Financial results in the first nine months of 2013

Zagreb – 30 October 2013

Increase in sales with improved profitability in line with guidance

- **Sales at HRK 3,725.5 million**
  + 2.6% compared to the same period of the previous year

- **Earnings before interest, taxes, depreciation and amortisation (EBITDA) at HRK 479.7 million**
  + 7.6% compared to the same period of the previous year

- **Earnings before interest and taxes (EBIT) at HRK 375.9 million**
  + 13.0% compared to the same period of the previous year

- **Net profit after minorities at HRK 193.3 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 nine months of 2013, Emil Tedeschi, CEO of Atlantic Grupa, pointed out:

“Thanks to successful implementation of the strategy, in the first nine months of 2013 Atlantic Grupa continued with the organic sales growth and profitability improvement, in line with the announced guidance for 2013. We are particularly pleased that our business model proved stable in a difficult economic environment, as confirmed by reported results and launch of new investments.
In addition, the results achieved in the markets of Russia, the CIS and in key European markets confirm the company’s orientation towards the internationalisation as our strategic focus.

At the same time, the company is continually dedicated to risk management, liquidity maintenance and debt management.”

Financial summary of the first nine months of 2013

Key figures	**9M 2013**	9M 2012	9M 2013 / 9M 2012
Sales (in HRK millions)	**3,725.5**	3,631.7	2.6%
Turnover (in HRK millions)	**3,754.2**	3,672.4	2.2%
EBITDA margin	**12.9%**	12.3%	+60 bp
Net income after minorities (in HRK millions)	**193.3**	71.2	171.6%
Gearing ratio*	**55.9%**	61.7%	-578 bp

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

KEY DEVELOPMENTS in the first nine months 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. 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 segment. 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 160 new jobs in the end thanks to planned business growth. After 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 first quarter of 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

At the end of 2012, the project of implementing a regional data centre in Zagreb was initiated, which was successfully fully completed in the first nine months 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. 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 rest of 2013 and for 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 expenses. Based on the successful project, in the last quarter of 2013 and in the first half of 2014 the same solution will be applied in the distribution company Atlantic Brands in Serbia.

4. Own and principal brands in the first nine months 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 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 July, a new product from the category of sandwiches of prolonged freshness was put on the Croatian market.

The Strategic Business Unit Snacks extended its product range with nine new products (new flavours for Čoko Smoki, Smoki King Size) put on the markets of Serbia, Bosnia and Herzegovina, Macedonia, Montenegro and Slovenia.

The Strategic Business Unit Pharma and Personal Care extended the product range of the Dietpharm brand by seven new products and four new products 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.

The Strategic Business Unit Sports and Functional Food in the first nine months of 2013 extended the product range of own products in the markets of Germany and Austria, 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.

The Strategic Distribution Unit Slovenia, Serbia, Macedonia started distributing the Stock beverage in the Slovenian market in the third quarter of 2013.

SALES DYNAMICS in the first nine months of 2013

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

(in HRK thousands)	9M 2013	9M 2012	9M 2013/ 9M 2012
SBU Beverages	**513,951**	526,807	(2.4%)
SBU Coffee	**778,225**	774,217	0.5%
SBU (Sweet and Salted) Snacks	**437,272**	414,910	5.4%
SBU Savoury Spreads	**336,363**	356,535	(5.7%)
SBU Sports and Functional Food	**609,093**	535,590	13.7%
SBU Pharma and Personal Care	**373,466**	354,969	5.2%
SDU Croatia	**602,544**	662,003	(9.0%)
SDU Slovenia, Serbia, Macedonia	**1,383,888**	1,352,576	2.3%
Other segments*	**314,345**	275,335	14.2%
Reconciliation**	**(1,623,678)**	(1,621,274)	0.1%
Sales	**3,725,469**	3,631,668	2.6%

The 2.6 percent growth in sales of Atlantic Grupa in the **first nine months of 2013** was mainly impacted by the growth in sales in the Strategic Business Unit Sports and Functional Food, Other segments (primarily the Russian market) and the Strategic Business Unit Snacks. The growth in sales in these areas mitigated the decline in sales of the Strategic Business Unit Savoury Spreads, Strategic Business Unit Beverages and the Strategic Distribution Unit Croatia.
Considering **the third quarter** separately, Atlantic Grupa recorded sales of HRK 1,304.7 million, which is by 1.2% higher compared to sales in the third quarter of 2012.

- The 2.4% lower sales of the **Strategic Business Unit Beverages** were partly a consequence of the temporarily suspended distribution in the Croatian market in March 2013 due to negotiations related to the implementation of new commercial terms and conditions and generally unfavourable developments in the category in the wider region. Analysing by markets, the decline was recorded in the markets of Croatia and Bosnia and Herzegovina, while the most significant growth was recorded in the Serbian market. Analysing by categories, growth was recorded in 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, and lower results were recorded by the vitamin instant drinks and carbonated soft drinks categories.

- Of the sales of HRK 778.2 million recorded by the **Strategic Business Unit Coffee**, the most prominent growth was recorded in the markets of Slovenia, Bosnia and Herzegovina and Croatia. The Croatian market continued to record growth resulting from the growth in sales of the Barcaffe brand in the Turkish coffee and espresso categories and from better distribution coverage. Analysing by categories, the most prominent growth was recorded by the Turkish coffee category with the highest growth of the Barcaffe brand in Slovenia and the Grand kafa brand in Bosnia and Herzegovina.

- The 5.4% sales growth of the **Strategic Business Unit Snacks** was induced by the markets of Serbia, Montenegro 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 with the Štark brand also grew in all regional markets, with the most prominent growth in the Serbian market. The chocolate category recorded a growth in sales, whereby the Najlepše želje brand recorded the most significant growth in the markets of Macedonia and Montenegro, and the Menaž brand in the market of Serbia.

- The 5.7% lower sales of the **Strategic Business Unit Savoury Spreads** were mainly a consequence of the decline in sales in the market of Bosnia and Herzegovina, due to unfavourable macroeconomic situation, which resulted in lower consumption of premium products in the savoury spreads category, and in the market of Kosovo due to decreasing of stock at distributer. On the other hand, the most prominent growth was recorded in the markets of Russia and Slovenia.

- The significant growth in sales, of 13.7%, of the **Strategic Business Unit Sports and Functional Food** was 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 the Multipower and Multaben brands. The Multipower brand recorded the growth in sales due to a significant growth in sales in the markets of Germany, Russia and Spain. Private labels recorded a double-digit growth in sales, primarily as a result of the growth in sales in the markets of Switzerland and Germany.

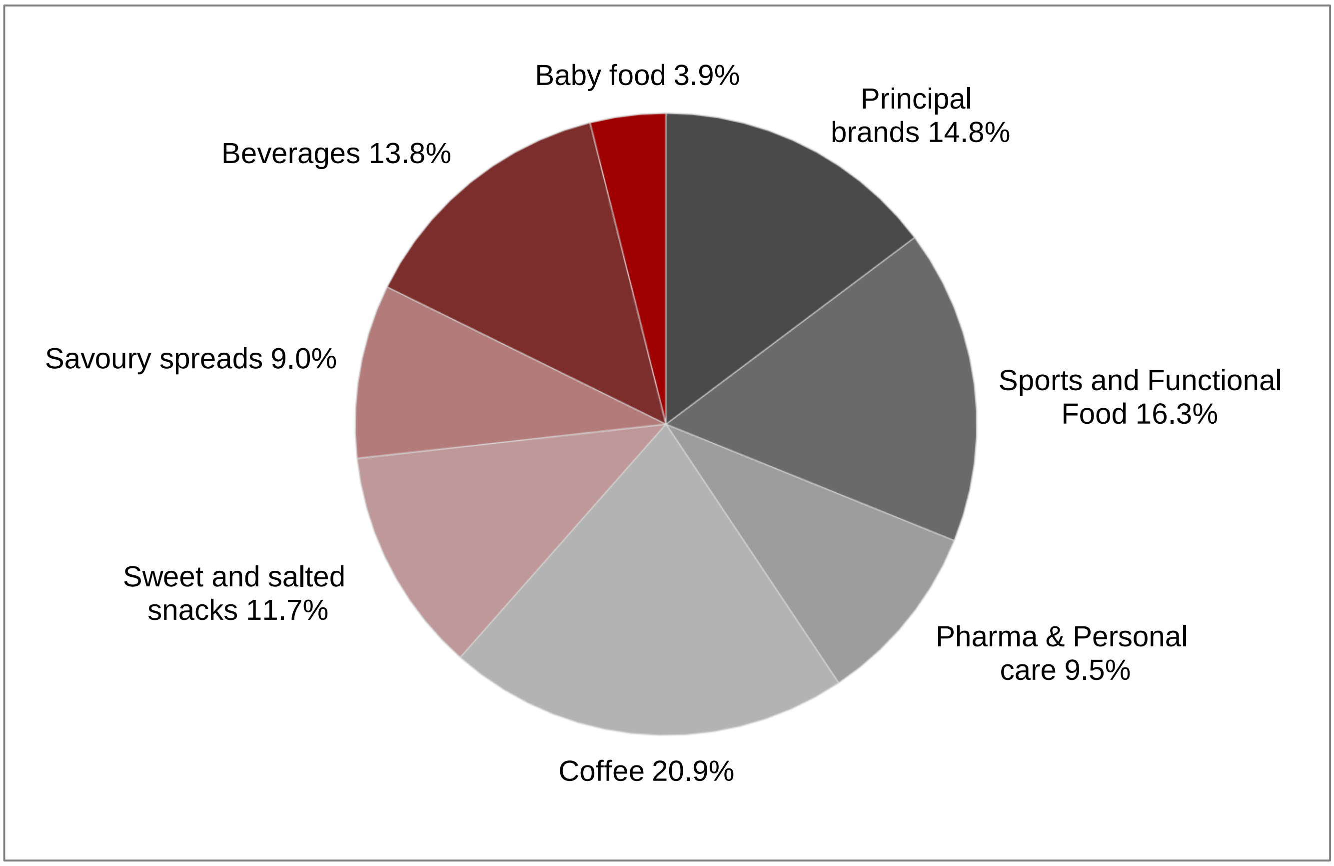
- **The Strategic Business Unit Pharma and Personal Care** recorded 5.2% higher sales due to the growth in sales of Multivita in the market of Russia, growth in sales of own products from the Fidifarm product range and principal brands from the Atlantic Pharmacentar product range, as well as growth in sales of the pharmacy chain Farmacia. Analysing by markets, the most prominent growth was recorded in the markets of Croatia and Russia (where the distributor was successfully replaced and the sales absent in the first quarter were compensated in the second and third quarters).

- The 9.0% lower sales of the **Strategic Distribution Unit Croatia** were mainly 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, lower sales of the beverages segment and lower sales of principal brands, primarily due to the termination of the one2play and Red Bull product ranges distribution. However, certain categories of own brands, such as the flips category, and principal brands, such as Ferrero and Rauch, recorded a growth in sales.

- **The Strategic Distribution Unit Slovenia, Serbia, Macedonia** recorded a 2.3 percent growth in sales, with the greatest contribution to the result by the distribution of the snacks, coffee and principal brands segments. Analysing individual markets, the distribution in the Slovenian market recorded growth in sales in the first nine months of 2013 compared to the same period of the previous year, primarily as a result of higher sales in the coffee and principal brands segments. The distribution in the markets of Serbia and Macedonia in the period under consideration recorded sales on the level of the first nine months of 2012.

- **Other segments** recorded a significant growth in sales, of 14.2%, due to a double-digit sales growth rate of the Russian market, resulting from the 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 and principal brands.

Sales overview by segments in the first nine months of 2013



Sales profile by markets in the first nine months of 2013

(in HRK millions)	9M 2013	% of sales	9M 2012	% of sales	9M 2013/ 9M 2012
Croatia	**946.1**	25.4%	996.6	27.4%	(5.1%)
Serbia	**878.0**	23.6%	864.7	23.8%	1.5%
Slovenia	**481.8**	12.9%	448.6	12.4%	7.4%
Bosnia and Herzegovina	**277.8**	7.5%	294.4	8.1%	(5.7%)
Other regional markets*	**234.8**	6.3%	230.6	6.3%	1.9%
Key European markets**	**454.4**	12.2%	436.3	12.0%	4.2%
Russia and Commonwealth of Independent States	**208.3**	5.6%	166.1	4.6%	25.4%
Other markets	**244.2**	6.6%	194.4	5.4%	25.6%
Total sales	**3,725.5**	100.0%	3,631.7	100.0%	2.6%

- **The Croatian market** recorded 5.1% lower sales impacted by: (i) the temporarily suspended distribution in March during negotiations related to the implementation of new commercial terms and conditions, (ii) lower sales of the beverages segment and (iii) lower sales of principal brands due to the termination of the one2play and Red Bull product ranges distribution. The decline in sales was mitigated by the growth in sales of: (i) the pharmacy chain Farmacia, (ii) the Dietpharm brand, (iii) principal brands through the drug wholesale operations, (iv) the coffee segment with the Barcaffe brand, and (v) the snacks segment with the Smoki and Štark brands.
- With sales of HRK 878.0 million, the **Serbian market** recorded growth in the following categories: (i) flips, with the Smoki brand, (ii) biscuits and wafers, with the Štark brand, (iii) carbonated soft drinks, with the Cockta brand, and (iv) principal brands, as a result of the Gorki list brand distribution, the distribution of which started in August 2012.
- The greatest contribution to the 7.4 percent growth in sales of the **Slovenian market** was made by the following categories: (i) Turkish coffee, with the Barcaffe brand, (ii) functional waters, with the Donat Mg brand, and (iii) principal brands, in which the growth in sales of the principal brand Ferrero stands out, as well as sales of principals that were not distributed in the same period last year, Rauch and Orangina.
- The 5.7% lower sales of the **market of Bosnia and Herzegovina** were primarily impacted by the decline in sales of the savoury spreads category with the Argeta brand, as a consequence of the generally lower consumption of premium products in this category, and the decline in sales of the beverages segment. However, certain categories recorded growth, for example: (i) Turkish coffee, with the Grand kafa brand, (ii) biscuits, with the Štark brand, and (iii) flips, with the Smoki brand.
- **Other regional markets** recorded a 1.9 percent growth in sales impacted by the growth in sales of: (i) flips, with the Smoki brand, (ii) Turkish coffee, with the Grand kafa, C kava and Barcaffe brands, (iii) chocolate, with the Najlepše želje brand, (iv) biscuits, with the Štark brand, and (v) carbonated soft drinks, with the Cockta brand.

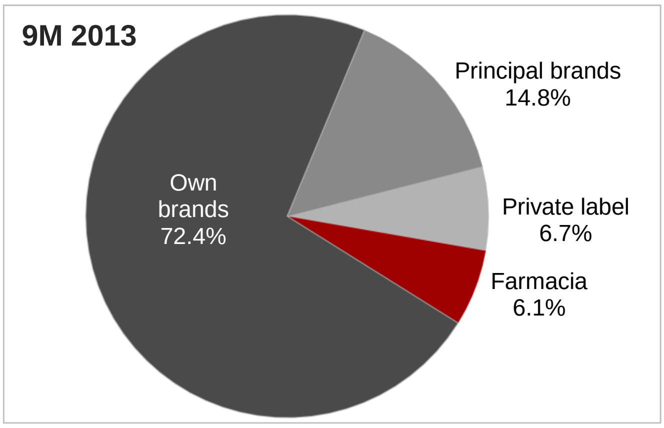
* Other regional markets: Macedonia, Montenegro, Kosovo
** Key European markets: Germany, the United Kingdom, Italy, Switzerland, Austria, Sweden, Spain

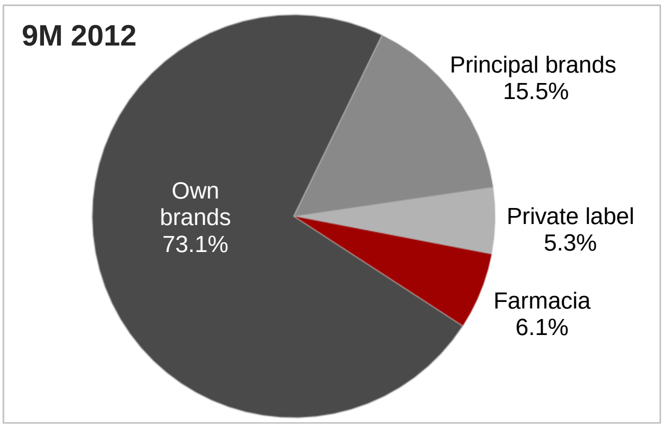
- The greatest contribution to the 4.2% higher sales of **key European markets** was made by the growth in the sports and functional food segment, where the growth was recorded by the brands Multipower and Multaben and private labels. Larger sales were also recorded by the functional waters category with the Donat Mg brand.

- The strong 25.4 percent growth in the **markets of Russia and the Commonwealth of Independent States** was mainly impacted by a double-digit growth in sales of the baby food segment with the Bebi brand. In addition, the growth was also impacted by the growth in sales of the following segments: (i) pharma and personal care, with the Multivita brand, (ii) sports and functional food, with the Multipower brand, (iii) savoury spreads, with the Argeta brand, and (iv) functional waters, with the Donat Mg brand.

- Driven by the growth in the sports and functional food segment with the Multipower brand and private labels, **other markets** recorded a 25.6 percent growth in sales.

Sales profile by product category in the first nine months of 2013





- **Own brands,** with sales of HRK 2,696.4 million, recorded a 1.6% growth compared to the same period of the previous year, due to the growth in brands in the following segments: (i) baby food, with the Bebi brand, (ii) snacks, with the Smoki and Štark brands, (iii) sports and functional food, with the Multipower and Multaben brands, (iv) coffee, with the Barcaffe and Bonito brands, (v) pharma and personal care, with the Dietpharm and Multivita brands, and (vi) beverages, with the Donat Mg brand.
- With sales of HRK 549.8 million, **principal brands** recorded a 2.1% lower result compared to the same period of the previous year, following the suspended distribution in March 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** recorded a 29.1 percent growth compared to the same period of the previous year, which resulted in sales of HRK 250.4 million. The growth primarily related to the product range of sports and functional food.
- The pharmacy chain **Farmacia** recorded sales of HRK 228.9 million, which is a 2.6% better result compared to the same period of the previous year. As at 30 September 2013, the pharmacy chain Farmacia consisted of 48 pharmacies and 17 specialised stores.

PROFITABILITY DYNAMICS in the first nine months of 2013

Atlantic Grupa's profitability in the first nine months of 2013

(in HRK millions)	9M 2013	9M 2012	9M 2013 / 9M 2012
Sales	3,725.5	3,631.7	2.6%
EBITDA	479.7	446.0	7.6%
Normalised EBITDA	479.7	447.6	7.2%
EBIT	375.9	332.6	13.0%
Normalised EBIT	375.9	334.2	12.5%
Net profit/loss	198.1	82.8	139.2%
Normalised Net profit/loss	199.1	84.5	135.7%
Profitability margins			
EBITDA margin	12.9%	12.3%	+60 bp
Normalised EBITDA margin	12.9%	12.3%	+55 bp
EBIT margin	10.1%	9.2%	+93 bp
Normalised EBIT margin	10.1%	9.2%	+89 bp
Net profit margin	5.3%	2.3%	+304 bp
Normalised Net profit margin	5.3%	2.3%	+302 bp

In the first nine months of 2013, Atlantic Grupa recorded **EBITDA in the amount of HRK 479.7 million**, which is a 7.6% higher result compared to the same period of the previous year, and the EBITDA margin of 12.9%, higher by 60 basis points. Operating expenses recorded a slower growth than sales, impacted by the further cost optimisation and favourable movements in the prices of some raw materials in the global commodity markets, especially coffee which effect was boosted by the EUR/USD rate movement. It should be noted that the result achieved was negatively impacted by 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 first nine months of 2013, **EBIT of HRK 375.9 million** was recorded, which is a 13.0% growth compared to the same period of the previous year, with 93 basis points better margin, at 10.1%. The improved operating profitability, in addition to impacts above the EBITDA level, was primarily impacted by lower depreciation and amortisation, which is a result of a more efficient management of the existing resources and, consequently, lower need for new investments.

In the first nine months of 2013, Atlantic Grupa recorded **net profit of HRK 198.1 million**, compared to HRK 82.8 million in the same period of the previous year, and a 304 basis points better margin, at 5.3%. The increase in net profit, in addition to impacts above the EBIT level, was impacted by (i) a significant decrease in interest expense due to a successful refinancing of long-term borrowings completed at the end of 2012, (ii) a decrease in the effective tax rate as a consequence of tax optimisation measures taken, and (iii) a more favourable movement in foreign exchange rates, which decreased the previous year's net foreign exchange losses arisen primarily from the depreciation of the Serbian dinar.

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

- Below the EBIT level;
    i. +1.0 million of transaction costs related to refinancing in 2012

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

- Above the EBITDA level;
    i. +1.7 million of transaction costs related to the acquisition of Droga Kolinska in 2010

Summary analysis of the third quarter of 2013

- In the third quarter of 2013, Atlantic Grupa recorded EBITDA of HRK 190.2 million, which is a 16.6% better result compared to the third quarter of 2012, when EBITDA amounted to HRK 163.1 million. The EBITDA margin was 14.6%, which is a growth of 193 basis points compared to the same period of the previous year.
- In the third quarter of 2013, EBIT amounted to HRK 156.7 million, which is a 26.1% growth compared to the third quarter of 2012, when it amounted to HRK 124.3 million. With the growth of 237 basis points, the EBIT margin amounted to 12.0% in the third quarter of 2013.
- In the third quarter of 2013, Atlantic Grupa recorded net profit of HRK 81.4 million, whereby the net profit margin was improved by 93 basis points and amounted to 6.2% in the third quarter of 2013. The normalised net profit amounted to HRK 81.8 million in the third quarter of 2013, compared to HRK 68.7 million in the third quarter of 2012.

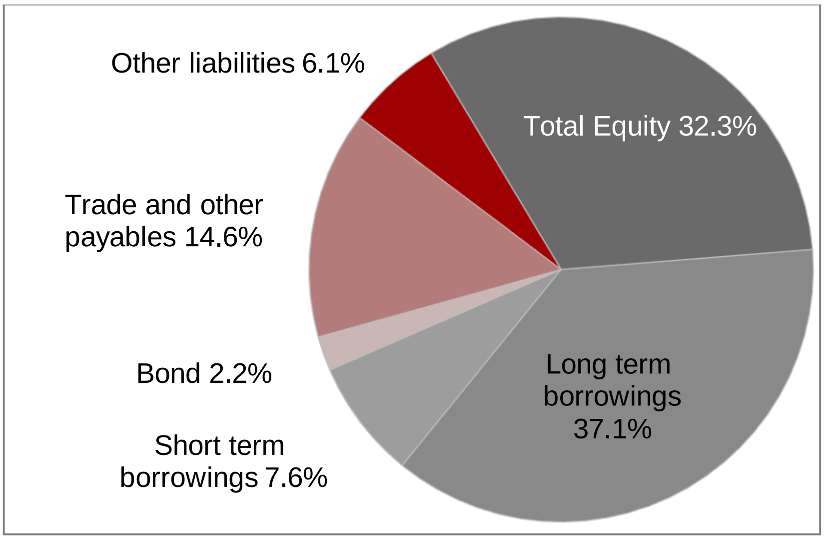
FINANCIAL INDICATORS in the first nine months of 2013

(in HRK millions)	9M 2013	2012
Net debt	**2,106.6**	2,353.1
Total assets	**5,136.4**	5,149.5
Total Equity	**1,661.4**	1,461.4
Current ratio	**1.8**	1.8
Gearing ratio	**55.9%**	61.7%
Net debt/EBITDA*	**3.6**	4.2
	9M 2013	9M 2012
Interest coverage ratio**	**4.0**	2.6
Capital expenditure	**67.1**	56.3
Cash flow from operating activities	**329.7**	180.8

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

- Net debt of HRK 2,106.6 million was reduced by HRK 246.5 million and reflects the financial debt of HRK 2,411.7 million, net derivative liabilities of HRK 36.2 million and the amount of cash and cash equivalents and deposits in the total amount of HRK 341.3 million. Consequently, the debt indicators are as follows: (i) ratio of net debt and total equity increased by net debt of 55.9%, (ii) ratio of net debt and normalised EBITDA of 3.6 times and (iii) 4.0 times coverage of interest expense by EBITDA.

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



*Normalised EBITDA, 12 months trailing EBITDA in 9M 2013
**Normalised

- The company’s capital expenditure in the first nine months of 2013 amounted to HRK 67.1 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, (vii) refurbishment of pharmacies and specialised stores, (viii) investment in the equipment for the production of the Donat Mg new bottle, and (xi) investment in the equipment for the production of pellets in the Strategic Business Unit Snacks. This investment announces a new product in the Snacks category.

OUTLOOK for 2013

Management’s view on macroeconomic expectations

After the decrease in the unemployment rate during the summer months, which is a seasonal effect characteristic of a tourism-oriented country such as Croatia, Atlantic Grupa’s management expect that the end of the year will bring the unemployment rate again to high levels where it was at the beginning of the year, whereby the recovery of personal consumption will also be absent. The rest of the year will be challenging as the effects of the exit from the CEFTA/accession to the EU could be visible, but also the expected government’s steps after entering the Excessive deficit procedure. Already in the fourth quarter of 2013, the Croatian government could receive from the European Commission opinions and recommendations for reducing the budget deficit. If the Government opts for reducing the budget deficit by increasing the revenue side of the budget, this could lead to additional tax burdens, and thereby to a decrease in the purchasing power.

Atlantic Grupa’s management considers that in the rest of the year, the situation in regional markets regarding the labour market and personal consumption recovery will not differ from the situation in the Croatian market. In the first and the second quarter of 2013, the economic activity declined in the Slovenian market, as a result of the decrease in personal consumption and government consumption, and a similar trend is expected in the rest of the year. The Serbian market recorded a growth in economic activity in the first half of 2013, but personal consumption and government consumption were negative due to, among other things, unfavourable situation in the labour market which shows no indications of change in this year. The market of Bosnia and Herzegovina still has a high unemployment level and one of the lowest rates of population activity in Europe, which leads to a decrease in personal consumption. The general conclusion of Atlantic Grupa’s management is that the recovery of personal consumption in the regional markets will not take place this year, and is doubtful in 2014.

The unemployment rate in the European Union stabilised, however, this stabilisation took place at high levels and Atlantic Grupa’s management does not expect the recovery of the unemployment rate at the level of the entire European Union in 2013. Considering individual countries, the situation in the European Union differs among countries, where the situation in the labour market in Germany and Austria gives a positive impulse to personal consumption, while Italy records negative movements in disposable income and deteriorating conditions in the labour market. In the United Kingdom, a mild improvement in the labour market situation may be noticed; however, personal consumption will not increase for some time due to low disposable income.

In the market of Russia, a slower pace of the economy growth may be noticed, however, Atlantic Grupa's management considers that, due to high employment and positive indicators from retail, personal consumption will remain strong.

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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2013 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan - Sep 2013	Jan - Sep 2012	Index	Jul - Sep 2013	Jul - Sep 2012	Index
Turnover	**3,754,152**	**3,672,404**	**102.2**	**1,313,621**	**1,296,488**	**101.3**
Sales revenues	3,725,469	3,631,668	102.6	1,304,725	1,289,147	101.2
Other revenues	28,683	40,736	70.4	8,896	7,341	121.2
Operating expenses	**3,274,415**	**3,226,450**	**101.5**	**1,123,412**	**1,133,371**	**99.1**
Cost of merchandise sold	881,202	803,814	109.6	321,623	311,180	103.4
Change in inventories	(26,691)	(32,663)	81.7	13,157	2,155	610.5
Production material and energy	1,303,442	1,392,764	93.6	425,902	472,372	90.2
Services	242,903	232,664	104.4	82,467	81,187	101.6
Staff costs	495,662	472,753	104.8	170,194	150,958	112.7
Marketing and selling expenses	240,709	234,988	102.4	66,951	76,431	87.6
Other operating expenses	125,935	131,651	95.7	41,997	46,277	90.8
Other gains - net	11,253	(9,521)	n/a	1,121	(7,189)	n/a
EBITDA	**479,737**	**445,954**	**107.6**	**190,209**	**163,117**	**116.6**
Depreciation	93,739	101,192	92.6	30,566	34,804	87.8
Amortization	10,101	12,197	82.8	2,892	3,998	72.3
EBIT	**375,897**	**332,565**	**113.0**	**156,751**	**124,315**	**126.1**
Interest expenses	(122,453)	(173,588)	70.5	(41,252)	(56,307)	73.3
Foreign exchange differences from financing - net	(9,017)	(49,129)	18.4	(16,688)	10,414	n/a
EBT	**244,427**	**109,848**	**222.5**	**98,811**	**78,422**	**126.0**
Income tax	46,312	27,023	171.4	17,384	10,011	173.6
Profit for the period	**198,115**	**82,825**	**239.2**	**81,427**	**68,411**	**119.0**
Attributable to:						
Non-controlling interest	4,786	11,647	41.1	2,580	3,880	66.5
Owners of the parent	193,329	71,178	271.6	78,847	64,531	122.2
Earnings per share for profit attributable to the owners of the Company						
- basic	58.00	21.35		23.65	19.36	
- diluted	58.00	21.35		23.65	19.36	

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Sep 2013	Jan - Sep 2012	Index	Jul - Sep 2013	Jul - Sep 2012	Index
Profit for the period	**198,115**	**82,825**	**239.2**	**81,427**	**68,411**	**119.0**
Cash flow hedge	27,578	(12,760)	n/a	(1,704)	(8,983)	19.0
Currency translation differences	4,749	(109,559)	n/a	32,315	(7,451)	n/a
Total comprehensive income	**230,442**	**(39,494)**	**n/a**	**112,038**	**51,977**	**215.6**
Attributable to:						
Non-controlling interest	4,761	3,505	135.8	2,915	(186)	n/a
Equity holders of the Company	225,681	(42,999)	n/a	109,123	52,163	209.2
Total comprehensive income	230,442	(39,494)	n/a	112,038	51,977	215.6

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	30 September 2013	31 December 2012
Property, plant and equipment	1,063,017	1,093,108
Investment property	1,681	1,707
Intangible assets	1,872,938	1,870,965
Available-for-sale financial assets	1,009	1,300
Trade and other receivables	9,254	9,584
Deferred tax assets	48,166	72,182
Non-current assets	2,996,065	3,048,846
Inventories	564,022	543,317
Trade and other receivables	1,106,478	1,148,770
Non-current assets held for sale	98,227	113,868
Prepaid income tax	30,251	23,703
Deposits	14,066	20,142
Cash and cash equivalents	327,253	250,865
Current assets	2,140,297	2,100,665
Total assets	5,136,362	5,149,511
Capital and reserves attributable to owners of the Company	1,609,511	1,414,230
Non-controlling interest	51,897	47,136
Borrowings	2,019,684	2,198,901
Deferred tax liabilities	184,858	186,955
Derivative financial instruments	10,963	50,224
Other non-current liabilities	166	191
Provisions	56,951	56,477
Non-current liabilities	2,272,622	2,492,748
Trade and other payables	749,059	793,596
Borrowings	392,055	354,101
Current income tax liabilities	17,382	3,575
Derivative financial instruments	25,215	20,911
Provisions	18,621	23,214
Current liabilities	1,202,332	1,195,397
Total liabilities	3,474,954	3,688,145
Total equity and liabilities	5,136,362	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	-	-	71,178	71,178	11,647	82,825
Cash flow hedge	-	(12,760)	-	(12,760)	-	(12,760)
Other comprehensive income	-	(101,417)	-	(101,417)	(8,142)	(109,559)
Total comprehensive income	-	(114,177)	71,178	(42,999)	3,505	(39,494)
Transactions with owners:						
Acquisition of non-controlling interest	-	-	(9,981)	(9,981)	(6,337)	(16,318)
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 September 2012	1,015,989	(110,693)	486,684	1,391,980	64,209	1,456,189
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	-	-	193,329	193,329	4,786	198,115
Cash flow hedge	-	27,549	-	27,549	29	27,578
Other comprehensive income	-	4,803	-	4,803	(54)	4,749
Total comprehensive income	-	32,352	193,329	225,681	4,761	230,442
Transactions with owners:						
Purchase of treasury shares	(4,726)	-	-	(4,726)	-	(4,726)
Share based payment	4,334	-	-	4,334	-	4,334
Transfer	-	(277)	277	-	-	-
Dividends relating to 2012	-	-	(30,008)	(30,008)	-	(30,008)
At 30 September 2013	1,015,728	(25,016)	618,799	1,609,511	51,897	1,661,408

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	Jan - Sep 2013	Jan - Sep 2012
Cash flows from operating activities		
Net profit	**198,115**	**82,825**
Income tax	46,312	27,023
Depreciation and amortization	103,840	113,389
Gain on disposal of property, plant and equipment	(405)	(3,021)
Value adjustment of current assets	19,719	24,357
Interest income	(5,039)	(7,663)
Interest expense	122,453	173,588
Other non-cash changes	20,898	15,341
Changes in working capital:		
Increase in inventories	(30,739)	(124,614)
Decrease in current receivables	32,308	26,083
(Decrease) / Increase in current payables	(39,637)	42,058
Decrease in provisions for risks and charges	(4,120)	(18,107)
Interest paid	(109,598)	(139,334)
Income tax paid	(24,416)	(31,171)
Net cash flow from operating activities	**329,691**	**180,754**
Cash flow from investing activities		
Purchase of tangible and intangible assets	(67,071)	(56,341)
Proceeds from sale of property, plant and equipment	20,609	6,929
Acquisition of available-for-sale financial assets	(50,005)	(15,000)
Proceeds from sale of assets available for sale	50,000	15,035
Loans and deposits given	5,622	40,913
Interest received	5,039	7,663
Net cash flow used in investing activities	**(35,806)**	**(801)**
Cash flow from financing activities		
Purchase of treasury shares	(4,726)	(5,319)
Repayment of borrowings - net	(182,763)	(131,079)
Dividend paid to non-controlling interests	-	(879)
Dividend paid to shareholders	(30,008)	-
Acquisition of non-controlling interest	-	(16,318)
Net cash flow used in financing activities	**(217,497)**	**(153,595)**
Net increase in cash and cash equivalents	**76,388**	**26,358**
Cash and cash equivalents at beginning of period	250,865	247,596
Cash and cash equivalents at end of period	327,253	273,954

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 nine month period ended 30 September 2013 were approved by the Management Board of the Company in Zagreb on 29 October 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 interim condensed consolidated financial statements of the Group for the nine month period ended 30 September 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-Sep 2013**	**Jan-Sep 2012**
SBU Beverages	513,951	526,807
SBU Coffee	778,225	774,217
SBU (Sweet and Salted) Snacks	437,272	414,910
SBU Savoury Spreads	336,363	356,535
SBU Sports and Functional Food	609,093	535,590
SBU Pharma and Personal Care	373,466	354,969
SDU Croatia	602,544	662,003
SDU Slovenia, Serbia, Macedonia	1,383,888	1,352,576
Other segments	314,345	275,335
Reconciliation	(1,623,678)	(1,621,274)
Total	**3,725,469**	**3,631,668**

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)	193,329	71,178
Weighted average number of shares	3,332,983	3,333,993
Basic earnings per share (in HRK)	58.00	21.35

Diluted earnings per share

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

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

During the nine month period ended 30 September 2013, Group invested HRK 67,071 thousand in purchase of property, plant and equipment (2012: HRK 56,341 thousand).

NOTE 6 - INVENTORIES

During the nine month period ended 30 September 2013, the Group wrote down HRK 10,031 thousand of inventories due to damage and short expiry dates (2012: HRK 18,004 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.

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 September 2013 and 31 December 2012 and transactions recognised in the Income statement for the nine month period ended 30 September are as follows:

(all amounts expressed in thousands of HRK)	**30 September 2013**	**31 December 2012**
RECEIVABLES		
Current receivables		
Other entities	109,279	80,426
LIABILITIES		
Borrowings		
Shareholders	1,726,464	1,822,390
Trade and other payables		
Shareholders	114	22
Other entities	651	1,816
REVENUES	**Jan – Sep 2013**	**Jan – Sep 2012**
Sales revenues		
Other entities	348,824	336,355
Other revenues		
Other entities	763	450
EXPENSES		
Marketing and promotion expenses		
Other entities	14,841	10,940
Other operating expenses		
Other entities	117	-
Finance cost - net		
Shareholders	62,387	30,523

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 30 October 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 September 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 nine month period ended 30 September 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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