv) the functional waters category with the Donat Mg brand.

- **Other markets** recorded a 24.0% growth in sales driven by the growth in sales in the sports and functional food segment with the Multipower brand and private labels.

Sales profile by product category





- In 2013, **own brands** recorded sales of HRK 3,660.5 million, which is a 3.1% yoy growth. The most prominent growth was posted in: (i) the baby food segment with the Bebi brand, (ii) the sports and functional food segment with Multipower, Champ and Multaben brands, (iii) the snacks segment with Smoki and Štark brands (iv) the pharma and personal care segment with Multivita and Dietpharm brands, and (v) the functional waters category with the Donat Mg brand. On the other hand, due to the reasons mentioned above, the Grand Kafa brand in the coffee segment, Cedevita and Cockta brands in the beverages segment and Argeta in the savoury spreads segment recorded a lower single-digit sales decline rate.

- With sales of HRK 756.8 million, **principal brands** record a 3.2% yoy lower result, following the suspended distribution in the first quarter due to negotiations related to the implementation of new commercial terms and conditions and the termination of the one2play and Red Bull product ranges distribution.

- **Private labels** saw sales of HRK 325.5 million which is a 10.0% yoy growth. The growth primarily relates to the sports and functional food product range.

- The pharmacy chain **Farmacia** recorded sales of HRK 308.5 million, which is a 2.8% better yoy result due to the newly opened units. As at 31 December 2013, the pharmacy chain Farmacia consisted of 48 pharmacies (3 more compared to 2012) and 19 specialised stores (6 more compared to 2012).

PROFITABILITY DYNAMICS in 2013

Atlantic Grupa's profitability

(in HRK millions)	2013	2012	2013/2012
Sales	5,051.3	4,930.4	2.5%
EBITDA	590.8	575.1	2.7%
Normalized EBITDA	590.8	558.6	5.8%
EBIT	424.6	395.1	7.5%
Normalized EBIT	424.6	399.2	6.4%
Net profit/loss	199.0	66.1	201.0%
Normalized Net profit/loss	199.0	112.5	77.0%
Profitability margins			
EBITDA margin	11.7%	11.7%	+3 bp
Normalized EBITDA margin	11.7%	11.3%	+37 bp
EBIT margin	8.4%	8.0%	+39 bp
Normalized EBIT margin	8.4%	8.1%	+31 bp
Net profit margin	3.9%	1.3%	+260 bp
Normalized Net profit margin	3.9%	2.3%	+166 bp

In 2013, Atlantic Grupa recorded a 5.8% higher **EBITDA** as a result of (i) growth in sales, (ii) cost optimisation and improvement in business processes and (iii) favourable movements in the prices of certain raw materials in the global commodity markets, primarily raw coffee, the effect of which was strengthened by the movements in the exchange rate EURUSD. However, the result was negatively impacted by the temporarily suspended distribution of own and principal brands during the first quarter of 2013 in the Croatian market, which resulted in lower sales with equal fixed expenses.

In 2013, a 6.4% higher **EBIT** was recorded, whereby the improved operating profitability was achieved primarily due to the impacts above the EBITDA level. The growth was partially limited by impairment loss on intangible assets with indefinite useful lives in the amount of HRK 27.1 million.

In 2013, Atlantic Grupa delivered a 1.8 times higher **net profit**, which, in addition to the impacts above the EBIT level, is a consequence of: (i) a significant decrease in interest expense by 26.1% due to a successful refinancing of long-term borrowings completed at the end of 2012 and (ii) more favourable movements in foreign exchange rates, which decreased the previous year's net foreign exchange losses arisen primarily due to the depreciation of the Serbian dinar. However, the negative impact had the significant increase in effective tax rate to 21% from the previous year's 6% due to the last year recognised deferred tax asset based on the expected utilisation of tax losses.

One-off items excluded in the normalisation process in 2012:

- 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 (earnings before tax) 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

(in HRK millions)	2013	% of sales	2012*	% of sales	2013/2012
Cost of goods sold	**1,223.5**	24.2%	1,155.4	23.4%	5.9%
Change in inventory	**(4.6)**	(0.1%)	(3.7)	(0.1%)	n/a
Production materials	**1,652.2**	32.7%	1,750.1	35.5%	(5.6%)
Energy	**63.7**	1.3%	64.8	1.3%	(1.8%)
Services	**324.9**	6.4%	314.9	6.4%	3.2%
Staff costs	**672.1**	13.3%	650.4	13.2%	3.3%
Marketing and selling expenses	**351.8**	7.0%	320.8	6.5%	9.7%
Other operating expenses	**210.4**	4.2%	182.5	3.7%	15.3%
Other (gains)/losses, net	**7.5**	0.1%	(9.1)	(0.2%)	n/a
Depreciation and amortisation	**166.2**	3.3%	159.4	3.2%	4.2%
Total operating expenses	**4,667.6**	**92.4%**	**4,585.6**	**93.0%**	**1.8%**

*Normalized

The growth in cost of goods sold is a result of the change in the sales mix in 2013, where the share of private labels and own brands with outsourced production grows.

Production material expenses in 2013 decreased by 5.6%, mainly due to favourable movements in the prices of certain raw materials in the global commodity market, primarily the prices of raw coffee.

However, some raw materials saw an increase in prices in 2013, such as powdered milk and tuna fish.

Service costs grew by 3.2% due to (i) higher transportation and logistics costs primarily as a consequence of the growth in sales of the baby food segment in the markets of Russia and the CIS (while the production is located in Slovenia) and the change in the distribution model of Multivita in the Russian market and (ii) higher rent expenses following the opening of new locations of pharmacy units.

Staff costs in 2013 grew by 3.3% primarily due to the increase in bonuses to employees. As at 31 December 2013, Atlantic Grupa had 4,228 employees, 86.4% of which was employed in the markets of Croatia, Serbia and Slovenia, while as at 31 December 2012, the number of employees was 4,247.

Marketing and promotion expenses in 2013 grew by 9.7% due to more aggressive marketing activities, primarily in the coffee segment in line with generally more intensive competitors' investments, because of the space opened in the market as a consequence of the decrease in the price of raw coffee in the global market.

Other operating expenses advanced due to provisions for risks and potential costs related to the deteriorated macroeconomic situation in the region and certain legal disputes.

Operating result of Strategic Business Units and Strategic Distribution Units

(in HRK millions)	**2013**	2012*	2013/2012
SBU Beverages	**122.2**	137.0	(10.8%)
SBU Coffee	**238.7**	156.7	52.3%
SBU (Sweet and Salted) Snacks	**111.8**	115.3	(3.0%)
SBU Savoury Spreads	**123.3**	122.8	0.4%
SBU Sports and Functional Food	**22.6**	14.4	57.5%
SBU Pharma and Personal Care	**47.9**	57.3	(16.3%)
SDU Croatia	**15.2**	12.6	20.8%
SDU Slovenia, Serbia, Macedonia	**82.6**	84.5	(2.3%)
Other segments	**(173.6)**	(142.0)	22.3%
Group EBITDA	**590.8**	558.6	5.8%

*Normalized

Normalized profitability by segments was adjusted in 2012 in order to be comparable to the 2013 results.

SBU Beverages: The decline in profitability in 2013 primarily reflects lower sales of the majority of categories and higher marketing investments.

SBU Coffee: The strong profitability growth mainly reflects favourable movements in the price of raw coffee in the global commodity markets, the effect of which is additionally strengthened by the movements in the exchange rate EURUSD.

SBU Snacks: The mild decrease in profitability reflects the preparation for launching a new product Flipster in the pellet category and the increase in staff costs due to adjustment with the inflation growth.

SBU Savoury Spreads: Profitability mildly grows despite the decrease in sales, reflecting an improvement in the gross profit margin on a better product mix and marketing savings.

SBU Sports and Functional Food: The strong profitability growth is a consequence of the growth in sales with stable operating expenses.

SBU Pharma and Personal Care: The decrease in profitability reflects the lower profitability of the pharmacy chain Farmacia, primarily due to the increase in rent costs and staff costs on the basis of newly opened pharmacy units and the lower profitability of the personal care and cosmetics segment due to the increase in prices of raw materials and marketing investments.

SDU Croatia: Despite the decline in sales, improved profitability reflects a better gross profitability following the better product mix and lower service costs and staff costs.

SDU Slovenia, Serbia, Macedonia: Lower profitability of the segment reflects the decrease in profitability in the markets of Serbia and Macedonia primarily due to a poorer gross profitability caused by the concentration of customers. The decline in these two markets was however partially neutralised by the growth in profitability of the Slovenian market, as a result of the increased sales and improved gross profitability.

FINANCIAL INDICATORS in FY 2013

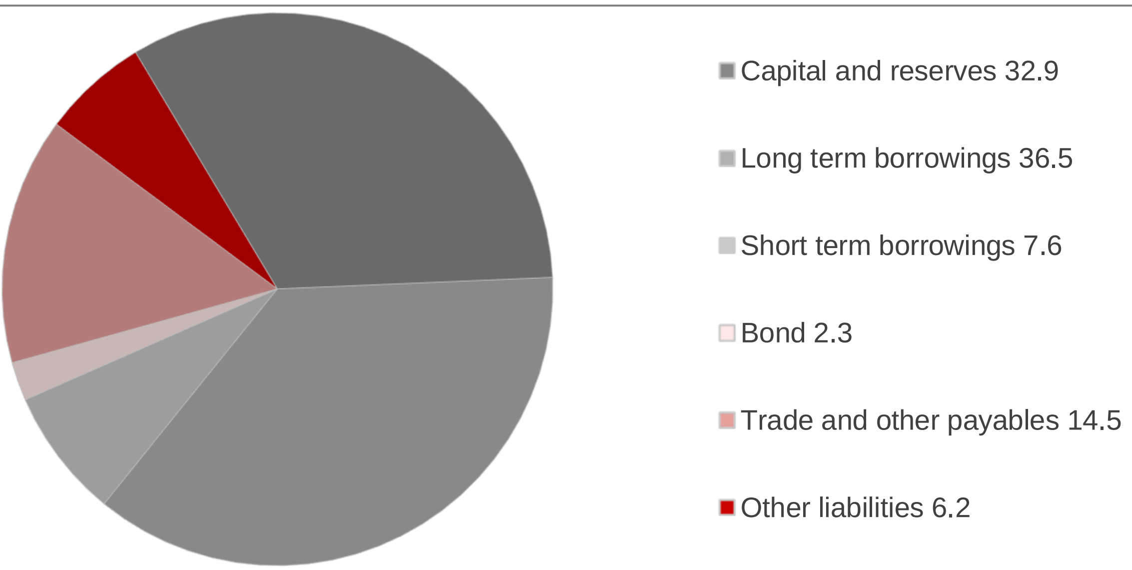
(in HRK millions)	2013	2012
Net debt	**2,059.3**	2,353.1
Total assets	**5,082.8**	5,149.5
Total Equity	**1,674.5**	1,461.4
Current ratio	**1.8**	1.8
Gearing ratio	**55.2%**	61.7%
Net debt/EBITDA*	**3.5**	4.2
Interest coverage ratio*	**3.7**	2.6
Capital expenditure	**100.0**	78.8
Cash flow from operating activities	**420.2**	296.0

*Normalized in 2012

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

- Net debt of HRK 2,059.3 million was reduced by HRK 293.8 million compared to the end of 2012 and it reflects the financial debt of HRK 2,356.2 million, net derivative liabilities of HRK 28.7 million and cash and cash equivalents and deposits in the total amount of HRK 325.6 million. Consequently, the debt indicators are as follows: (i) ratio of net debt and total capital increased by net debt of 55.2%, (ii) ratio of net debt and EBITDA of 3.5 times and (iii) 3.7 times coverage of interest expense by EBITDA. These indicators reflect the company's focus on a continued deleveraging.

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



The company’s capital expenditure in 2013 amounts to HRK 100.0 million, with the most significant investments related to the following:

(i) SBU Coffee: automation of the line for coffee and purchase of espresso and Coffee 2 Go machines,

(ii) SBU Snacks: investment in the flips packaging machine, investment in the equipment for the production of pellets and purchase of line for the production of fillings,

(iii) SBU Beverages: investment in the line for packaging multi-packs of Donat Mg, investment in the equipment for the production of the Donat Mg new bottle, purchase of automated line for packaging Cedevita granules,

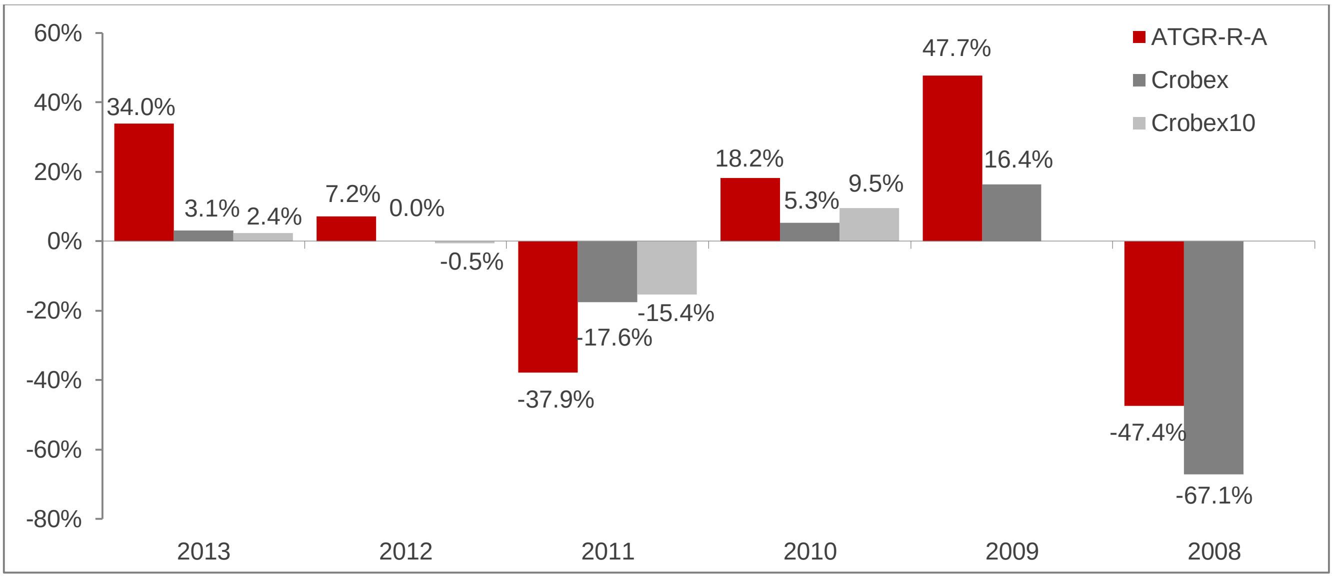
(iv) SBU Pharma and Personal care: refurbishment of pharmacies and specialised stores and

(v) Other: investments related to the HRIS system (human resources information system) and the project of developing, implementing and relocating the regional data centre in Zagreb.

PERFORMANCE ON THE CROATIAN CAPITAL MARKET in FY 2013

In 2013, trading at the Zagreb Stock Exchange did not offer a recovery compared to the year before. The turnover of stocks dropped by 6.8% and the turnover of all securities was lower by 1.2%. The volume of stocks dropped by 6.6% and the total volume of all securities recorded a 39.7% decline. In such conditions, the CROBEX stock index grew by 3.1%, while the CROBEX10 stock index grew by 2.4% compared to 2012. The Atlantic Grupa's share significantly outperformed the growth of both indices and ended 2013 at HRK 718.00, which is a 34.0% growth within a year.

Performance on capital market

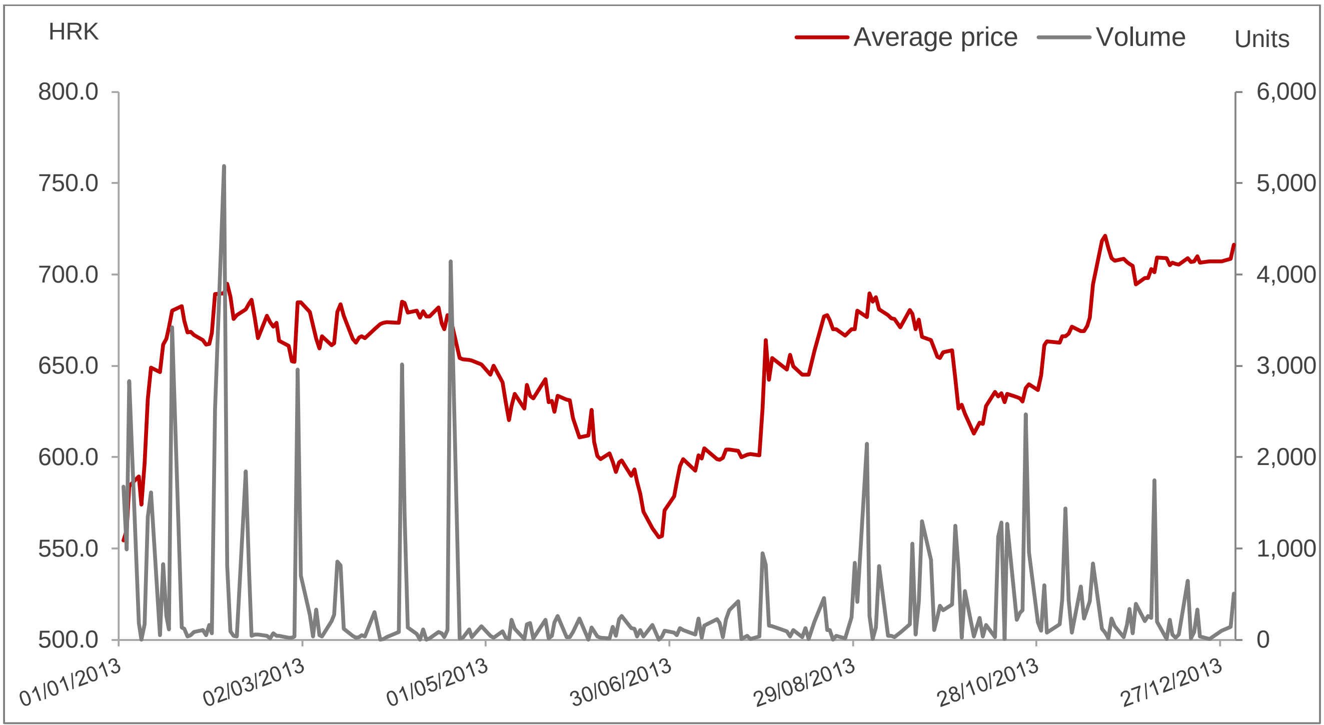


The average price of an Atlantic Grupa's share in 2013 amounted to HRK 653.4, while the average daily turnover in the same period amounted to HRK 237.8 thousand, which is an 18.3% increase compared to the previous year. In 2013, the Atlantic Grupa's share was the 13th most traded share on the Zagreb Stock Exchange which is an improvement by 3 positions compared to 2012. With the average market capitalisation of HRK 2,178.7 million, Atlantic Grupa takes the fifth place among the components of the CROBEX10 stock index.

Valuation	2013	2012
Last price in reporting period	**718.0**	536.0
Market capitalisation* (in HRK millions)	**2,394.0**	1,787.2
Average daily turnover (in HRK thousands)	**237.8**	201.0
EV (in HRK millions)	**4,504.7**	4,187.5
EV/EBITDA**	**7.6**	7.5
EV/EBIT**	**10.6**	10.5
EV/sales**	**0.9**	0.8
EPS (in HRK)**	**58.5**	30.5
P/E**	**12.3**	17.6

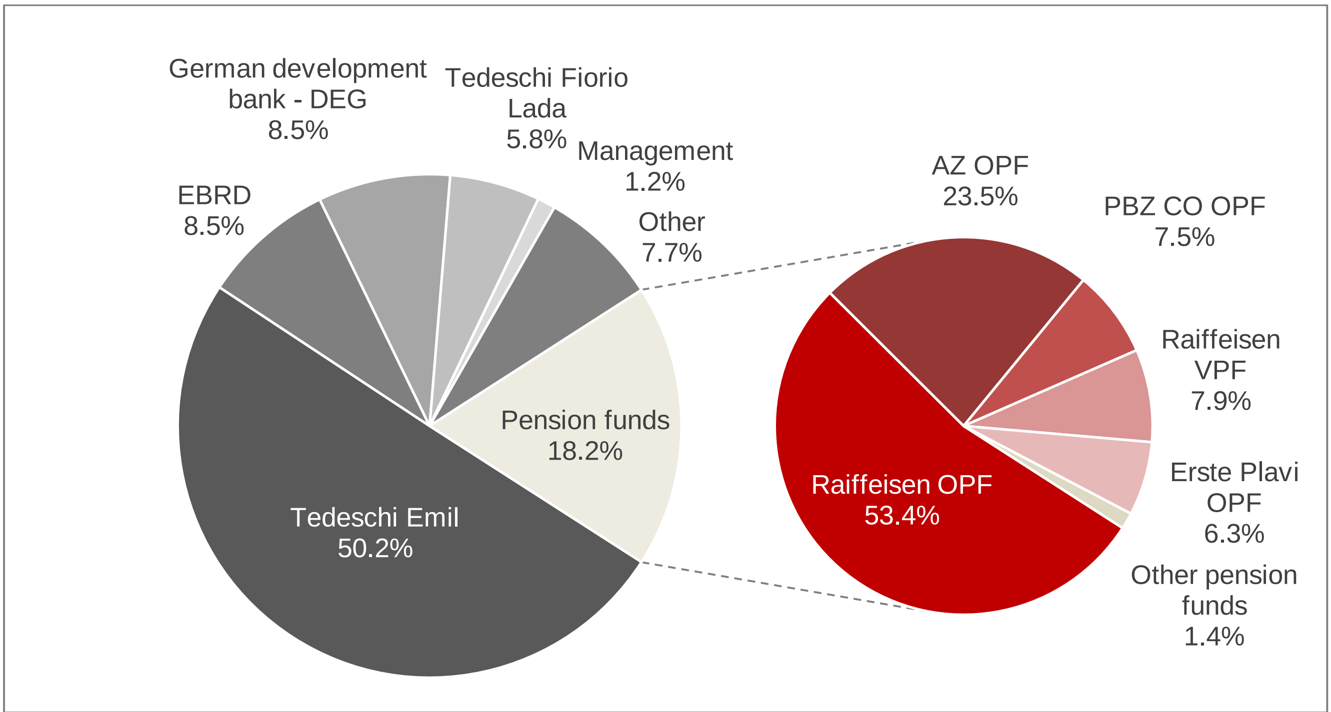
*Closing price multiplied by the total number of shares ** Normalized in 2012

Movements in the average price of the Atlantic Grupa's share in 2013



Atlantic Grupa has a stable ownership structure: 50.2% of the company is owned by Emil Tedeschi, 8.5% by the European Bank for Reconstruction and Development and the German Development Bank – DEG, respectively, 5.8% by Lada Tedeschi Fiorio, and 18.2% of Atlantic Grupa is owned by pension funds.

Ownership structure as at 31 December 2013



OUTLOOK for 2014

Management's view on macroeconomic expectations

Atlantic Grupa's management considers that it is not realistic to expect significant changes in economic activities in Croatia in 2014. Developments in the labour market, characterised during the entire 2013 by a high unemployment rate, do not indicate that the negative trend might change, while further deleveraging of households and general macroeconomic insecurity negatively impact personal consumption. European Commission's guidelines might be an incentive for the implementation of structural reforms in order to retain the credit rating and to exit the Excessive deficit procedure. Until then, the lack of structural reforms will continue to present the greatest barrier to economic recovery.

In 2014 Atlantic Grupa's management does not expect significant improvements in any of the countries in the region. For the Slovenian market, 2014 will be marked by restructuring of the banking sector and the decrease in consumption due to deleveraging of the private sector, as well as the increase in unemployment. The Serbian market will face poor personal consumption, while it remains to be seen whether the announced significant infrastructural investments that should give impetus to the economy will be realised. The market of Bosnia and Herzegovina, in addition to the high unemployment rate, is also characterised by political uncertainty, all of which is negatively reflected on personal consumption.

Under the presumption that the planned implementation of fiscal and monetary measures will provide the basis for further development, the management expects the economy growth at the EU level during 2014. Further incentive to the economic recovery might be more favourable conditions in the labour market, better financing conditions and the decrease in the need for deleveraging. Considering unemployment and personal consumption, significant improvements cannot be expected soon, since certain period of time is required for the economic recovery to come into full swing.

As for the Russian market, in 2014 we may expect a gradual strengthening of the economic growth, primarily due to new investments in the infrastructure. It may be expected that personal consumption in the following year will continue the sustainable growth due to low employment and the growth in real salaries, especially in the public sector.

Atlantic Grupa's strategic management guidance for 2014

In order to achieve the planned business growth during 2014, 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 regional brands (Cockta, Cedevita, Smoki, Grand Kafa, Barcaffe, Bananica, Štark) and brands with international potential (Multipower, Argeta, Donat Mg, Bebi, Cedevita GO!);
- Strengthening the regional character of distribution operations through the extension of the principals' brands portfolio;
- Active development of the regional HoReCa segment with a portfolio that covers '24/7 consumer needs' and other sale channels (Online, Etno channel);
- Rationalisation of operations, cost management and optimisation of business processes on all operating levels aimed at improving operating efficiency;
- Active monitoring of trends and hedging the price of raw coffee and other raw materials;

- Regular settlement of existing financial liabilities with an active management of debt and financial expenses; and
- Prudent liquidity management and further deleveraging.

Management expectations for 2014 are as follows:

(in HRK millions)	2014 Guidance	2013	2014/2013
Sales	**5,440**	5,051	7.7%
EBITDA	**620**	591	4.9%
EBIT	**460**	425	8.3%
Interest expense	**140**	159	(12.1%)

The stated expectations related to sales reflect the 3 percent sales growth at the organic level and sales from the distribution of the Unilever product range of HRK 240 million.

In 2014, we expect capital expenditure in the amount of HRK 216 million, 46% of which relates to the investment in the new factory of energy bars in Nova Gradiška.

The expected effective tax rate in 2014 should be at the 2013 level.

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan - Dec 2013	Jan - Dec 2012	Index	Oct - Dec 2013	Oct - Dec 2012	Index
Turnover	**5,092,222**	**5,005,484**	**101.7**	**1,338,070**	**1,333,080**	**100.4**
Sales revenues	5,051,287	4,930,441	102.5	1,325,818	1,298,773	102.1
Other revenues	40,935	75,043	54.5	12,252	34,307	35.7
Operating expenses	**4,501,445**	**4,430,361**	**101.6**	**1,227,030**	**1,203,911**	**101.9**
Cost of merchandise sold	1,223,485	1,155,448	105.9	342,283	351,634	97.3
Change in inventories	(4,636)	(3,667)	126.4	22,055	28,996	76.1
Production material and energy	1,715,825	1,814,941	94.5	412,383	422,177	97.7
Services	324,872	316,018	102.8	81,969	83,354	98.3
Staff costs	672,118	653,464	102.9	176,456	180,711	97.6
Marketing and selling expenses	351,820	320,754	109.7	111,111	85,766	129.6
Other operating expenses	210,423	182,508	115.3	84,488	50,857	166.1
Other gains - net	7,538	(9,105)	n/a	(3,715)	416	n/a
EBITDA	**590,777**	**575,123**	**102.7**	**111,040**	**129,169**	**86.0**
Amortization, depreciation and impairment	166,158	180,065	92.3	62,318	66,676	93.5
EBIT	**424,619**	**395,058**	**107.5**	**48,722**	**62,493**	**78.0**
Interest expenses	(159,265)	(257,546)	61.8	(36,812)	(83,958)	43.8
Foreign exchange differences from financing - net	(12,201)	(63,935)	19.1	(3,184)	(14,806)	21.5
EBT	**253,153**	**73,577**	**344.1**	**8,726**	**(36,271)**	**n/a**
Income tax	54,159	7,465	725.5	7,847	(19,558)	n/a
Profit for the period	**198,994**	**66,112**	**301.0**	**879**	**(16,713)**	**n/a**
Attributable to:						
Non-controlling interest	4,122	10,882	37.9	(664)	(765)	86.8
Owners of the parent	194,872	55,230	352.8	1,543	(15,948)	n/a
Earnings per share for profit attributable to the owners of the Company						
- basic	58.46	16.57		0.46	(4.78)	
- diluted	58.46	16.57		0.46	(4.78)	

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Dec 2013	Jan - Dec 2012	Index	Oct - Dec 2013	Oct - Dec 2012	Index
Profit for the year	**198,994**	**66,112**	**301.0**	**879**	**(16,713)**	**n/a**
Cash flow hedge	32,332	(10,226)	n/a	4,754	2,534	187.6
Remeasurements of post-employment one-off retirement payment obligations	2,495	-	n/a	2,495	-	n/a
Currency translation differences	9,707	(56,069)	n/a	4,958	53,490	9.3
Total comprehensive income	**243,528**	**(183)**	**n/a**	**13,086**	**39,311**	**33.3**
Attributable to:						
Non-controlling interest	4,156	5,437	76.4	(605)	1,932	n/a
Equity holders of the Company	239,372	(5,620)	n/a	13,691	37,379	36.6
Total comprehensive income	243,528	(183)	n/a	13,086	39,311	33.3

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	31 December 2013	31 December 2012
Property, plant and equipment	1,060,847	1,093,108
Investment property	1,672	1,707
Intangible assets	1,851,023	1,870,965
Available-for-sale financial assets	1,072	1,300
Trade and other receivables	9,054	9,584
Deferred tax assets	47,912	72,182
Non-current assets	**2,971,580**	**3,048,846**
Inventories	537,232	543,317
Trade and other receivables	1,126,410	1,148,770
Non-current assets held for sale	99,133	113,868
Prepaid income tax	22,820	23,703
Deposits given	251	20,142
Cash and cash equivalents	325,334	250,865
Current assets	**2,111,180**	**2,100,665**
Total assets	**5,082,760**	**5,149,511**
Capital and reserves attributable to owners of the Company	**1,623,203**	**1,414,230**
Non-controlling interest	**51,292**	**47,136**
Borrowings	1,968,950	2,198,901
Deferred tax liabilities	181,378	186,955
Derivative financial instruments	9,733	50,224
Other non-current liabilities	143	191
Provisions	59,723	56,477
Non-current liabilities	**2,219,927**	**2,492,748**
Trade and other payables	736,172	793,596
Borrowings	387,288	354,101
Current income tax liabilities	16,213	3,575
Derivative financial instruments	18,950	20,911
Provisions	29,715	23,214
Current liabilities	**1,188,338**	**1,195,397**
Total liabilities	**3,408,265**	**3,688,145**
Total equity and liabilities	**5,082,760**	**5,149,511**

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousands of HRK, unaudited	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total
	Attributable to equity holders of Company					
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**
At 1 January 2013	**1,016,120**	**(57,091)**	**455,201**	**1,414,230**	**47,136**	**1,461,366**
Comprehensive income:						
Net profit for the year	-	-	194,872	194,872	4,122	198,994
Cash flow hedge	-	32,296	-	32,296	36	32,332
Remeasurements of post-employment benefit obligations	-	-	2,495	2,495	-	2,495
Other comprehensive income	-	9,709	-	9,709	(2)	9,707
Total comprehensive income	-	42,005	197,367	239,372	4,156	243,528
Transactions with owners:						
Purchase of treasury shares	(9,063)	-	-	(9,063)	-	(9,063)
Share based payment	8,896	-	(224)	8,672	-	8,672
Transfer	-	(277)	277	-	-	-
Dividends relating to 2012	-	-	(30,008)	(30,008)	-	(30,008)
At 31 December 2013	**1,015,953**	**(15,363)**	**622,613**	**1,623,203**	**51,292**	**1,674,495**

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	Jan - Dec 2013	Jan - Dec 2012
Cash flows from operating activities		
Net profit	**198,994**	**66,112**
Income tax	54,159	7,465
Depreciation, amortization and impairment	166,158	180,065
Loss/(gain) on disposal of property, plant and equipment	250	(9,248)
Gain on sale of available-for-sale financial assets	(48)	(43)
Value adjustment of current assets	48,990	32,414
Interest income	(8,189)	(9,741)
Interest expense	159,265	257,546
Other non-cash changes	30,654	57,401
Changes in working capital:		
Increase in inventories	(11,979)	(32,090)
Increase in current receivables	(1,845)	(31,576)
(Decrease)/ increase in current payables	(47,733)	33,205
Incrase in provisions for risks and charges	9,747	3,176
Interest paid	(146,761)	(219,779)
Income tax paid	(31,417)	(38,950)
Net cash flow from operating activities	**420,245**	**295,957**
Cash flow from investing activities		
Purchase of tangible and intangible assets	(99,994)	(78,811)
Proceeds from sale of property, plant and equipment	21,360	20,071
Advance for acquisition of subsidiary	(6,775)	-
Acquisition of available-for-sale financial assets	(58,005)	(21,000)
Proceeds from sale of assets available for sale	58,048	21,043
Loans and deposits given - net	18,833	20,998
Interest received	8,189	9,741
Net cash flow used in investing activities	**(58,344)**	**(27,958)**
Cash flow from financing activities		
Purchase of treasury shares	(9,063)	(5,393)
Proceeds from borrowings, net of fees paid	85,111	1,919,805
Repayment of borrowings	(334,591)	(2,127,499)
Dividend paid to non-controlling interests	-	(879)
Dividend paid to Company shareholders	(30,008)	-
Withholding tax paid on dividend within the Group	-	(1,098)
Acquisition of non-controlling interest	-	(40,536)
Net cash flow (used in) / from financing activities	**(288,551)**	**(255,600)**
Net increase in cash and cash equivalents	**73,350**	**12,399**
Exchange gains/(losses) on cash and cash equivalents	1,119	(9,130)
Cash and cash equivalents at beginning of period	250,865	247,596
Cash and cash equivalents at end of period	325,334	250,865

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 2013 were approved by the Management Board of the Company in Zagreb on 21 February 2014.

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 2013 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 2012.

2.2. SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – SEGMENT INFORMATION

The business model of the Group is organized through six strategic business units and three strategic distribution units, which have been joined by a separate market unit, Russia. Strategic Management Council is responsible for strategic and operational issues.

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

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.

Strategic Management Council monitors the operating results of its business units 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 2013**	**Jan-Dec 2012**
SBU Beverages	651,991	671,934
SBU Coffee	1,087,157	1,090,672
SBU (Sweet and Salted) Snacks	617,494	600,473
SBU Savoury Spreads	458,843	463,664
SBU Sports and Functional Food	780,992	679,971
SBU Pharma and Personal Care	505,954	481,328
SDU Croatia	806,721	876,829
SDU Slovenia, Serbia, Macedonia	1,938,605	1,930,387
Other segments	423,659	373,152
Reconciliation	(2,220,129)	(2,237,969)
Total	**5,051,287**	**4,930,441**

.

Operating results	**EBITDA**	
(in thousands of HRK)	**Jan-Dec 2013**	**Jan-Dec 2012**
SBU Beverages	122,237	137,019
SBU Coffee	238,704	156,734
SBU (Sweet and Salted) Snacks	111,827	115,334
SBU Savoury Spreads	123,320	122,791
SBU Sports and Functional Food	22,639	11,281
SBU Pharma and Personal Care	47,926	57,140
SDU Croatia	15,178	12,562
SDU Slovenia, Serbia, Macedonia	82,588	84,539
Other segments	(173,642)	(122,277)
Total	**590,777**	**575,123**

NOTE 4 – EARNINGS PER SHARE

Basic earnings per share

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

	2013	**2012**
Net profit attributable to equity holders (in thousands of HRK)	194,872	55,230
Weighted average number of shares	3,333,240	3,334,014
Basic earnings per share (in HRK)	58.46	16.57

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 2013, Group invested HRK 99,994 thousand in purchase of property, plant and equipment (2012: HRK 78,811 thousand).

NOTE 6 – INTANGIBLE ASSETS

As a result of impairment tests performed on intangible assets with indefinite useful lives, impairment loss of HRK 27,096 thousand was recognised (2012: HRK 4,002 thousand).

NOTE 7 - INVENTORIES

During the year ended 31 December 2013, the Group wrote down inventories in the amount of HRK 18,060 thousand due to damage and short expiry dates (2012: HRK 22,454 thousand). The amount is recognised in the income statement within 'Other operating expenses'.

NOTE 8 - DIVIDEND DISTRIBUTION

According to the decision of the Company's General Assembly from 20 June 2013, distribution of dividend in the amount of HRK 9.00 per share, or HRK 30,008 thousand in total was approved. Dividend was paid out in July 2013.

NOTE 9 – 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 2013 and 31 December 2012 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 2013**	**31 December 2012**
RECEIVABLES		
Current receivables		
Other entities	93,294	80,426
LIABILITIES		
Borrowings		
Shareholders	1,678,297	1,822,390
Trade payables		
Shareholders	111	22
Other entities	1,416	1,816
REVENUES	**Jan – Dec 2013**	**Jan – Dec 2012**
Sales revenues		
Other entities	455,364	459,324
Other revenues		
Other entities	1,379	-
EXPENSES		
Marketing and promotion expenses		
Other entities	20,662	17,045
Other expenses		
Other entities	2,689	2,743
Finance cost - net		
Shareholders	82,628	53,779

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 24 February 2014

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

President of the Management Board:

Emil Tedeschi

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