Financial results in the first half of 2013

Zagreb – 30 July 2013

The first half of 2013 marked by growth in sales and profit

- **Sales at HRK 2,420.7 million**
  + 3.3% compared to the same period of the previous year
- **Earnings before interest, taxes, depreciation and amortisation (EBITDA) at HRK 289.5 million**
  + 2.4% compared to the same period of the previous year
- **Earnings before interest and taxes (EBIT) at HRK 219.1 million**
  + 5.2% compared to the same period of the previous year
- **Net profit after minorities at HRK 114.5 million**
  Significantly reduced interest expenses following the previous year's refinancing

Chairman's comment

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

“In the first half of 2013, Atlantic Grupa recorded a growth in sales and a simultaneous improvement in operating profit. We are exceptionally satisfied with the results taking into account the challenging economic environment in which we operate.

We are especially satisfied with the growth in sales in the markets of Russia, the CIS and key European markets, which confirms the successful strengthening of the Atlantic Grupa’s brands position in international markets.”

Financial summary of the first half of 2013

Key figures	**H1 2013**	H1 2012	H1 2013 / H1 2012
Sales (in HRK millions)	**2,420.7**	2,342.5	3.3%
Turnover (in HRK millions)	**2,440.5**	2,375.9	2.7%
EBITDA margin	**12.0%**	12.1%	-11 bp
Net income after minorities (in HRK millions)	**114.5**	6.6	1622.3%
Gearing ratio*	**58.3%**	61.7%	-343 bp

*Gearing ratio of 61.7% at the end of FY12, Gearing ratio = Net debt/(Total equity+Net debt)

KEY DEVELOPMENTS in the first half of 2013

1. Implementation of new commercial terms and conditions in the Croatian market

In March 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. Continued integration of information technologies

At the end of 2012, the project of implementing a regional data centre in Zagreb was initiated, and its implementation continued in the first and second quarters of 2013. This project has consolidated in one location all server and network infrastructure required for the operation of IT services for the territories of Croatia and Slovenia, 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.

In the second phase, the regional data centre will be the infrastructural basis for consolidation projects that are being prepared. The consolidation projects are related to the consolidation and integration of the business solutions system for the region of Croatia and Slovenia in the ERP solution segment (Enterprise Resource Planning) and reporting and analytical systems that are planned for the second half of 2013 and throughout 2014.

3. Own and principal brands in the first half of 2013

In the first half of 2013, the Strategic Business Unit Coffee extended its Grand kafa brand product range in the markets of Bosnia and Herzegovina, Serbia and Macedonia in the instant coffee category.

The Strategic Business Unit Beverages launched a new product from 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 markets of Croatia, Serbia, Bosnia and Herzegovina, Montenegro and Slovenia, and Cedevita elder-lemon in the HoReCa segment in the markets of Croatia, Slovenia and Bosnia and Herzegovina.

At the beginning of 2013, the Strategic Business Unit Savoury Spreads entered the Spanish market with the Argeta brand. The entry of Argeta into the Spanish market is a result of the Atlantic Grupa's management strategy focused on the international development of the Argeta brand. Argeta tuna fish pâté and chicken pâté received Superior Taste Award 2013, awarded each year by the International Taste & Quality Institute (iTQi) from Brussels.

In the first half of 2013, the Strategic Business Unit Pharma and Personal Care extended the product range of the Dietpharm brand by five new products and two new products in 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.

The Strategic Business Unit Sports and Functional Food in the first half of 2013 extended the product range of own products in the markets of Germany, Austria and Switzerland, while in the market of Spain its presence in distribution channels was increased. This year, Multipower was the exclusive partner of the famous bicycle race Giro d'Italia, whereby it extended its portfolio of international cycling sponsorships.

SALES DYNAMICS in the first half of 2013

Sales profile by Strategic Business Units and Strategic Distribution Units in the first half of 2013

(in HRK thousands)	H1 2013	H1 2012	H1 2013/ H1 2012
SBU Beverages	**331,272**	331,183	0.0%
SBU Coffee	**506,524**	497,934	1.7%
SBU (Sweet and Salted) Snacks	**292,641**	283,019	3.4%
SBU Savoury Spreads	**207,964**	221,859	(6.3%)
SBU Sports and Functional Food	**411,493**	352,096	16.9%
SBU Pharma and Personal Care	**248,978**	240,321	3.6%
SDU Croatia	**367,145**	403,945	(9.1%)
SDU Slovenia, Serbia, Macedonia	**906,122**	888,736	2.0%
Other segments*	**199,514**	171,417	16.4%
Reconciliation**	**(1,050,909)**	(1,047,989)	0.3%
Sales	**2,420,744**	2,342,521	3.3%

In the first half of 2013, Atlantic Grupa recorded **sales of HRK 2,420.7 million**. The result is by 3.3% higher compared to the first half of 2012, when sales amounted to HRK 2,342.5 million. The most significant growth in sales was recorded by the Strategic Business Unit Sports and Functional Food, Other segments, primarily in the Russian market, and the Strategic Business Unit Snacks, which

* 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.

mitigated the decline in sales of the Strategic Business Unit Savoury Spreads and the Strategic Distribution Unit Croatia.

Considering separately the second quarter, Atlantic Grupa recorded sales of HRK 1,333.6 million, which is 3.4% higher compared to sales in the second quarter 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 the first half of 2013 recorded sales at the level of the same period in 2012. It should be noted that the result was negatively impacted by a temporarily suspended distribution in the Croatian market in March 2013 due to negotiations related to the implementation of new commercial terms and conditions. In addition, the result was negatively impacted by bad weather conditions in the first half of 2013, as well as by the unfavourable economic situation that impacted the decrease in consumption, which resulted in the lower consumption of soft beverages. Analysing by markets, the most significant growth was recorded in the markets of Serbia and Slovenia, annulling the decline in the Croatian market. Analysing by categories, the most significant growth was recorded in the functional waters category with the Donat Mg brand and in the carbonated soft drinks category with the Cockta brand.

- **Strategic Business Unit Coffee** in the first half of 2013 recorded sales of HRK 506.5 million, which is a 1.7% higher result compared to the same period of the previous year. Analysing by markets, the most prominent growth was recorded in the markets of Bosnia and Herzegovina, Slovenia and Croatia. The Croatian market continued to record a double-digit sales growth resulting from the growth in sales of the Barcaffe brand in the Turkish coffee and espresso categories. Analysing by categories, the most prominent growth was recorded by the Turkish coffee category with the Barcaffe brand in Slovenia and Croatia, the Grand kafa brand in Bosnia and Herzegovina and the Bonito brand in Serbia.

- **Strategic Business Unit Snacks** recorded sales of HRK 292.6 million in the first half of 2013, compared to HRK 283.0 million in the first half of 2012, which is a 3.4% growth. Analysing by markets, the most prominent growth was recorded in the markets of Serbia and Macedonia. Analysing by categories, the most significant growth was recorded in the flips, biscuits and chocolate categories. The flips category recorded a growth in sales of the Smoki brand in all regional markets, with the most prominent growth in the Serbian market, while the biscuits category grew in all regional markets, with the most prominent growth in the market of Bosnia and Herzegovina. The chocolate category recorded a growth in sales of the Najlepše želje brand, with the most significant growth in the markets of Serbia and Macedonia, and the Menaž brand, with the most significant growth in the market of Bosnia and Herzegovina.

- **Strategic Business Unit Savoury Spreads**, with sales of HRK 208.0 million in the first half of 2013, recorded a 6.3% lower result compared to the same period of the previous year, when sales amounted to HRK 221.9 million. Analysing by markets, the most prominent decline was recorded in the markets of Bosnia and Herzegovina and Serbia, while the most prominent growth was recorded in the market of Russia.

- **Strategic Business Unit Sports and Functional Food** in the first half of 2013 recorded a 16.9% better result compared to the same period of the previous year, resulting in sales of HRK 411.5 million. Analysing by markets, the most significant growth was achieved in the markets of Germany, Switzerland and Russia. Analysing by brands, the growth in sales was recorded by all brands, the Multipower, Multaben and Champ brands. The Multipower brand recorded growth in sales due to a significant growth in sales in the markets of Russia, Germany and Spain. Private labels recorded a double-digit growth in sales, primarily in the markets of Germany and Switzerland.

- **Strategic Business Unit Pharma and Personal Care,** with sales of HRK 249.0 million in the first half of 2013, recorded a 3.6% higher result compared to the first half of 2012, when sales amounted to HRK 240.3 million. Analysing by markets, the most prominent growth was recorded in the markets of Croatia, Bosnia and Herzegovina and Russia. In the Russian market the distributor was successfully replaced and the sales absent in the first quarter were compensated in the second quarter. Analysing by categories, the most prominent growth was recorded in sales of own products and principal brands from the Fidifarm and Atlantic Pharmacentar product ranges, growth in sales of Multivita in the Russian market and growth in sales of the pharmacy chain Farmacia.

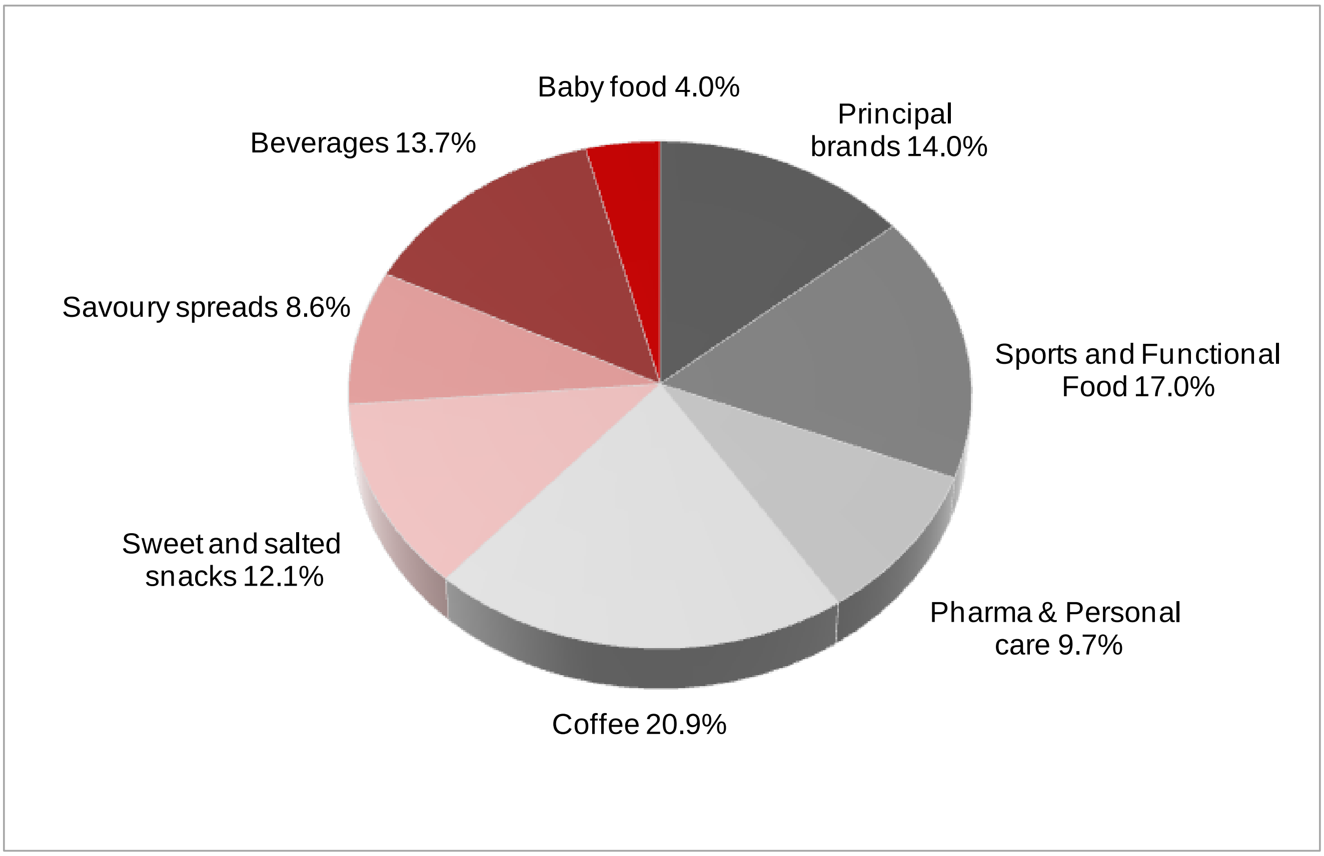
- **Strategic Distribution Unit Croatia** in the first half of 2013 with sales of HRK 367.1 million recorded 9.1% lower sales compared to the same period of the previous year. The result was impacted by the temporarily suspended distribution of own and principal brands in March this year during negotiations related to the implementation of new commercial terms and conditions and lower sales of principal brands, primarily due to the termination of the one2play-a and Red Bull product ranges distribution.

- **Strategic Distribution Unit Slovenia, Serbia, Macedonia,** with sales of HRK 906.1 million in the first half of 2013, recorded a 2.0% growth compared to the same period of the previous year. At the SDU level, the greatest contribution to the result achieved was made by the distribution of the snacks segment and the distribution of the principal brands segment. Analysing individual markets, the distribution in the Slovenian market recorded growth in sales in the first half of 2013 compared to the first half of 2012 as a result of higher sales in the coffee segment and the principal brands segment. The distribution in the Serbian market and in the Macedonian market in the period under consideration recorded sales at the level of the first half of 2012.

- **Other segments** in the first half of 2013 recorded sales of HRK 199.5 million, which is an increase of 16.4% compared to the same period of the previous year. Other segments include the Russian market, the 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 recorded a double-digit growth rate due to a significant growth in sales of the baby food segment with the Bebi brand. The Strategic Distribution Unit HoReCa also recorded a double-digit growth rate due to the growth in the distribution of some own brands categories and the growth in the distribution of principal brands.

Sales overview by segments in the first half of 2013 indicates the following:

- The product segment Coffee with the Grand kafa and Barcaffe brands continues to be the largest individual product category, with a 20.9% share in the Atlantic Grupa's sales;
- The product segment Sports and Functional Food with the Multipower, Champ and Multaben brands is the second largest product segment, with a 17.0% share in the Atlantic Grupa's sales;
- The product segment Beverages, with key brands Cockta, Cedevita and Donat Mg, is the third largest product segment, with a 13.7% share in the Atlantic Grupa's sales;
- The product segments Snacks, Pharma and Personal Care, Savoury Spreads and Baby food have 12.1%, 9.7%, 8.6% and 4.0% shares in the Atlantic Grupa's sales, respectively;
- Principal brands make 14.0% of the Atlantic Grupa's sales.



Sales profile by markets in the first half of 2013

(in HRK millions)	H1 2013	% of sales	H1 2012	% of sales	H1 2013/ H1 2012
Croatia	591.1	24.4%	624.0	26.6%	(5.3%)
Serbia	581.9	24.0%	575.2	24.6%	1.2%
Slovenia	308.8	12.8%	288.7	12.3%	6.9%
Bosnia and Herzegovina	183.6	7.6%	185.2	7.9%	(0.9%)
Other regional markets*	149.3	6.2%	143.1	6.1%	4.3%
Key European markets**	311.0	12.8%	291.3	12.4%	6.7%
Russia and Commonwealth of Independent States	134.9	5.6%	106.4	4.5%	26.8%
Other markets	160.1	6.6%	128.5	5.5%	24.5%
Total sales	2,420.7	100.0%	2,342.5	100.0%	3.3%

- **The Croatian market** in the first half of 2013 recorded sales in the amount of HRK 591.1 million. The result is by 5.3% lower compared to the first half of 2012, which was impacted by: (i) the temporarily suspended distribution of own and principal brands in March 2013 during negotiations related to the implementation of new commercial terms and conditions and (ii) lower sales of principal brands due to the termination of the one2play-a and Red Bull product ranges distribution. The decline in sales was mitigated by the growth in sales of the pharmacy chain Farmacia, the growth in sales of the Dietpharm brand as well as by the growth in sales of principal brands through the drug wholesale operations. In the first half of 2013, the Croatian market is the largest sales market of Atlantic Grupa with the 24.4% share in the company's sales.

- **The Serbian market,** with sales of HRK 581.9 million in the first half of 2013, recorded a 1.2% growth compared to the first half of 2012. The most prominent growth in sales was recorded in: (i) the carbonated soft drinks category with the Cockta brand, (ii) the vitamin instant drinks category with the Cedevita brand, (iii) the biscuits and wafers categories with the Štark brand (iv) the flips category with the Smoki brand and in (v) the principal brands segment as the result of the distribution of principal brand Gorki list, the distribution of which started in August 2012. With the 24.0% share in Atlantic Grupa's sales, the Serbian market is the second largest company's sales market in the first half of 2013.

- **The Slovenian market** in the first half of 2013 recorded sales of HRK 308.8 million, which is a 6.9% higher result compared to the first half of 2012. The greatest contribution to the sales growth was made by: (i) the Turkish coffee category with the Barcaffe brand, (ii) the functional waters category with the Donat Mg brand, and (iii) the principal brands segment in which the growth in sales of the principal brand Ferrero stand out, as well as sales of principals that were not distributed in the same period of the previous year, Rauch and Orangina. By the result achieved,

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

the Slovenian market made 12.8% of the Atlantic Grupa's sales in the first half of 2013, which makes it the third largest company's sales market.

- **The market of Bosnia and Herzegovina**, with sales of HRK 183.6 million in the first half of 2013, recorded 0.9% lower sales compared to the same period of the previous year. The result is a consequence of unfavourable macroeconomic situation that impacted decreased consumption of premium products in savoury spreads category thus lowering sales of the savoury spreads segment with Argeta brand. This decrease was mitigated by the growth in sales of: (i) the Turkish coffee category with the Grand Kafa brand, (ii) the carbonated soft drinks category with the Cockta brand, (iii) the biscuits category with the Štark brand and (iv) the flips category with the Smoki brand. In the first half of 2013, the market of Bosnia and Herzegovina recorded 7.6% of the Atlantic Grupa's sales, which makes it the company's fourth largest market with respect to the sales amount.

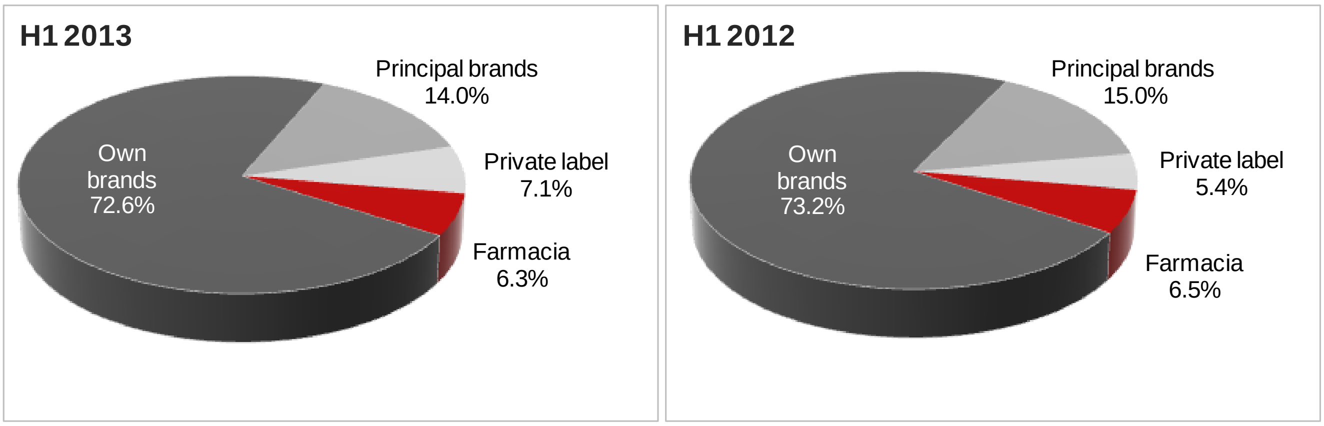
- **Other markets in the region** (Macedonia, Montenegro, Kosovo) recorded sales of HRK 149.3 million in the first half of 2013, which is a 4.3% growth compared to the first half of 2012. The most significant growth in these markets was recorded by: (i) the flips category with the Smoki brand, (ii) the biscuits category with the Štark brand, (iii) the chocolate category with the Najlepše želje and Menaž brands and (iv) the carbonated soft drinks category with the Cockta brand. Other regional markets in the first half of 2013 recorded 6.2% of the Atlantic Grupa's sales.

- **Key European markets** (Germany, Italy, the United Kingdom, Switzerland, Austria, Sweden, Spain) in the first half of 2013 recorded sales of HRK 311.0 million, which is a 6.7% better result compared to the first half of 2012. The greatest contribution to the sales growth was made by the growth in the sports and functional food segment, where the growth was recorded by all brands and private labels. Larger sales of the functional waters category with the Donat Mg brand also contributed to the growth. In the first half of 2013, the Key European markets made 12.8% of the Atlantic Grupa's sales.

- **The markets of Russia and the Commonwealth of Independent States** recorded sales of HRK 134.9 million in the first half of 2013. The result is higher by 26.8% compared to the first half of 2012. The largest contribution to the growth in the period under consideration was made by a double-digit growth in sales of the baby food segment with the Bebi brand. A significant growth was also achieved in: (i) the functional waters category with the Donat Mg brand, (ii) the savoury spreads segment with the Argeta brand, (iii) the sports and functional food segment with the Multipower brand, which recorded almost doubled sales compared to the same period of the previous year and (iv) the pharma and personal care segment with the Multivita brand. In the first half of 2013, the markets of Russia and the Commonwealth of Independent States made 5.6% of the Atlantic Grupa's sales.

- **Other markets**, with sales of HRK 160.1 million in the first half of 2013, recorded a 24.5% growth compared to the first half of 2012. The most prominent growth was recorded in the sports and functional food segment with the Multipower brand and private labels. In the first half of 2013, other markets made 6.6% of the Atlantic Grupa's sales.

Sales profile by product category in the first half of 2013



- **Own brands,** with sales of HRK 1,757.6 million in the first half of 2013, recorded a 2.5% growth compared to the first half of 2012. The most prominent growth in sales was recorded by own brands in the following segments: (i) coffee with the Barcaffe, Grand kafa and Bonito brands, (ii) beverages with the Donat Mg and Cockta brands, (iii) snacks with the Štark and Smoki brands, (iv) baby food with the Bebi brand, (v) pharma and personal care with the Dietpharm and Multivita brands, and (vi) sports and functional food with the Multipower, Multaben and Champ brands. In the first half of 2013, own brands made 72.6% of the Atlantic Grupa's sales.

- **Principal brands** in the first half of 2013 recorded sales of HRK 338.5 million, which is by 3.4% lower compared to the first half of 2012. The result decreased the share of principal brands in the Atlantic Grupa's sales in the first half of 2013 to 14.0% compared to 15.0% in the same period of the previous year.

- **Private labels** in the first half of 2013 recorded a growth in sales of 36.3%, resulting in sales of HRK 171.3 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 sales in the first half of 2013 was 7.1%, compared to the first half of 2012, when it was 5.4%.

- In the first half of 2013, the pharmacy chain **Farmacia** recorded sales of HRK 153.4 million. The result is higher by 1.0% compared to the first half of 2012. The share of the pharmacy chain Farmacia in the Atlantic Grupa's sales in the first half of 2013 decreased to 6.3%, compared to 6.5% in the first half of 2012. As at 30 June 2013, the pharmacy chain Farmacia consisted of 47 pharmacies and 14 specialised stores.

PROFITABILITY DYNAMICS in the first half of 2013

Atlantic Grupa's profitability in the first half of 2013

(in HRK millions)	H1 2013	H1 2012	H1 2013 / H1 2012
Sales	**2,420.7**	2,342.5	3.3%
EBITDA	**289.5**	282.8	2.4%
Normalised EBITDA	**289.5**	284.2	1.9%
EBIT	**219.1**	208.2	5.2%
Normalised EBIT	**219.1**	209.6	4.5%
Net profit/loss	**116.7**	14.4	709.5%
Normalised Net profit/loss	**117.3**	15.8	642.8%
Profitability margins			
EBITDA margin	**12.0%**	12.1%	-11 bp
Normalised EBITDA margin	**12.0%**	12.1%	-17 bp
EBIT margin	**9.1%**	8.9%	+16 bp
Normalised EBIT margin	**9.1%**	8.9%	+10 bp
Net profit margin	**4.8%**	0.6%	+421 bp
Normalised Net profit margin	**4.8%**	0.7%	+417 bp

In the first half of 2013, compared to the first half of 2012, Atlantic Grupa recorded an increase in earnings before interest, taxes, depreciation and amortisation (EBITDA) and earnings before interest and taxes (EBIT; operating profit) and a significant increase in net profit, amounting to HRK 116.7 million.

In the first half of 2013, Atlantic Grupa recorded **EBITDA in the amount of HRK 289.5 million,** which is higher by 2.4% compared to the first half of 2012. The growth was influenced by further cost optimisation, positive trends in some production materials and despite the negative impact of the temporarily suspended distribution of own and principal brands in March this year in the Croatian market which resulted in lower sales with equal fixed expenses. In the period under consideration, the EBITDA margin amounted to 12.0% and was by 11 basis points lower compared to the first half of 2012, when it amounted to 12.1%.

In the first half of 2013, **EBIT of HRK 219.1 million was recorded,** which is a 5.2% growth compared to the first half of 2012, when it amounted to HRK 208.2 million. In the period under consideration, the EBIT margin increased by 16 basis points and amounted to 9.1% compared to the first half of 2012 when it was 8.9%. The improved operating profitability, in addition to impacts above the EBITDA level, was also impacted by lower depreciation and amortisation as a result of a more efficient management of the existing resources and accordingly the reduced need for new investments.

Atlantic Grupa recorded **net profit of HRK 116.7 million** in the first half of 2013 compared to net profit of HRK 14.4 million in the same period of the previous year. In the first half of 2013, the net profit margin was 4.8% and was by 421 basis points higher compared to the first half of 2012. The increase in net profit, in addition to impacts above the EBIT level, was impacted by a significant decrease in interest expense due to a successful refinancing of long-term borrowings completed at the end of 2012. Also, the growth in net profit was impacted by the decrease in the effective tax rate as a consequence of tax optimisation measures taken and foreign exchange gains, compared to the previous year's foreign exchange losses arisen due to a strong depreciation of the Serbian dinar. In the first half of 2013, **the normalised net profit amounted to HRK 117.3 million,** compared to HRK 15.8 million in the first half of 2012.

One-off items excluded in the normalisation process in the first half of 2013:

- Below the EBIT (earnings before interest and taxes) level;
    i. +0.6 million of transaction costs related to refinancing in 2012

One-off items excluded in the normalisation process in the first half of 2012:

- Above the EBITDA level;
    i. +1.4 million of transaction costs related to the acquisition of Droga Kolinska in 2010

<u>Summary analysis of the second quarter of 2013</u>

- In the second quarter of 2013, Atlantic Grupa recorded EBITDA of HRK 177.5 million, which is by 19.4% higher compared to the second quarter of 2012, when EBITDA amounted to HRK 148.7 million. The EBITDA margin was 13.3% which is a growth of 178 basis points compared to the same period of the previous year.
- In the second quarter of 2013, EBIT amounted to HRK 143.6 million, which is a 29.5% growth compared to the second quarter of 2012, when it amounted to HRK 110.8 million. With the growth of 217 basis points, the EBIT margin amounted to 10.8% in the second quarter of 2013.
- In the second quarter of 2013, Atlantic Grupa recorded net profit of HRK 86.4 million, whereby the net profit margin was improved by 513 basis points and in the second quarter of 2013 amounted to 6.5%. The normalised net profit amounted to HRK 87.0 million in the second quarter of 2013, compared to HRK 18.7 million in the second quarter of 2012.

Operating cost structure in the first half of 2013

(in HRK millions)	H1 2013	% of sales	H1 2012	% of sales	H1 2013/ H1 2012
Cost of goods sold	**559.6**	23.1%	492.6	21.0%	13.6%
Change in inventory	**(39.8)**	(1.6%)	(34.8)	(1.5%)	14.4%
Production materials	**843.8**	34.9%	885.5	37.8%	(4.7%)
Energy	**33.8**	1.4%	34.9	1.5%	(3.1%)
Services	**160.4**	6.6%	151.5	6.5%	5.9%
Staff costs	**325.5**	13.4%	321.8	13.7%	1.1%
Marketing and selling expenses	**173.8**	7.2%	158.6	6.8%	9.6%
Other operating expenses	**83.9**	3.5%	85.4	3.6%	(1.7%)
Other (gains)/losses, net	**10.1**	0.4%	(2.3)	(0.1%)	n/a
Depreciation and amortisation	**70.4**	2.9%	74.6	3.2%	(5.6%)
Total operating expenses	**2,221.4**	**91.8%**	**2,167.7**	**92.5%**	**2.5%**

In the first half of 2013, total operating expenses amounted to HRK 2,221.4 million, which is a 2.5% growth compared to the first half of 2012, when they amounted to HRK 2,167.7 million. The share of total operating expenses in the sales in the first half of 2013 amounted to 91.8%, which is a decrease compared to the same period of the previous year, when they amounted to 92.5%.

- The costs of production materials, with HRK 843.8 million, are the largest category of Atlantic Grupa's operating expenses. In the first half of 2013, these expenses were decreased by 4.7% and their share in the first half of 2013 was reduced to 34.9% of the sales, compared to 37.8% in the first half of 2012.

- The cost of goods sold is the second largest category of Atlantic Grupa's operating expenses and in the first half of 2013 it amounted to HRK 559.6 million. The cost of goods sold increased in the period under consideration by 13.6% compared to the first half of 2012, and in the first half of 2013 it had a 23.1% share in the Atlantic Grupa's sales.

- After the costs of production materials and the cost of goods sold, staff costs, marketing and selling expenses, and service expenses are the three largest items of operating expenses. In the first half of 2013, staff costs recorded growth of 1.1% compared to the first half of 2012. As at 30 June 2013, Atlantic Grupa had 4,364 employees, of which 86.7% employed in the markets of Croatia, Slovenia and Serbia, while as at 30 June 2012, Atlantic Grupa had 4,333 employees. Marketing and selling expenses in the period under consideration grew by 9.6% as a result of more aggressive marketing activities, and service expenses grew by 5.9% compared to the first half of 2012 as a result of higher costs of maintenance, transport and logistics, and rental expense.

- Of other operating expenses items, in the first half of 2013, energy costs decreased by 3.1% compared to the same period of the previous year, and other operating expenses are lower by 1.7%.

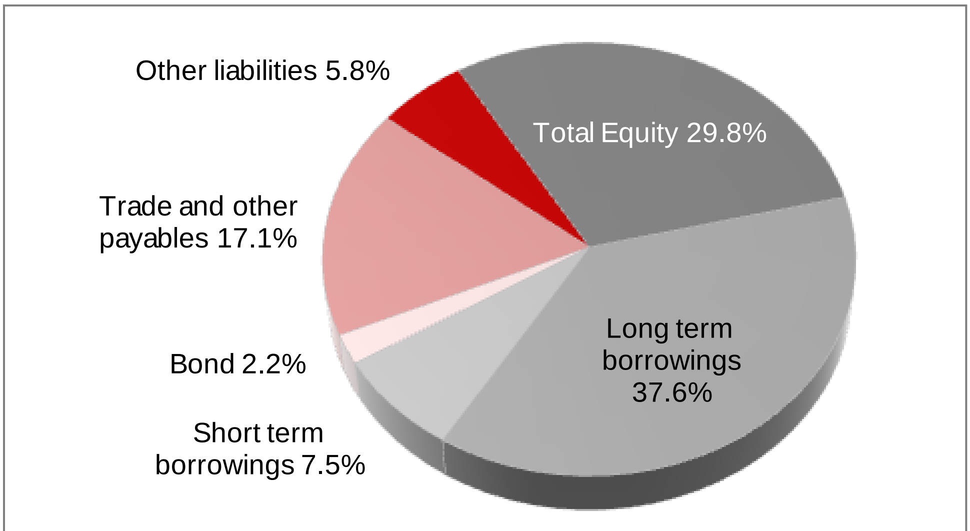
FINANCIAL INDICATORS in the first half of 2013

(in HRK millions)	H1 2013	2012
Net debt	**2,162.4**	2,353.1
Total assets	**5,192.5**	5,149.5
Total Equity	**1,549.6**	1,461.4
Current ratio	**1.7**	1.8
Gearing ratio	**58.3%**	61.7%
Net debt/EBITDA*	**3.8**	4.2
	H1 2013	H1 2012
Interest coverage ratio**	**3.6**	2.4
Capital expenditure	**31.7**	39.6
Cash flow from operating activities	**171.3**	160.7

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

- Net debt of HRK 2,162.4 million was reduced by HRK 190.7 million and reflects the financial debt of HRK 2,453.5 million, net derivative liabilities of HRK 33.4 million and the amount of cash and cash equivalents and deposits in the total amount of HRK 324.5 million. Consequently, the debt indicators are as follows: (i) ratio of net debt and total equity increased by net debt of 58.3%, (ii) ratio of net debt and normalised EBITDA of 3.8 times and (iii) 3.6 times coverage of interest expense by EBITDA.

- The Atlantic Grupa's equity and liabilities structure as at 30 June 2013 is as follows:



*Normalised EBITDA, 12 months trailing EBITDA in H1 2013
**Normalised

i. The most significant item of equity and liabilities are long term borrowings without the bond, which represent 37.6% of the total equity and liabilities;

ii. The second most significant item is total equity with a share of 29.8% in the total equity and liabilities;

iii. Long term and short term borrowings with the bond make 47.3% of the Atlantic Grupa's total equity and liabilities.

- The company's capital expenditure in the first half of 2013 amounts to HRK 31.7 million, with the most significant investments related to the following: (i) automation of the line for coffee in Izola, (ii) investment in the flips packaging machine in Soko Štark, (iii) investment in the line for packaging multi-packs of Donat Mg, (iv) investments related to the HRIS system (human resources information system), (v) investments related to the project of developing, implementing and relocating the regional data centre in Zagreb, (vi) purchase of espresso and Coffee 2 Go machines and, (vii) refurbishment of pharmacies and specialised stores.

OUTLOOK for 2013

Management's view on macroeconomic expectations

Atlantic Grupa's management consider that the rest of the year will not bring any significant changes in negative trends in the Croatian labour market, whereby any positive impact on the personal consumption will be absent. Positive impacts are expected from the tourist season which traditionally increases the employment and personal consumption, but these impacts are of a seasonal character and subject to various influences. Also, in the second half of the year, short-term impacts of the accession of the Republic of Croatia to the European Union will be visible.

Taking into account trends in the labour markets of regional markets in the first half 2013, Atlantic Grupa's management do not consider that 2013 will be a year of a significant improvement in personal consumption in the regional markets. Positive signs are, at least temporarily, solved political instability in the Slovenian market and the GDP growth in the Serbian market, which should have a positive impact on the labour market if the growth continues in the following period.

The economy of the European Union should slowly stabilise at the end of 2013, but more due to the recovery of the global economy that will increase the foreign demand for European products, than as a result of the domestic demand recovery. In the European Union itself, the economic situation will differ among countries, so that in Germany and the United Kingdom an improvement in personal consumption is expected, while in Italy and Spain the recovery of personal consumption is not expected. The decreasing employment is currently a serious problem in the European Union and the employment rate also significantly differs among countries. In the rest of the year, a further decline in employment in the European Union is expected. Despite the mentioned negative indicators, Atlantic Grupa's management expect that the recovery of the economic situation will be faster in the European Union than in the regional markets.

Atlantic Grupa's strategic management guidance for 2013

In order to achieve the planned business and profitability growth during 2013, in the remaining portion of the year, management will continue to 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.

Accordingly, management expectations announced in February 2013 during the presentation of the financial results for 2012 remain unchanged:

(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.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTH PERIOD ENDED 30 JUNE 2013 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan - Jun 2013	Jan - Jun 2012	Index	Apr - Jun 2013	Apr - Jun 2012	Index
Turnover	**2.440.531**	**2.375.916**	**102,7**	**1.341.684**	**1.303.607**	**102,9**
Sales revenues	2.420.744	2.342.521	103,3	1.333.611	1.289.385	103,4
Other revenues	19.787	33.395	59,3	8.073	14.222	56,8
Operating expenses	**2.151.003**	**2.093.079**	**102,8**	**1.164.160**	**1.154.920**	**100,8**
Cost of merchandise sold	559.579	492.634	113,6	305.686	281.622	108,5
Change in inventories	(39.848)	(34.818)	114,4	(5.404)	(14.875)	36,3
Production material and energy	877.540	920.392	95,3	461.039	499.285	92,3
Services	160.436	151.477	105,9	85.765	81.505	105,2
Staff costs	325.468	321.795	101,1	173.465	168.352	103,0
Marketing and selling expenses	173.758	158.557	109,6	103.783	97.482	106,5
Other operating expenses	83.938	85.374	98,3	38.612	46.567	82,9
Other gains - net	10.132	(2.332)	n/a	1.214	-5.018	n/a
EBITDA	**289.528**	**282.837**	**102,4**	**177.524**	**148.687**	**119,4**
Depreciation	63.173	66.388	95,2	30.467	33.405	91,2
Amortization	7.209	8.199	87,9	3.500	4.465	78,4
EBIT	**219.146**	**208.250**	**105,2**	**143.557**	**110.817**	**129,5**
Interest expenses	(81,201)	(117,281)	69.2	(40,159)	(56,052)	71.6
Foreign exchange differences from financing - net	7,671	(59,543)	n/a	157	(29,308)	n/a
EBT	**145.616**	**31.426**	**463,4**	**103.555**	**25.457**	**406,8**
Income tax	28.928	17.012	170,0	17.191	8.156	210,8
Profit for the period	**116.688**	**14.414**	**809,5**	**86.364**	**17.301**	**499,2**
Attributable to:						
Non-controlling interest	2.206	7.767	28,4	2.311	4.336	53,3
Owners of the parent	114.482	6.647	1722,3	84.053	12.965	648,3
Earnings per share for profit attributable to the owners of the Company						
- basic	34,35	1,99		25,22	3,89	
- diluted	34,35	1,99		25,22	3,89	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Jun 2013	Jan - Jun 2012	Index	Apr - Jun 2013	Apr - Jun 2012	Index
Profit for the period	**116,688**	**14,414**	**809.5**	**86,364**	**17,301**	**499.2**
Cash flow hedge	29,282	(3,777)	n/a	8,747	(6,513)	n/a
Currency translation differences	(27,566)	(102,108)	27.0	(46,542)	(43,454)	107.1
Total comprehensive income	**118,404**	**(91,471)**	**n/a**	**48,569**	**(32,666)**	**n/a**
Attributable to:						
Non-controlling interest	1,846	3,691	50.0	1,778	2,400	74.1
Equity holders of the Company	116,558	(95,162)	n/a	46,791	(35,066)	n/a
Total comprehensive income	118,404	(91,471)	n/a	48,569	(32,666)	n/a

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	30 June 2013	31 December 2012
Property, plant and equipment	1,046,082	1,093,108
Investment property	1,659	1,707
Intangible assets	1,845,208	1,870,965
Available-for-sale financial assets	990	1,300
Trade and other receivables	9,489	9,584
Deferred tax assets	54,209	72,182
Non-current assets	2,957,637	3,048,846
Inventories	599,546	543,317
Trade and other receivables	1,184,234	1,148,770
Non-current assets held for sale	96,384	113,868
Prepaid income tax	28,153	23,703
Deposits given	18,540	20,142
Derivative financial instruments	2,053	-
Cash and cash equivalents	305,955	250,865
Current assets	2,234,865	2,100,665
Total assets	5,192,502	5,149,511
Capital and reserves attributable to owners of the Company	1,500,593	1,414,230
Non-controlling interest	48,982	47,136
Borrowings	2,064,178	2,198,901
Deferred tax liabilities	182,576	186,955
Derivative financial instruments	30,076	50,224
Other non-current liabilities	164	191
Provisions	56,577	56,477
Non-current liabilities	2,333,571	2,492,748
Trade and other payables	888,926	793,596
Borrowings	389,353	354,101
Current income tax liabilities	9,908	3,575
Derivative financial instruments	5,388	20,911
Provisions	15,781	23,214
Current liabilities	1,309,356	1,195,397
Total liabilities	3,642,927	3,688,145
Total equity and liabilities	5,192,502	5,149,511

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 2012	1,015,904	3,203	425,297	1,444,404	67,920	1,512,324
Comprehensive income:						
Net profit for the period	-	-	6,647	6,647	7,767	14,414
Cash flow hedge	-	(3,777)	-	(3,777)	-	(3,777)
Other comprehensive income	-	(98,032)	-	(98,032)	(4,076)	(102,108)
Total comprehensive income	-	(101,809)	6,647	(95,162)	3,691	(91,471)
Transactions with owners:						
Acquisition of non-controlling interest	-	-	(9,981)	(9,981)	(6,275)	(16,256)
Purchase of treasury shares	(5,319)	-	-	(5,319)	-	(5,319)
Share based payment	5,404	-	471	5,875	-	5,875
Transfer	-	281	(281)	-	-	-
Dividends relating to 2011	-	-	-	-	(879)	(879)
At 30 June 2012	1,015,989	(98,325)	422,153	1,339,817	64,457	1,404,274
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 period	-	-	114,482	114,482	2,206	116,688
Cash flow hedge	-	29,260	-	29,260	22	29,282
Other comprehensive income	-	(27,184)	-	(27,184)	(382)	(27,566)
Total comprehensive income	-	2,076	114,482	116,558	1,846	118,404
Transactions with owners:						
Purchase of treasury shares	(4,521)	-	-	(4,521)	-	(4,521)
Share based payment	4,334	-	-	4,334	-	4,334
Transfer	-	(277)	277	-	-	-
Dividends relating to 2012	-	-	(30,008)	(30,008)	-	(30,008)
At 30 June 2013	1,015,933	(55,292)	539,952	1,500,593	48,982	1,549,575

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	**Jan - Jun 2013**	**Jan - Jun 2012**
Cash flows from operating activities		
Net profit	**116,688**	**14,414**
Income tax	28,928	17,012
Depreciation and amortization	70,382	74,587
Loss / (Gain) on disposal of property, plant and equipment	122	(761)
Value adjustment of current assets	13,004	14,332
Interest income	(3,082)	(5,271)
Interest expense	81,201	117,281
Other non-cash changes	(16,006)	23,699
Changes in working capital:		
Increase in inventories	(61,548)	(115,668)
Increase in current receivables	(34,470)	(16,000)
Increase in current payables	69,501	174,687
Decrease in provisions for risks and charges	(7,334)	(10,600)
Interest paid	(68,069)	(101,454)
Income tax paid	(18,055)	(25,537)
Net cash flow from operating activities	**171,262**	**160,721**
Cash flow from investing activities		
Purchase of tangible and intangible assets	(31,729)	(39,641)
Proceeds from sale of property, plant and equipment	19,986	3,570
Acquisition of available-for-sale financial assets	(50,005)	(15,000)
Proceeds from sale of assets available for sale	40,000	15,035
Loans and deposits given	890	9,733
Interest received	3,082	5,271
Net cash flow used in investing activities	**(17,776)**	**(21,032)**
Cash flow from financing activities		
Purchase of treasury shares	(4,521)	(5,319)
Repayment of borrowings - net	(93,875)	(91,409)
Dividend paid to non-controlling interests	-	(879)
Acquisition of non-controlling interest	-	(16,256)
Net cash flow used in financing activities	**(98,396)**	**(113,863)**
Net increase in cash and cash equivalents	**55,090**	**25,826**
Cash and cash equivalents at beginning of period	250,865	247,596
Cash and cash equivalents at end of period	305,955	273,422

NOTE 1 – GENERAL INFORMATION

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

The interim condensed consolidated financial statements of the Group for the six month period ended 30 June 2013 were approved by the Management Board of the Company in Zagreb on 29 July 2013.

The interim 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 six month period ended 30 June 2013 have been prepared in accordance with IAS 34 – Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of 31 December 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

Atlantic Grupa's business has been organized in six strategic business units (SBU) and four strategic distribution units (SDU), which have been joined by a separate market unit, Russia. Such organization unites similar business activities or products, shared markets or channels, together:

- 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.

Strategic Management Council is responsible for strategic and operational issues.

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-Jun 2013**	**Jan-Jun 2012**
SBU Beverages	331,272	331,183
SBU Coffee	506,524	497,934
SBU (Sweet and Salted) Snacks	292,641	283,019
SBU Savoury Spreads	207,964	221,859
SBU Sports and Functional Food	411,493	352,096
SBU Pharma and Personal Care	248,978	240,321
SDU Croatia	367,145	403,945
SDU Slovenia, Serbia, Macedonia	906,122	888,736
Other segments	199,514	171,417
Reconciliation	(1,050,909)	(1,047,989)
Total	**2,420,744**	**2,342,521**

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)	114,482	6,647
Weighted average number of shares	3,332,505	3,333,961
Basic earnings per share (in HRK)	34.35	1.99

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 six month period ended 30 June 2013, Group invested HRK 31,729 thousand in purchase of property, plant and equipment (2012: HRK 39,641 thousand).

NOTE 6 - INVENTORIES

During the six month period ended 30 June 2013, the Group wrote down HRK 5,316 thousand of inventories due to damage and short expiry dates (2012: HRK 9,216 thousand). The amount is recognised in the income statement within ‘Other operating expenses’.

NOTE 7 – 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 and at the 30 June 2013 dividend payable was stated in the balance sheet under Trade and other payables position.

NOTE 8 – 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 30 June 2013 and 31 December 2012 and transactions recognised in the Income statement for the six month period ended 30 June are as follows:

(all amounts expressed in thousands of HRK)	**30 June 2013**	**31 December 2012**
RECEIVABLES		
Current receivables		
Other entities	106,883	80,426
LIABILITIES		
Borrowings		
Shareholders	1,734,937	1,822,390
Trade payables		
Shareholders	30,030	22
Other entities	157	1,816

REVENUES	**Jan – Jun 2013**	**Jan – Jun 2012**
Sales revenues		
Other entities	228,241	227,664
Other revenues		
Other entities	323	227
EXPENSES		
Marketing and promotion expenses		
Other entities	10,325	4,450
Other operating expenses		
Other entities	102	-
Finance cost - net		
Shareholders	43,412	15,547

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 30 July 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 provides

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 from 1 January 2013 till 30 June 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 six month period ended 30 June 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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