Financial results in the first quarter of 2014

Zagreb – 30 April 2014

The beginning of 2014 in line with expectations

- **Sales at HRK 1,124.3 million**
  + 4.1% compared to the first quarter of 2013
- **Earnings before interest, taxes, depreciation and amortisation (EBITDA) at HRK 119.7 million**
  + 6.9% compared to the first quarter of 2013
- **Earnings before interest and taxes (EBIT) at HRK 85.7 million**
  + 13.4% compared to the first quarter of 2013
- **Net profit after minorities at HRK 32.0 million**
  +5.2% compared to the first quarter of 2013

Chairman's comment

Commenting on the financial results and key business developments in the first quarter of 2014, Emil Tedeschi, CEO of Atlantic Grupa, pointed out:

"Although the economic recovery in the region and beyond was absent in the first quarter of 2014, Atlantic Grupa started the year with business growth, maintaining previously announced expectations. In the first quarter, the strengthening of the distribution portfolio in the region with new principals, the growth in sales outside the region in line with the company's international focus and the improvement in profit margins on all levels stand out.

In the following period the company will continue to be focused on business development, risk management, liquidity maintenance and management of its financial liabilities. In addition to these strategic guidelines, the company will continue to apply the 'limited growth model' through the continuous monitoring of risks and the process of collection from customers, and accordingly the limitation of exposure to customers assessed as customers with risk."

Financial summary of the first quarter of 2014

Key figures	Q1 2014	Q1 2013*	Q1 2014/ Q1 2013
Sales (in HRK millions)	**1,124.3**	1,080.2	4.1%
Turnover (in HRK millions)	**1,132.4**	1,091.9	3.7%
EBITDA margin	**10.6%**	10.4%	+28 bp
Net income after MI (in HRK millions)	**32.0**	30.4	5.2%
Gearing ratio**	**53.7%**	55.2%	-150 bp

* Sales for the first quarter of 2013 were restated, as explained in the "Sales dynamics" section
** Gearing ratio = Net debt/(Total equity+Net debt); Gearing ratio of 55.2% refers to 31.12.2013

KEY DEVELOPMENTS in the first quarter of 2014

1. Distribution of Unilever for Croatia and Slovenia commenced

In 2014, Atlantic Grupa started with the distribution of the Unilever's product range in the Croatian and Slovenian markets. The beginning of the distribution is a result of the agreement signed in December 2013, whereby Atlantic Grupa confirmed its status of the leading distributor in the region, offering the highest level of the distribution service with the high realisation of distribution parameters.

Unilever is one of the leading global producers of consumer goods. Unilever's portfolio includes globally famous brands Knorr, Hellman's, Axe, Rexona, Brut, Signal, Coccolino, Domestos, Cif and many others. The agreement, considering the total annual value of the portfolio sales, has the value of the total of HRK 240 million, of which 51% of sales relate to the market of Croatia, and 49% to the market of Slovenia.

2. Information technologies

During the first quarter of 2014, the project of preparing the functional specification ("blueprint") of SAP solution for production companies in Atlantic Grupa was finalised. The goal of the project was to prepare a specification pattern that will be used for all new implementations of SAP in Atlantic Grupa's production companies, and for upgrading the already existing SAP installations. Based on the previously defined strategy, the same model is also planned for distribution companies, so in the second part of 2014, the functional specification ("blueprint") of SAP solution will be prepared for distribution, with planned further installations in distribution companies during 2015.

During the first quarter of 2014, the HRIS (Human Resources Information System) project was completed with the project's final phase, the system for business trip monitoring. This system reduces the processing time and aims to perform all processes, to the extent it is legally possible, in a digital form.

In the company Atlantic Multipower Germany the project of improving the existing ERP (Enterprise Resource Planning) solution INFOR LN was completed, aimed at implementing the new system version and at activating numerous additional new and improved functionalities, especially in the segment of accounting, controlling, sales and logistic processes.

It should be pointed put that the project of implementing a regional data centre in Zagreb for the purposes of consolidation and standardisation of the IT service for the territories of Croatia and Slovenia (the ITIC project), implemented in 2013, was recognised by the professionals in Croatia as the best IT project in the private sector in Croatia in 2013.

3. Own and principal brands in the first quarter of 2014

The Strategic Business Unit **Beverages** launched two new products in the carbonated soft drinks category, Cockta + with lime and ginger flavour on all regional markets and Cockta + tangerine on the markets of Croatia and Slovenia. In January, the distribution of a new rum-punch tea in the markets of Croatia, Bosnia and Herzegovina, Montenegro and Macedonia has begun. In the functional waters segment, a new design of the Donat Mg packaging was launched to the markets outside the region, which certainly contributed to good sales results in the first quarter of 2014.

In the first quarter of 2014, the Strategic Business Unit **Savoury Spreads** launched two new flavours, Argeta tea pâté on the Croatian market and Argeta Junior Ketchup on the markets of Bosnia and Herzegovina, Croatia and Slovenia.

The Strategic Business Unit **Snacks** extended its product range with two new products from the sweet product range, Integrino chocolate and hazelnut, and Integrino orange, which started to be distributed in the regional markets. In addition, in the market of Kosovo, the presence of the sweet and salted snacks product range was increased.

The Strategic Business Unit **Pharma and Personal Care** extended its portfolio of OTC drugs by one product, and at the end of February launched a new over-the-counter drug – Fidiprofen flu pills. The pharmacy chain Farmacia records an increase in the number of newly opened locations with 2 new specialised stores, while one specialised store became a pharmacy on a new location upon the transfer of the pharmacy licence.

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

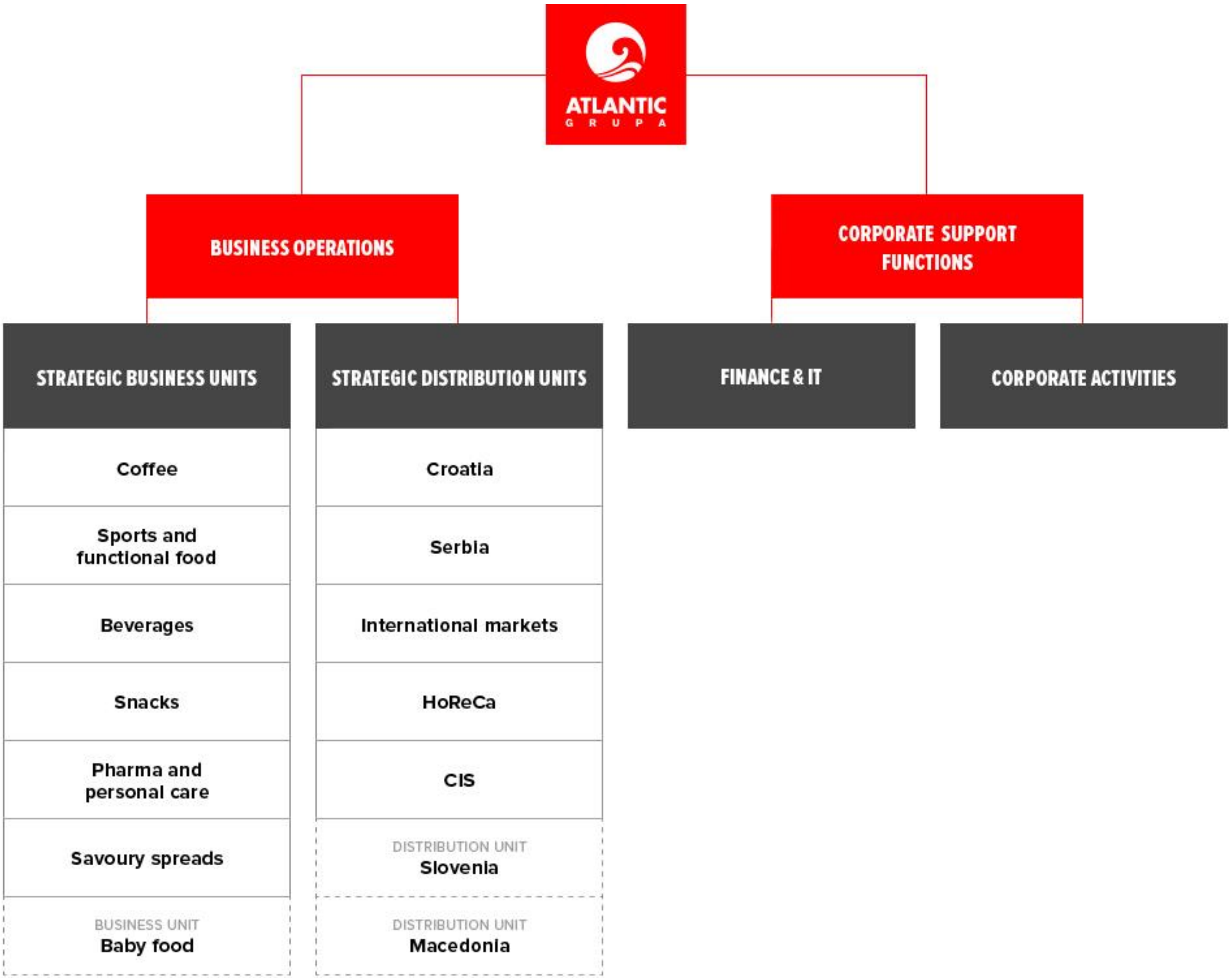
NEW ORGANISATIONAL STRUCTURE OF BUSINESS OPERATIONS

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

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

Accordingly, the new business organisation includes:

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



SALES DYNAMICS in the first quarter of 2014

Sales profile by Strategic Business Units and Strategic Distribution Units

(HRK 000)	Q1 2014	Q1 2013*	Q1 2014/ Q1 2013
SBU Beverages	130,600	128,232	1.8%
SBU Coffee	211,781	224,780	(5.8%)
SBU (Sweet and Salted) Snacks	133,320	144,005	(7.4%)
SBU Savoury Spreads	87,132	91,008	(4.3%)
SBU Sports and Functional Food	206,358	194,787	5.9%
SBU Pharma and Personal Care	120,064	112,090	7.1%
SDU Croatia	164,917	139,576	18.2%
SDU Serbia	232,788	250,069	(6.9%)
SDU International markets	67,922	71,612	(5.2%)
DU Slovenia	152,565	122,750	24.3%
Other segments**	176,283	177,712	(0.8%)
Reconciliation***	(559,396)	(576,436)	(3.0%)
Sales	1,124,334	1,080,185	4.1%

The new sales reporting structure follows the change in the business model of Atlantic Grupa introduced in 2014. Atlantic Grupa **recorded sales of HRK 1.1 billion in the first quarter of 2014** which is a 4.1% growth compared to the same period of the previous year. The growth was mainly impacted by the growth in sales in the Strategic Business Units Sports and Functional Food and Pharma and Personal Care, and the beginning of the distribution of the Unilever principal in the Strategic Distribution Unit Croatia and the Distribution Unit Slovenia. The growth in these areas compensated for the lower result of Strategic Business Units Coffee, Snacks and Savoury Spreads. It should be noted that the result was impacted by this year's Easter holidays that were at the end of April, while last year they were at the end of March/beginning of April and the "effect of increased

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Atlantic Grupa records sales by business segments in a way that sales of individual Strategic Business Units and 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 or a Distribution Unit), while sales of Strategic Distribution Units and Distribution Units include both sales of external principals' products and sales of own products.

* In 2014 the classification of contracted marketing expenses has changed from "Marketing and selling expenses" to decrease in "Sales revenues", and classification of support for contracted marketing expenses has changed from decrease in "Marketing and selling expenses" to decrease in "Cost of merchandise sold". In accordance with these changes, sales revenue (referring to sales from distribution company Atlantic Trade Zagreb) for segment information for the three month period ended 31 March 2013 has also been restated, but no restatement has been made for sales revenue referring to SBU Savoury Spreads on markets outside the region and BU Baby Food due to immateriality.

** Other segments include SDU HoReCa, SDU CIS, BU Baby Food, DU Macedonia and business activities not allocated to business and distribution units (headquarters and support functions in Serbia, Slovenia and Macedonia) which are excluded from the reportable operating segments.

*** Line item "Reconciliation" relates to the sale of own brands which is included in the appropriate SBU and BU and in SDUs and DUs through which the products were distributed.

Easter sales" was visible already in the first quarter of 2013. Excluding distribution of Unilever in the first quarter of 2014 and effects of average depreciation of Serbian Dinar by 2.6% and of Russian Ruble by 19% compared to the same period last year, sales were 1.5% higher compared to the first quarter of 2013.

- The **Strategic Business Unit Beverages** recorded a growth in sales compared to the same period of the previous year, primarily due to a significant growth in sales of the functional water Donat Mg, which compensated for the single-digit decrease in sales of carbonated soft drinks and vitamin instant drinks. Donat Mg records the highest sales growth in the markets of Russia, Slovenia and Bosnia and Herzegovina.

- Lower result of the **Strategic Business Unit Coffee** is due to lower sales of the Turkish coffee category in the markets of Serbia and Bosnia and Herzegovina, partially mitigated by the growth in the markets of Croatia and Slovenia. Lower sales in the Serbian market reflect depreciation of Serbian Dinar, increase in share of small-sized coffee roasting businesses and redirecting the marketing into price discounts, while the quantity of sales grew with the increase in the volume and value market share in the period December-January (source: AC Nielsen Retail Panel, latest available data). In the market of Bosnia and Herzegovina lower sales were recorded due to aggressive price discounts of the competition. The Croatian market recorded a double-digit growth resulting from the growth of the Barcaffe brand in the Turkish coffee category, while in the Slovenian market, the Barcaffe brand recorded growth in all categories.

- The **Strategic Business Unit Snacks** recorded a lower result compared to the same period of the previous year due to lower sales of chocolate, biscuits and flips categories. Lower sales were recorded (i) in the Serbian market due to Serbian Dinar depreciation, while the drop in sales was recorded by the flips and biscuits categories and (ii) in the markets of Montenegro and Bosnia and Herzegovina, where the drop in sales was recorded by the chocolate category. On the other hand, the Croatian market recorded a double-digit growth due to the growth in the flips category with the Smoki brand.

- The **Strategic Business Unit Savoury Spreads** recorded lower sales, primarily due to lower results of the Argeta brand in the market of Bosnia and Herzegovina, mitigated by double-digit growth rates in the markets of Kosovo, Slovenia, Serbia and Croatia. Lower sales in the market of Bosnia and Herzegovina are a result of significant price discounts and unfavourable macroeconomic situation, which resulted in lower consumption of premium products, including Argeta. It should be pointed out that in the period December-January (source: AC Nielsen Retail Panel, latest available data) Argeta increased its value and volume market share in Bosnia and Herzegovina, while in the Slovenian market it recorded the highest value market share ever of 43.2%.

- The growth of the **Strategic Business Unit Sports and Functional Food** is achieved due to the double-digit growth rate of the Multipower brand, which recorded the most significant growth in the markets of Germany, Russia and Italy. In the Russian market, Multipower almost doubled its sales. In addition to Multipower, the growth was also recorded by the Champ brand, while the Multaben brand recorded lower sales. Private labels recorded a double-digit growth in sales.

- The **Strategic Business Unit Pharma and Personal Care** records an increase in sales due to: (i) sales of Multivita in the market of Russia where in the first quarter of 2013 sales were absent due to negotiations with the new distributor (which were successfully finalised later in 2013), (ii) the growth in sales of the Neva product range, especially of the Plidenta brand which is, with the 19 percent volume market share in the period January-February (source: AC Nielsen Retail Panel, latest available data), the most sold brand in Croatia in the oral hygiene segment and (iii) the sales of two newly opened units in the pharmacy chain Farmacia. The pharmacy chain Farmacia records a lower single-digit drop in sales excluding the effect of newly-opened units due to a decrease in the prices of prescription drugs by the Croatian Institute for Health Insurance effective as of 5 February, which was largely annulled by cash sales in pharmacies and specialised stores.

- The **Strategic Distribution Unit Croatia** recorded a double-digit growth rate as a result of: (i) the beginning of the distribution of new principals, primarily of the Unilever product range (ii) an increase in the distribution of own brands, especially the double-digit growth rate of brands Barcaffe, Smoki and Argeta, (iii) an increase in the distribution of the existing principals' brands, especially Wrigley, Rauch and Johnson & Johnson, and (iv) previous year's temporarily suspended distribution in March during negotiations related to the implementation of new commercial terms and conditions. If the beginning of the Unilever distribution is excluded, the Strategic Distribution Unit Croatia recorded a 4.7% growth in sales.

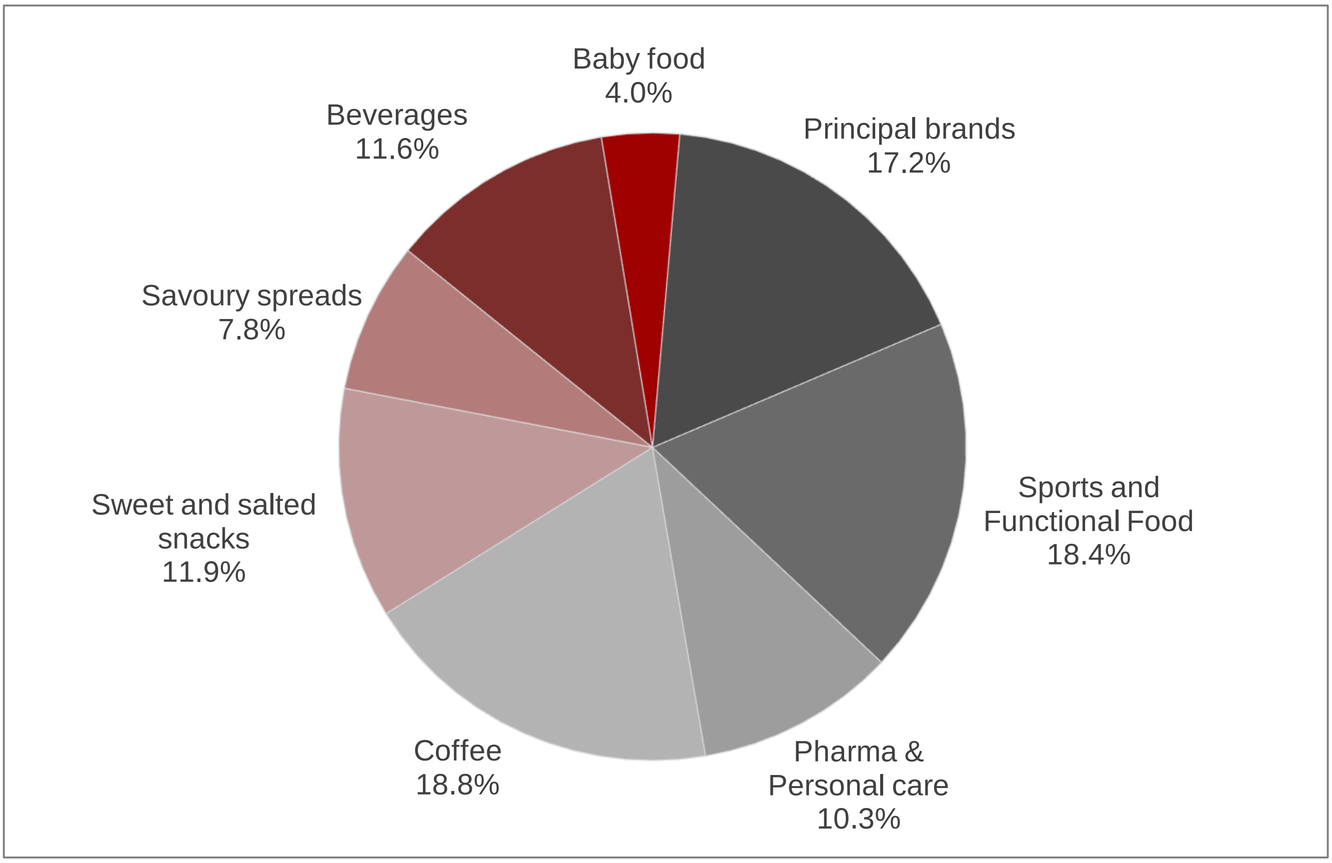
- Lower sales in the **Strategic Distribution Unit Serbia** are primarily a result of (i) Serbian Dinar depreciation, (ii) lower distribution of the coffee segment due to unfavourable movements of the Turkish coffee category and redirecting the marketing into price discounts and (iii) lower sales of the snacks segment as a result of aggressive price discounts of the competition. The result was mitigated by the increase in the distribution of the savoury spreads segment with the Argeta brand.

- The **Strategic Distribution Unit International Markets** recorded lower sales primarily as a result of redirecting the marketing into price discounts and higher rebates.

- The **Distribution Unit Slovenia** recorded a double-digit sales growth rate due to: (i) the beginning of the Unilever product range distribution, (ii) increase in the distribution of functional waters, with the Donat Mg brand, following the packaging re-design, (iii) increase in the distribution of the Barcaffe brand in all categories, (iv) increase in the distribution of the Argeta brand, recording the biggest market share ever, and (v) increase in the distribution of the existing principals' brands, especially Ferrero. If the beginning of the Unilever distribution is excluded, the Distribution Unit Slovenia recorded a 4.7% growth in sales.

- **Other segments** recorded a negligible decrease in sales following the lower result of the Distribution Unit Macedonia and Business Unit Baby Food. In this, the generally unfavourable macroeconomic environment and aggressive pressures of the competition in the majority of categories resulted in the drop in sales of the Distribution Unit Macedonia. The Business Unit Baby Food records a drop in sales largely due to this year change in classification of contracted marketing expenses (described in detail on the page 5). Excluding this effect, the segment posted lower single-digit growth despite political turmoil on the Ukrainian market and average depreciation of Russian Ruble by 19% in the first quarter of 2014 compared to the same period last year. Simultaneously, the segment posted 8% higher volume sales compared to the same period last year. The result of these two markets was mitigated by the increase in sales of the remaining Atlantic Grupa's product range in the CIS market, especially Donat Mg and the increase in sales of the Strategic Distribution Unit HoReCa where the most prominent growth was recorded in the coffee segment with the Barcaffe brand and in the beverages segment with the Cedevita brand.

Sales profile by segments



Sales profile by markets

(in HRK millions)	Q1 2014	% of sales	Q1 2013*	% of sales	Q1 2014/ Q1 2013
Croatia	**267.6**	23.8%	243.9	22.6%	9.7%
Serbia	**246.3**	21.9%	265.2	24.5%	(7.1%)
Slovenia	**170.0**	15.1%	138.1	12.8%	23.0%
Bosnia and Herzegovina	**78.2**	7.0%	86.6	8.0%	(9.7%)
Other regional markets**	**59.9**	5.3%	63.5	5.9%	(5.7%)
Key European markets***	**155.8**	13.9%	154.0	14.3%	1.2%
Russia and Commonwealth of Independent States	**69.0**	6.1%	55.1	5.1%	25.2%
Other markets	**77.5**	6.9%	73.8	6.8%	5.0%
Sales	**1,124.3**	100.0%	1,080.2	100.0%	4.1%

- **The Croatian market** recorded a 9.7% growth in sales as a result of: (i) the beginning of the distribution of new principals, especially Unilever product range, (ii) an increase in sales of own brands, especially Barcaffe in the Turkish coffee category, Smoki in the flips category and Argeta in the savoury spreads category, (iii) an increase in sales of the existing principals' brands, especially Wrigley, Johnson & Johnson and Rauch, and (iv) the effect of the previous year's temporarily suspended distribution in March during negotiations related to the implementation of new commercial terms and conditions. If the beginning of the Unilever distribution is excluded, the Croatian market recorded a 2.0% growth in sales.

- Lower sales in the **market of Serbia** are primarily a result of Serbian Dinar depreciation and lower sales of (i) the coffee segment due to unfavourable movements of the Turkish coffee category and redirecting the marketing into price discounts and (ii) biscuits and flips and beverages categories as a result of aggressive price discounts of the competition. Lower sales of the mentioned categories were mitigated by the growth in sales of the savoury spreads segment with the Argeta brand.

- The greatest contribution to the growth in sales of the **Slovenian market** was made by: (i) the beginning of the Unilever product range distribution, (ii) the functional waters category, with the Donat Mg brand, (iii) the Barcaffe brand, which recorded growth in all categories, (iv) the savoury spreads segment with the Argeta brand, and (v) the growth in sales of the existing principals' brands, especially Ferrero. If the beginning of the Unilever distribution is excluded, the Slovenian market recorded a 5.6% growth in sales.

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* Sales for the first quarter of 2013 are restated, as explained in the "Sales dynamics" section
** Other regional markets: Macedonia, Montenegro, Kosovo
*** Key European markets: Germany, the United Kingdom, Italy, Switzerland, Austria, Sweden, Spain

- Lower sales of the **market of Bosnia and Herzegovina** are a result of lower sales of: (i) the coffee segment impacted by aggressive price discounts of the competition, (ii) the savoury spreads segment as a result of stronger price discounts and unfavourable macroeconomic situation, resulting in lower consumption of premium products, including Argeta, and (iii) the snacks segment where a drop was recorded by the chocolate category. On the other hand, the decrease in these segments was mitigated by the growth in sales of the beverages segment, mainly impacted by the growth of the Donat Mg brand in the functional waters category.

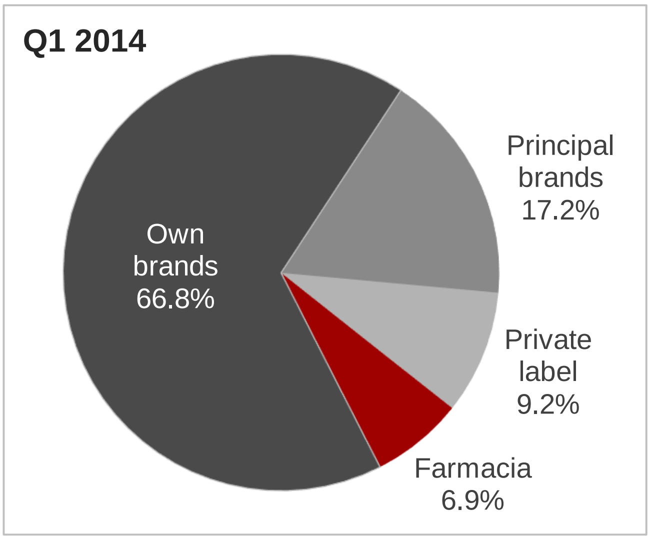
- **Other regional markets** achieved lower result compared to the previous year due to lower sales of the snacks segment, where the decrease in sales of the chocolate category was recorded, as well as lower sales in the Turkish coffee category. The drop was mitigated by the growth in sales of the savoury spreads segment with the Argeta brand and principal brands, especially Ferrero. Analysed by markets, Macedonia and Montenegro record a decrease in sales, partially compensated by the growth in sales in the market of Kosovo.

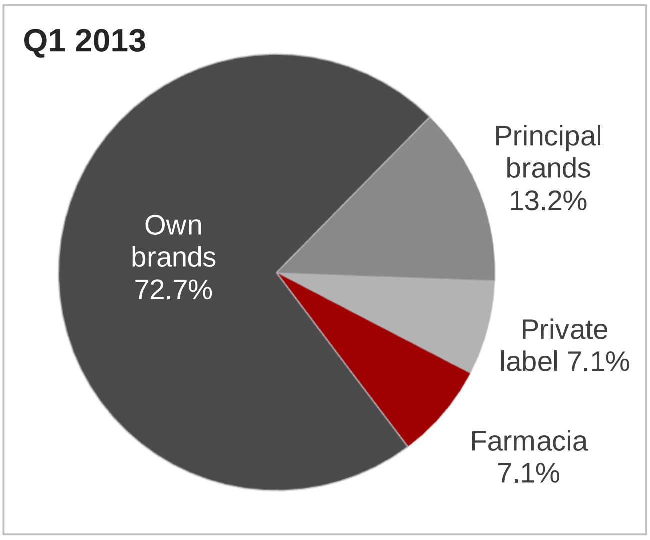
- The greatest contribution to higher sales of the **key European markets** was made by the growth in the sports and functional food segment, where the growth was recorded by Multipower and Champ brands and private labels. The Multipower brand recorded the most significant growth in sales in the markets of Germany and Italy.

- The **markets of Russia and the Commonwealth of Independent States** recorded a strong growth in sales impacted by: (i) the sales of Multivita which were absent in the first quarter of 2013 due to negotiations with the new distributor (which were successfully finalised later in 2013), (ii) the functional waters category with the Donat Mg brand, which records significantly higher sales, and (iii) the strong growth of the Multipower brand which doubled its sales.

- **Other markets** recorded a growth in sales driven by the growth in sales of private labels and in the sports and functional food segment.

Sales profile by product category





- In the first quarter of 2014, **own brands** recorded sales of HRK 750.5 million, which is a 4.4% drop compared to the first quarter of 2013. Lower sales were recorded by: (i) the Grand Kafa brand in the coffee segment, (ii) Cedevita and Cockta brands in the beverages segment, (iii) the Argeta brand in the savoury spreads segment, and (iv) Najlepše želje and Smoki brands in the snacks segment. On the other hand, the growth was recorded by: (i) the Donat Mg brand in the functional waters category, (ii) the Barcaffe brand in the coffee segment, (iii) Multipower and Champ brands in the sports and functional food segment, and (iv) the Multivita brand in the pharma and personal care segment.

- With sales of HRK 193.4 million, **principal brands** record a strong growth of 35.6% compared to the same period of the previous year, following the beginning of the distribution of new principals in 2014 and the distribution of the existing principals that were not distributed in the same period of the previous year. If the beginning of the Unilever distribution is excluded, principals' brands recorded a 5.6% growth in sales, primarily due to the growth in sales of principals Wrigley, Ferrero and Rauch.

- **Private labels** recorded sales of HRK 103.4 million which is a 35.5% growth compared to the first quarter of 2013. The growth primarily relates to the sports and functional food product range.

- The pharmacy chain **Farmacia** recorded sales of HRK 77.0 million, which is a 0.7% higher result compared to the same period of the previous year due to the newly opened units. As at 31 March 2014, the pharmacy chain Farmacia consisted of 49 pharmacies (1 more compared to the end of 2013) and 20 specialised stores (1 more compared to the end of 2013).

PROFITABILITY DYNAMICS in the first quarter of 2014

Atlantic Grupa's profitability

(in HRK millions)	Q1 2014	Q1 2013*	Q1 2014/Q1 2013
Sales	**1,124.3**	1,080.2	4.1%
EBITDA	**119.7**	112.0	6.9%
EBIT	**85.7**	75.6	13.4%
Net profit/loss	**32.3**	30.3	6.6%
Profitability margins			
EBITDA margin	**10.6%**	10.4%	+28 bp
EBIT margin	**7.6%**	7.0%	+63 bp
Net profit margin	**2.9%**	2.8%	+7 bp

In the first quarter of 2014, Atlantic Grupa recorded a 6.9% higher **EBITDA** as a result of (i) the growth in sales, (ii) favourable movements in the prices of certain raw materials in the global goods markets, primarily coffee, the effect of which is strengthened by the movements in the exchange rate EURUSD, (iii) lower other expenses, and (iv) lower other (losses)/gains, net due to lower losses on fair valuation of financial assets ("forward" contracts used in business operations) and foreign exchange gains from business operations compared to the previous year's losses. On the other hand, the increase was recorded in: (i) costs of services due to higher maintenance and transport expenses, (ii) staff costs due to a larger number of employees as a result of an increased scope of operations after taking over the distribution of Unilever, and (iii) marketing expenses as a result of more aggressive marketing activities.

In the first quarter of 2014, a 13.4% higher **EBIT** was recorded, whereby the improved operating profitability was achieved primarily due to the impacts above the EBITDA level and due to lower depreciation which is the result of a more efficient management of the existing resources, reducing the need for new investments.

Atlantic Grupa recorded a 6.6% higher **net profit** in the first quarter of 2014, which, in addition to the impacts above the EBIT level, is a consequence of: (i) a significant decrease in interest expense by 11.0% due to a successful refinancing of long-term borrowings completed at the end of 2012 and (ii) a decrease in the effective tax rate to 20% from the previous year's 28%. The negative impact was made by foreign exchange losses arisen primarily due to the depreciation of the Serbian dinar.

* Sales for the first quarter of 2013 were restated, as explained in the "Sales dynamics" section

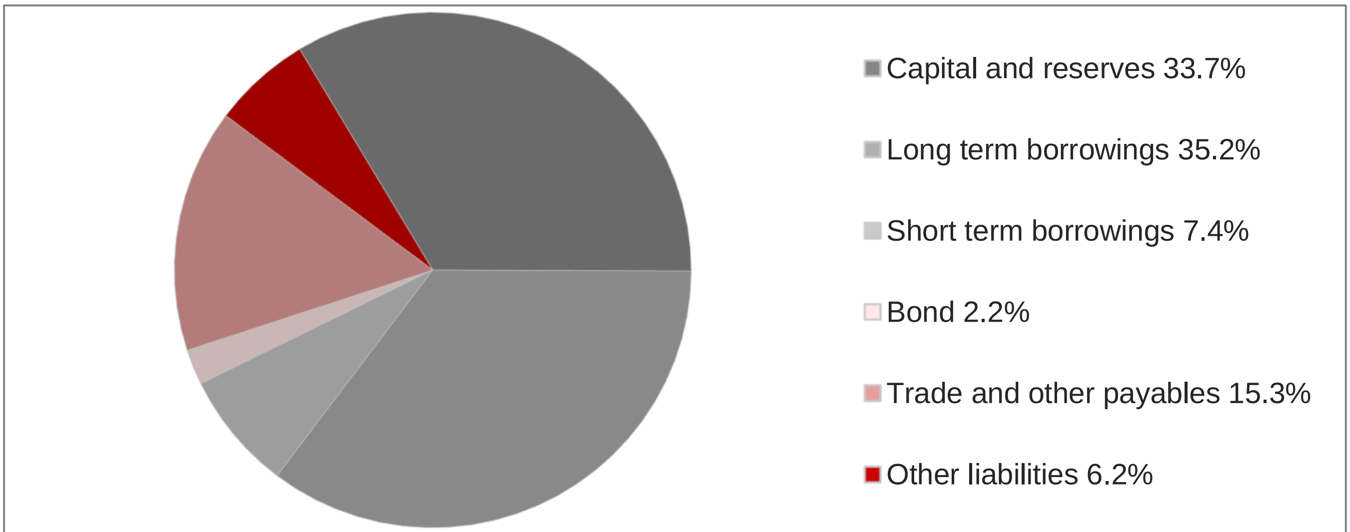
FINANCIAL INDICATORS in the first quarter of 2014

(in HRK millions)	Q1 2014	2013
Net debt	**1,979.7**	2,059.3
Total assets	**5,078.4**	5,082.8
Total Equity	**1,710.3**	1,674.5
Current ratio	**1.7**	1.8
Gearing ratio	**53.7%**	55.2%
Net debt/EBITDA	**3.3**	3.5
	Q1 2014	Q1 2013
Interest coverage ratio	**3.3**	2.7
Capital expenditure	**22.5**	16.5
Cash flow from operating activities	**111.7**	83.0

Among key determinants of the Atlantic Grupa's financial position in the first quarter of 2014, the following should be pointed out:

- Net debt of HRK 1,979.7 million was reduced by HRK 79.6 million compared to the end of 2013 and it reflects the financial debt of HRK 2,279.9 million, net derivative liabilities of HRK 23.0 million and the amount of cash and cash equivalents and deposits in the total amount of HRK 323.2 million. Consequently, the debt indicators are as follows: (i) ratio of net debt and capital increased by net debt of 53.7%, (ii) ratio of net debt and EBITDA of 3.3 times and (iii) 3.3 times coverage of interest expense by EBITDA. These indicators reflect the company's focus on a continued deleveraging.

- The Atlantic Grupa's equity and liabilities structure as at 31 March 2014 is as follows:



The company’s capital expenditure in the first quarter of 2014 amounts to HRK 22.5 million, with the most significant investments related to the following:

(i) SBU Coffee: purchase of espresso machines and Coffee 2 Go machines, investment in the transport system for ground coffee,

(ii) SBU Snacks: investment in the line for the production of fillings, purchase of production equipment for the production of chocolate bars,

(iii) SBU Sports and Functional Food: investment in the production plant for the production of bars in Nova Gradiška,

(iv) SDU Croatia and SDU Slovenia: investments related to taking over the distribution of Unilever (IT, warehouses, offices).

OUTLOOK for 2014

Management’s view on macroeconomic expectations

Atlantic Grupa's management consider that the rest of 2014 will bring a decrease in gross domestic product in Croatia. A negative contribution will be made by personal consumption under the influence of poor situation in the labour market where the unemployment trend continues and under the influence of the deleveraging of households. In the light of high unemployment and increased tax burden (a consequence of the Government’s focus on the revenue side of the budget in order to decrease the budgetary deficit), the recovery of disposable household income may not be expected.

In 2014, the Slovenian market will most likely remain in recession; however, in the second half of the year indications of recovery might be seen. Decrease in employment and wages, consumer pessimism and further deleveraging are still negatively reflected on the economic growth. The Serbian market will continue to be characterised by low personal consumption under the influence of reduced wages, tax burden and high unemployment, and it remains to be seen what political steps in the rest of the year will be made. Although the growth in gross domestic product for the market of Bosnia and Herzegovina is expected, it is uncertain what the contribution of the personal consumption will be due to a low level of employment and, in the best case scenario, a stagnating disposable personal income.

2014 might be marked by a slow recovery in the EU, which might have a positive impact on the countries in the region, as import from them will increase. The market of Germany continues to achieve the best results with a very low level of unemployment and high personal consumption. The market of United Kingdom also records an economy growth with an increase in personal consumption despite the still low growth in real income. The Italian market should record an economy growth; however, due to continuing difficult conditions in the labour market, the contribution of personal consumption will be modest.

The political situation related to Russia, Ukraine and third parties (EU, USA) is negatively reflected on the Russian economy. In addition to the slow-down of the previous year’s economy, potential economic sanctions will have an additional negative impact on personal consumption.

Atlantic Grupa's management strategic guidance for 2014

In order to achieve the planned business growth during 2014, management will be focused on the implementation of strategic business guidelines that include the following:

- Focus on organic business growth through active brand management with a special emphasis on strengthening the position of regional brands (Cockta, Cedevita, Smoki, Grand Kafa, Barcaffe, Bananica, Štark) and brands with international potential (Multipower, Argeta, Donat Mg, Bebi, Cedevita GO!);
- Strengthening the regional character of distribution operations through the extension of the principals' brands portfolio;
- Active development of the regional HoReCa segment with a portfolio that covers '24/7 consumer needs' and other sale channels (Online, Etno channel);
- Rationalisation of operations, cost management and optimisation of business processes on all operating levels aimed at improving operating efficiency;
- Active monitoring of trends and hedging the price of raw coffee and other raw materials;
- Regular settlement of existing financial liabilities with an active management of debt and finance costs; and
- Prudent liquidity management and further deleveraging.

After the results of the first quarter of 2014, management retains their previously announced expectations for 2014:

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

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

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

The expected effective tax rate in 2014 should be at the same levels as in 2013.

ATLANTIC GRUPA d.d.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE MONTH PERIOD ENDED 31 MARCH 2014 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan - Mar 2014	Jan - Mar 2013	Index
Turnover	**1,132,361**	**1,091,899**	**103.7**
Sales revenues	1,124,334	1,080,185	104.1
Other revenues	8,027	11,714	68.5
Operating expenses	**1,012,629**	**979,895**	**103.3**
Cost of merchandise sold	295,848	251,515	117.6
Change in inventories	(35,623)	(34,444)	103.4
Production material and energy	395,349	416,501	94.9
Services	81,947	74,671	109.7
Staff costs	163,245	152,003	107.4
Marketing and selling expenses	71,252	65,405	108.9
Other operating expenses	39,384	45,326	86.9
Other losses – net	1,227	8,918	13.8
EBITDA	**119,732**	**112,004**	**106.9**
Depreciation and amortization	34,014	36,415	93.4
EBIT	**85,718**	**75,589**	**113.4**
Interest expenses	(36,523)	(41,042)	89.0
Foreign exchange differences from financing - net	(8,851)	7,514	n/a
EBT	**40,344**	**42,061**	**95.9**
Income tax	8,026	11,737	68.4
Profit for the period	**32,318**	**30,324**	**106.6**
Attributable to:			
Non-controlling interest	310	(105)	n/a
Owners of the parent	32,008	30,429	105.2
Earnings per share for profit attributable to the owners of the Company			
- basic	9.60	9.13	
- diluted	9.60	9.13	

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Mar 2014	Jan – Mar 2013	Index
Profit for the year	**32,318**	**30,324**	**106.6**
Cash flow hedge	4,676	20,535	22.8
Currency translation differences	(1,180)	18,976	n/a
Total comprehensive income	**35,814**	**69,835**	**51.3**
Attributable to:			
Non-controlling interest	275	68	404.4
Equity holders of the Company	35,539	69,767	50.9
Total comprehensive income	35,814	69,835	51.3

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	31 March 2014	31 December 2013
Property, plant and equipment	1,052,233	1,060,847
Investment property	1,665	1,672
Intangible assets	1,863,433	1,851,023
Available-for-sale financial assets	1,072	1,072
Trade and other receivables	9,118	9,054
Deferred tax assets	47,607	47,912
Non-current assets	2,975,128	2,971,580
Inventories	594,993	537,232
Trade and other receivables	1,062,098	1,126,410
Non-current assets held for sale	99,373	99,133
Prepaid income tax	23,637	22,820
Deposits given	267	251
Cash and cash equivalents	322,911	325,334
Current assets	2,103,279	2,111,180
Total assets	5,078,407	5,082,760
Capital and reserves attributable to owners of the Company	1,658,742	1,623,203
Non-controlling interest	51,567	51,292
Borrowings	1,903,040	1,968,950
Deferred tax liabilities	183,212	181,378
Derivative financial instruments	11,390	9,733
Other non-current liabilities	145	143
Provisions	59,870	59,723
Non-current liabilities	2,157,657	2,219,927
Trade and other payables	775,283	736,172
Borrowings	376,856	387,288
Current income tax liabilities	18,382	16,213
Derivative financial instruments	11,639	18,950
Provisions	28,281	29,715
Current liabilities	1,210,441	1,188,338
Total liabilities	3,368,098	3,408,265
Total equity and liabilities	5,078,407	5,082,760

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousands of HRK, unaudited	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total
At 1 January 2013	1,016,120	(57,091)	455,201	1,414,230	47,136	1,461,366
Comprehensive income:						
Net profit for the year	-	-	30,429	30,429	(105)	30,324
Cash flow hedge	-	20,535	-	20,535	-	20,535
Other comprehensive income	-	18,803	-	18,803	173	18,976
Total comprehensive income	-	39,338	30,429	69,767	68	69,835
Transactions with owners:						
Purchase of treasury shares	(4,178)	-	-	(4,178)	-	(4,178)
Transfer	-	(277)	277	-	-	-
At 31 March 2013	1,011,942	(18,030)	485,907	1,479,819	47,204	1,527,023
At 1 January 2014	1,015,953	(15,363)	622,613	1,623,203	51,292	1,674,495
Comprehensive income:						
Net profit for the year	-	-	32,008	32,008	310	32,318
Cash flow hedge	-	4,673	-	4,673	3	4,676
Other comprehensive income	-	(1,142)	-	(1,142)	(38)	(1,180)
Total comprehensive income	-	3,531	32,008	35,539	275	35,814
Transactions with owners:						
Transfer	-	264	(264)	-	-	-
At 31 March 2014	1,015,953	(11,568)	654,357	1,658,742	51,567	1,710,309

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	**Jan - Mar 2014**	**Jan - Mar 2013**
Cash flows from operating activities		
Net profit	**32,318**	**30,324**
Income tax	8,026	11,737
Depreciation and amortization	34,014	36,415
(Gain) / loss on disposal of property, plant and equipment	(299)	287
Value adjustment of current assets	6,384	9,949
Interest income	(1,205)	(1,225)
Interest expense	36,523	41,042
Other non-cash changes	4,994	3,066
Changes in working capital:		
Increase in inventories	(61,750)	(50,440)
Decrease in current receivables	73,993	86,281
Increase / (decrease) increase in current payables	25,188	(47,136)
(Decrease) / incrase in provisions for risks and charges	(1,286)	551
Interest paid	(37,528)	(28,058)
Income tax paid	(7,633)	(9,789)
Net cash flow from operating activities	**111,739**	**83,004**
Cash flow from investing activities		
Purchase of tangible and intangible assets	(22,504)	(16,504)
Proceeds from sale of property, plant and equipment	389	586
Acquisition of subsidiary net of cash acquired	(5,332)	-
Loans and deposits given - net	(995)	523
Interest received	1,205	1,225
Net cash flow used in investing activities	**(27,237)**	**(14,170)**
Cash flow from financing activities		
Purchase of treasury shares	-	(4,178)
Proceeds from borrowings, net of fees paid	15,291	10,313
Repayment of borrowings	(102,216)	(57,328)
Net cash flow used in financing activities	**(86,925)**	**(51,193)**
Net (decrease) / increase in cash and cash equivalents	**(2,423)**	**17,641**
Cash and cash equivalents at beginning of period	325,334	250,865
Cash and cash equivalents at end of period	322,911	268,506

NOTE 1 – GENERAL INFORMATION

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

The interim condensed consolidated financial statements of the Group for the three month period ended 31 March 2014 were approved by the Management Board of the Company in Zagreb on 29 April 2014.

The interim condensed consolidated financial statements have not been audited.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the three month period ended 31 March 2014 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 2013.

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 2013.

2.3. COMPARATIVES AND RESTATEMENTS

In 2014 the classification of contracted marketing expenses has changed from “Marketing and selling expenses” to decrease in “Sales revenues”, and classification of support for contracted marketing expenses has changed from decrease in “Marketing and selling expenses” to decrease in “Cost of merchandise sold”. In accordance with these changes, sales revenue for segment information for the three month period ended 31 March 2013 has also been restated.

The effect of these changes on comparative figures for 2013 is as follows:

(*in thousands of HRK*)	2013
Decrease in sales revenues	(6,948)
Decrease in cost of merchandise sold	2,378
Decrease in marketing and promotion expenses	4,570

NOTE 3 – SEGMENT INFORMATION

As of 1 January 2014, the business model of the Group is organized through six strategic business units which have been joined by business unit Baby food and five strategic distribution units, which have been joined by distribution units Slovenia and Macedonia:

- 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 International Markets,
- SDU Serbia,
- SDU HoReCa,
- SDU CIS,
- BU Baby food,
- DU Slovenia,
- DU Macedonia.

Strategic Management Council is responsible for strategic and operational issues. For more efficient management of individual strategic business and strategic distribution units, the organization unites similar business activities or products, shared markets or channels, together.

Due to the fact that SDU HoReCa, SDU CIS, BU Baby food and DU Macedonia do not meet quantitative thresholds, required by IFRS 8 for reportable segments, they are reported within Other segments. The Other segments category comprises also of non-allocable business activities (headquarters and support functions in Serbia, Slovenia and Macedonia) which are excluded from the reportable operating segments.

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

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

NOTE 3 – SEGMENT INFORMATION (continued)

Sales revenues *(in thousands of HRK)*	**Jan-Mar 2014**	**Jan-Mar 2013**
SBU Beverages	130,600	128,232
SBU Coffee	211,781	224,780
SBU (Sweet and Salted) Snacks	133,320	144,005
SBU Savoury Spreads	87,132	91,008
SBU Sports and Functional Food	206,358	194,787
SBU Pharma and Personal Care	120,064	112,090
SDU Croatia	164,917	139,576
SDU International	67,922	71,612
SDU Serbia	232,788	250,069
DU Slovenia	152,565	122,750
Other segments	176,283	177,712
Reconciliation	(559,396)	(576,436)
Total	**1,124,334**	**1,080,185**

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.

	2014	**2013**
Net profit attributable to equity holders (in thousands of HRK)	32,008	30,429
Weighted average number of shares	3,334,278	3,332,105
Basic earnings per share (in HRK)	9.60	9.13

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 AND INTANGIBLE ASSETS

During the three month period ended 31 March 2014, Group invested HRK 22,504 thousand in purchase of property, plant and equipment and intangible assets (2013: HRK 16,504 thousand).

NOTE 6 - INVENTORIES

During the three month period ended 31 March 2014, the Group wrote down inventories in the amount of HRK 3,986 thousand due to damage and short expiry dates (2013: HRK 3,435 thousand). The amount is recognised in the income statement within ‘Other operating expenses’.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Group enters into transactions with the following related parties: shareholders and other entities controlled or owned by shareholder. Related party transactions that relate to balance sheet as at 31 March 2014 and 31 December 2013 and transactions recognised in the Income statement for the three month period ended 31 March are as follows:

(all amounts expressed in thousands of HRK)	**31 March 2014**	**31 December 2013**
RECEIVABLES		
Current receivables		
Other entities	93,964	93,294
LIABILITIES		
Borrowings		
Shareholders	1,644,226	1,678,297
Trade and other payables		
Shareholders	110	111
Other entities	547	1,416
REVENUES	**Jan – Mar 2014**	**Jan – Mar 2013**
Sales revenues		
Other entities	93,793	106,221
Other revenues		
Other entities	159	118
EXPENSES		
Marketing and promotion expenses		
Other entities	2,945	4,719
Other expenses		
Other entities	523	-
Finance cost - net		
Shareholders	18,652	21,734

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 30 April 2014

Pursuant to the article 407. to 410. of the Capital market Law (Official Gazette 88/08, 146/08 and 74/09) the President of the Management board of Atlantic Grupa d.d., Miramarska 23, Zagreb provide

MANAGEMENT BOARD'S STATEMENT OF LIABILITY

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

The consolidated financial statements for the period ended 30 April 2014 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Group.
The management report for the period ended 30 April 2014 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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