Financial results in the first half of 2014

Zagreb – 30 July 2014

Business growth in challenging business environment

- **Sales at HRK 2,454.0 million**
  + 2.1% compared to the first half of 2013
- **Earnings before interest, taxes, depreciation and amortisation (EBITDA) at HRK 299.8 million**
  + 3.6% compared to the first half of 2013
- **Earnings before interest and taxes (EBIT) at HRK 230.9 million**
  + 5.4% compared to the first half of 2013
- **Net profit after minorities at HRK 131.4 million**
  +14.8% compared to the first half of 2013

Chairman's comment

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

"Despite very challenging business environment marked by unfavourable macroeconomic developments in the region and beyond, as well as unfavourable market developments in most of the product categories, Atlantic Grupa ensured the growth in sales and profitability in the first half of 2014. Special focus was on the expansion of the product and distribution portfolio, capital investments in the new energy bars production plant and risk management.

Taking into account the very challenging business milieu, in the rest of the year the focus will be on business development, risk management, liquidity maintenance, debt management and continuous monitoring of risks and collection from customers and accordingly, the limitation of exposure to the risky customers."

Financial summary of the first half of 2014

Key figures	H1 2014	H1 2013*	H1 2014/ H1 2013
Sales (in HRK millions)	**2,454.0**	2,403.4	2.1%
Turnover (in HRK millions)	**2,474.0**	2,423.2	2.1%
EBITDA margin	**12.2%**	12.0%	+17 bp
Net income after minorities (in HRK millions)	**131.4**	114.5	14.8%
Gearing ratio*	**53.2%**	55.2%	-194 bp

* Sales for the first half of 2013 were restated, as explained in the "Sales dynamics" section
** Gearing ratio = Net debt/(Total equity+Net debt); Gearing ratio of 55.2% relates to 31 December 2013

KEY DEVELOPMENTS in the first half of 2014

1. Successful beginning of Unilever distribution for Croatia and Slovenia

After signing the Agreement on distribution in December 2013, the first half of 2014 was mainly marked by the successful beginning of the Unilever's product range distribution in the markets of Croatia and Slovenia. Unilever is one of the leading global producers of consumer goods with a rich portfolio of globally famous brands (Knorr, Hellman's, Axe, Rexona, Brut, Signal, Coccolino, Domestos, Cif and many others), and its inclusion into the Atlantic Grupa's distribution portfolio confirmed Atlantic Grupa's status of the leading distributor in the region, offering the highest level of the distribution service with the high realisation of distribution parameters.

2. Construction of the new energy bars factory in Nova Gradiška

The new factory of energy bars from the sports and functional food product range in the Industrial park Nova Gradiška that began in April 2014, is way under construction. The construction is going according to plans and the factory has already begun to emerge (the assembly of roof and wall panels and the construction of infrastructure for the site is in progress), and the first products from the new lines are expected in the market in the first quarter of 2015.

This is a project with the total value of HRK 120 million, which will create 50 new jobs in the first year of the production, and with the planned business growth, eventually, 160 new jobs will be created. 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. Own brands in the first half of 2014

The Strategic Business Unit **Beverages** in the HoReCa channel offers Cedevita consumers in the entire region a new experience through 25% extra content for the same price, unique serving and innovative packaging not seen in the market before. In the retail channel, new handy Cedevita packs of 75g for 1L of the beverage and 150g for 2L of the beverage were launched, with the most popular orange and lemon flavours.

In addition to great business results of the Strategic Business Unit **Savoury Spreads** in the first half of the year, according to the Austrian professional trade magazine Regal in the selection of the best products on the Austrian market in the bread spreads category, Argeta was placed first with its chicken pâté and third with Argeta Junior classic pâté.

In addition, the jury of the prestigious marketing Euro Effie 2014 award published the list of this year's finalists which included the Argeta's “Approved by Moms” campaign in the consumer goods category and the Donat’s “Expectant Mothers” campaign in the low budget campaigns category. The applications of the Argeta’s “Approved by Mums” and Donat’s “Expectant Mothers” campaigns passed a strict selection procedure of the international jury, which in the first round graded the campaign efficiency in the context of other campaigns applied through the prism of achieving business goals, creativity of the media strategy and undisputable and measurable results of the campaign itself. The inclusion among the finalists alone presents a great success since Atlantic Grupa, with the Argeta's campaign, caught up with companies such as Beiersdorf AG, P&G, GlaxoSmithKline, Barilla, Unilever and Coca-Cola, while Donat's campaign competes with the companies Ford Europe, Volkswagen, Daimler AG and the European Commission.

Within the Strategic Business Unit **Snacks**, Atlantic Grupa extended its product range of salted snacks with the chips range of the new brand Chipsos. This established Atlantic as an important factor in the chips segment in South East Europe.

4. Information technologies

Atlantic Grupa's ICT team got a valuable recognition from the IDC analytics company, whereby Igor Velimirović, the executive officer for corporative information and communication technologies of Atlantic Grupa was proclaimed the best CIO (Chief Investment Officer) of the year in Croatia for the private sector, and Atlantic Grupa’s “private cloud” for Croatia and Slovenia was proclaimed the best IT project in the private sector.

In addition, the preparation of the functional specification ("blueprint") of SAP solution for production companies in Atlantic Grupa was successfully completed and currently the implementation of the SAP solution for Atlantic Multipower in Nova Gradiška is in progress. It is planned that the SAP solution will start to be employed at the beginning of November, in order to ensure the support for the test production at first, and later for the market production. The other portion of activities, the SAP blueprint for distribution companies, was initiated as planned and its finalisation is expected in October. After the completion of the installation project and migration to the new SAP installation version in Slovenia, SAP solution versions in Croatia and Slovenia were harmonised, which was the first precondition for the final goal – the integration of all SAP solutions in Atlantic Grupa on the same system. Based on the defined strategy of long-term orientation to the SAP solution as the Atlantic Grupa's standard, at the end of 2013 and the beginning of 2014, the internal SAP consultants team was formed, with 5 new employees. By this move, the strategic and operational SAP solutions management in Atlantic Grupa was partially transferred from the existing outsourcing model to a model where the internal team, in cooperation with business departments, plans to increase the efficiency of the SAP solution and assist in the extension of SAP to Atlantic Grupa's companies in the region.

5. Strategic partnership with INA

The continuous efforts made by the SDU Croatia in business development and growth of this dynamic unit recently resulted in the strategic partnership of Atlantic Grupa and INA. This is an extensive cooperation in the sales network of the oil company. From April on Ina's gas stations Montana sandwiches, the market leader in their category, are exclusively sold, and from June, the strategic partnership extended to the Coffee segment. Thereby, Barcaffé Coffee to Go will become the most accessible hot beverage for travel on these gas stations across Croatia, while Barcaffé espresso will be served in Ina's bars.

This cooperation is an example of an effective synergy of business units, strengthening the position of Atlantic Grupa as the most developed distributor of consumer goods and it represents a significant step forward in the development and expansion of the coffee business, specially of the Coffee to Go segment. With the new strategic partnership, special teams of salesmen for the Petrol channel were formed, a Coffee to Go team, a Barcaffe espresso and Montana team and a team for other Atlantic's products.

SALES DYNAMICS in the first half of 2014

Sales profile by business segments

(HRK 000)	H1 2014	H1 2013*	H1 2014/ H1 2013
SBU Beverages	**315,958**	328,980	(4.0%)
SBU Coffee	**476,712**	504,398	(5.5%)
SBU (Sweet and Salted) Snacks	**280,330**	292,283	(4.1%)
SBU Savoury Spreads	**219,151**	207,125	5.8%
SBU Sports and Functional Food	**399,732**	411,296	(2.8%)
SBU Pharma and Personal Care	**242,668**	243,630	(0.4%)
SDU Croatia	**405,981**	354,013	14.7%
SDU Serbia	**509,972**	549,013	(7.1%)
SDU International markets	**294,818**	285,110	3.4%
DU Slovenia	**335,393**	273,564	22.6%
Other segments**	**389,611**	391,335	(0.4%)
Reconciliation***	**(1,416,368)**	(1,437,335)	n/a
Sales	**2,453,958**	2,403,412	2.1%

In the first half of 2014, Atlantic Grupa **recorded sales of HRK 2.5 billion**, which is a 2.1% growth compared to the same period of the previous year. The growth was mainly impacted by the growth in sales in the Strategic Business Unit Savoury Spreads, the Strategic Distribution Unit International Markets and the beginning of the Unilever principal distribution in the Strategic Distribution Unit Croatia and the Distribution Unit Slovenia. The growth in these units compensated for the lower result of other business segments. If we exclude the effect of new and old principals (the beginning of Unilever distribution and the termination of cooperation with principals Red Bull, Bobi, Lorenz, Manner) and unfavourable impacts of movements in exchange rates (the average depreciation of the Serbian dinar of 2.6% and the average depreciation of the Russian rubble of 17.2% compared to the same period of the previous year), the sales remained at the level of the first half of 2013.

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 30 June 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.

- The **Strategic Business Unit Beverages** recorded a drop in sales primarily due to a decrease in sales of carbonated soft drinks and vitamin drinks. These two segments recorded lower results mainly due to (i) the unfavourable impact of unstable weather, (ii) the negative impact of floods in the region in May and (ii) the volume and value drop in the total market categories* on regional markets, so, for example, carbonated soft drinks recorded a volume market drop of 6.8% in Slovenia and 6.4% in Serbia, while vitamin instant drinks recorded a volume market drop of 4.4% in Slovenia, 2.4% in Croatia and as much as 11.3% in Serbia. Within the SBU Beverages, growth in sales was recorded by functional waters with the Donat Mg brand and by waters with the Kala brand. In this, Donat Mg records the highest sales growth in the markets of Slovenia and Russia, while Kala, due to excellent results, took second place in the Croatian market of spring waters in the period January-June 2014 (according to the report of the Croatian Association of Drink Producers).

- **Strategic Business Unit Coffee** records a decrease in sales primarily due to lower sales of the Turkish coffee segment in the markets of Serbia, Bosnia and Herzegovina and Macedonia, partially mitigated by the growth in sales in the markets of Slovenia and Croatia. The factors that caused negative developments in the Serbian market are the depreciation of the Serbian dinar, increase in competition in the form of small roasting plants that sell cheaper coffee and continuous redirection of marketing into price discounts, significantly higher than in the same period of the previous year. In this, it should be taken into account that in the Turkish coffee category the Grand Kafa brand records a volume sales growth in the first half of the year in Serbia and the growth in volume and value market share* in the period January-April. The aggressive price discounts by competitors and the increase in the share of economy brands impacted the drop in sales in the market of Bosnia and Herzegovina. The Slovenian market recorded growth in all categories, primarily in Turkish coffee, where it recorded growth in volume and value market shares* due to, among other things, marketing tools such as the “Kavamania” loyalty programme, while the overall Turkish coffee market category recorded the volume and value drop of 2.9%* respectively. The Croatian market recorded a double-digit growth in sales with the highest growth in the Turkish coffee segment and further growth in volume and value market shares* despite the volume and value drop in the overall Turkish coffee market category of 6.6%, and 9.8%*, respectively.

- The lower result of the **Strategic Business Unit Snacks** is a consequence of lower results of biscuits, flips and wafers categories. Geographically, (i) the Serbian market records lower sales due to the depreciation of the Serbian dinar, unfavourable impact of natural disasters (floods in May) and the decrease in the biscuits and flips categories, (ii) the markets of Bosnia and Herzegovina and Montenegro record the decrease in sales primarily due to chocolate in the former and flips in the latter market, (iii) the Croatian market recorded a double-digit growth in sales due to the flips category and the growth in the volume and value market share of the Smoki brand, while the overall flips market category records a volume drop of 5.5% and a value drop of 11.2%*. In addition to the unfavourable effect of floods in the region in May, we should also point out the effect of significantly higher price discounts compared to the same period of the previous year.

* AC Nielsen Retail Panel, January-April 2014 (percentage movements on an annual level)

- The growth of the **Strategic Business Unit Savoury Spreads** is a result of the recovery of sales in the market of Bosnia and Herzegovina, the growth in sales in other regional markets (Slovenia, Croatia, Serbia, Kosovo) and the growth in sales in international markets, primarily markets of Russia and Switzerland. Argeta records the volume and value growth in market shares in key regional markets (Slovenia, Bosnia and Herzegovina, Croatia and Serbia)* while, for example, the overall market category records a volume drop of 1.1% in Slovenia, 4.5% in Croatia and 3.7% in Serbia*. In Austria*, with 27.6% volume market share and 29.1% value market share, Argeta is only a few percentage points from the leading position in the pâté category.

- The **Strategic Business Unit Sports and Functional Food** records a decrease in sales primarily caused by the drop in private labels following the termination of the contract with one principal. This was largely annulled by the growth in sales of own brands Multipower and Champ. In this, Multipower records double-digit growth rates in the markets of Germany, Italy and Great Britain.

- A mild decrease in sales of the **Strategic Business Unit Pharma and Personal Care** is a result of the decrease in sales in the Croatian market, which was largely mitigated by the growth in sales in the market of Bosnia and Herzegovina. The Croatian market records growth primarily due to lower results of the Fidifarm product range and the Atlantic Pharmacentar principal product range, while the market of Bosnia and Herzegovina records growth, primarily due to good results of the Plidenta brand. The pharmacy chain Farmacia records a mild decrease in sales excluding the effect of newly-opened units due to a decrease in 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 strong growth in sales of the **Strategic Distribution Unit Croatia** is a consequence of several factors: (i) the beginning of the distribution of new principals, primarily of the Unilever product range, but also others, such as Ilirija and Monster, (ii) sales increase in the distribution of own brands, especially Barcaffe, Kala, Smoki and Argeta, (iii) sales increase in the distribution of principals' brands such as Johnson & Johnson, Rauch and Ferrero, and (iv) previous year's temporarily suspended distribution in March during negotiations related to the implementation of new commercial terms and conditions. If the Unilever sales are excluded, as well as the termination of the Bobi, Lorenz and Manner product ranges distribution, the Strategic Distribution Unit Croatia recorded a 4.5% growth in sales.

- The **Strategic Distribution Unit Serbia** records a drop in sales due to (i) the depreciation of the Serbian dinar, (ii) natural disasters, (iii) the decrease in sales of the coffee, carbonated soft drinks, vitamin instant drinks and flips segments, as a consequence of the volume and value drop in all these categories in the market (excluding flips, which records only the value drop)*, (iv) redirecting the marketing into price discounts, and (v) aggressive price discounts by competitors. The negative developments in the Strategic Distribution Unit Serbia were partly mitigated by the increase in sales of the Argeta product range.

- The **Strategic Distribution Unit International Markets** recorded a growth in sales, primarily in the markets of Germany and Switzerland, and in the sports and functional food segment.

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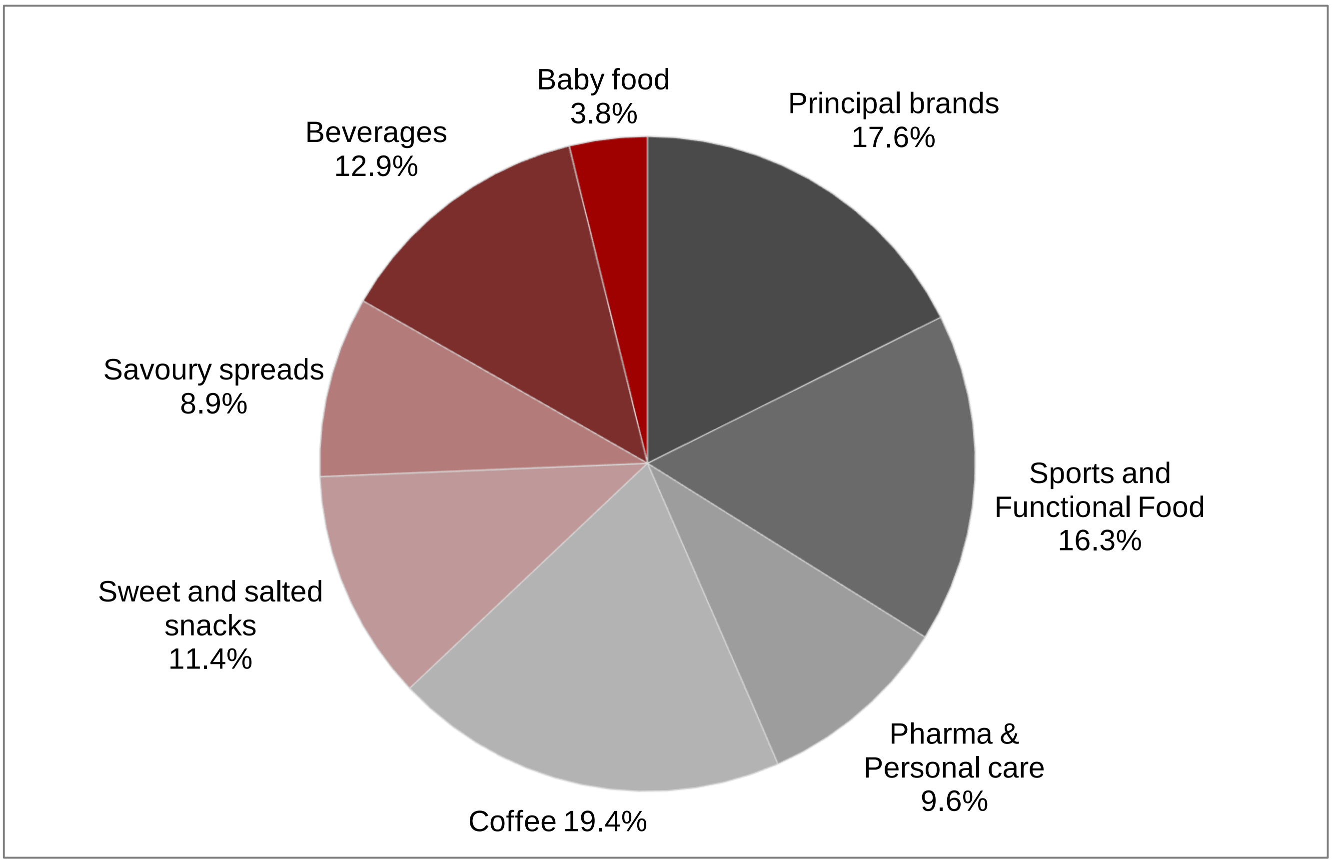
* AC Nielsen Retail Panel, January-April 2014 (percentage movements on an annual level)

- The double-digit growth in sales of the **Distribution Unit Slovenia** is due to: (i) the beginning of the Unilever product range distribution, (ii) increase in sales of internal principals from the segments of coffee, functional waters and savoury spreads, and (iii) increase in the distribution of external principals, such as Ferrero. If the effect of the Unilever sales is excluded, the DU Slovenia recorded a 4.7% growth in sales.

- **Other segments** recorded a mild decrease in sales following the lower sales of the Business Unit Baby Food, Distribution Unit Macedonia and Strategic Distribution Unit HoReCa, which largely annulled the 18% growth in sales of the Strategic Distribution Unit CIS. The Strategic Distribution Unit CIS primarily based the sales growth on positive results of functional waters with the Donat Mg brand. The drop in sales of the Business Unit Baby Food is a result of this year's changes in the classification of contracted marketing expenses and sales promotion[1], the political uncertainty in the market of Ukraine and the average depreciation of the rubble of 17.2% in the first half of 2014 compared to the same period of the previous year. If the effect of the change in classification is excluded, the segment records a lower single-digit growth in sales and the volume growth in sales of 6% compared to the same period of the previous year. The Distribution Unit Macedonia records a drop in sales primarily as a result of a drop in sales of the coffee category due to extremely aggressive price discounts by competitors, limiting the exposure to certain customers primarily due to a slow collection process and generally high unemployment rate that negatively impacts personal consumption. The Strategic Distribution Unit HoReCa records lower sales in the Croatian market (following the termination of cooperation with the principal Red Bull), partly annulled by the growth in sales in the markets of Slovenia and Macedonia. Among product groups, coffee records a growth in sales, while beverages record a drop, as a consequence of generally unfavourable developments in the beverages segment in regional markets. If the effect of the termination of cooperation with the principal Red Bull is excluded, the SDU HoReCa records a mild growth in sales.

[1] Described in detail on page 4 of the document.

Sales profile by segments



Sales profile by markets

(in HRK millions)	H1 2014	% of sales	H1 2013	% of sales	H1 2014/ H1 2013
Croatia	**620.8**	25.3%	573.8	23.9%	8.2%
Serbia	**538.9**	22.0%	581.9	24.2%	(7.4%)
Slovenia	**375.2**	15.3%	308.8	12.8%	21.5%
Bosnia and Herzegovina	**173.7**	7.1%	183.6	7.6%	(5.4%)
Other regional markets*	**143.9**	5.9%	149.3	6.2%	(3.6%)
Key European markets**	**307.4**	12.5%	312.1	13.0%	(1.5%)
Russia and CIS	**138.3**	5.6%	135.6	5.6%	2.0%
Other markets	**155.8**	6.3%	158.3	6.6%	(1.6%)
Total sales	**2,454.0**	100.0%	2,403.4	100.0%	2.1%

- **The Croatian market** recorded an 8.2% growth in sales as a result of: (i) the beginning of the Unilever product range distribution, (ii) an increase in sales of own brands, especially Smoki in the flips category, Barcaffe in the Turkish coffee category, Argeta in the savoury spreads category and Kala in the waters category, (iii) an increase in sales of the existing principals' brands, especially Johnson & Johnson, Rauch, Ferrero and Wrigley, 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 effect of new and old principals is excluded (the beginning of the Unilever distribution, and the termination of cooperation with principals Red Bull, Bobi, Lorenz, Manner), the Croatian market recorded a 2.5% growth in sales despite the negative macroeconomic environment (decrease in personal consumption, increase in unemployment, decrease in retail sales) reflected, among other things, in the fact that Croatia has the lowest consumer confidence index in the world[2].

- The **market of Serbia** recorded lower sales due to the depreciation of the Serbian dinar, natural disasters (floods in May) and the decrease in sales in the segments of coffee, beverages and biscuits and flips impacted by (i) unfavourable market movements in these categories, (ii) aggressive price competition, including the strong development of economy brands and private labels, (iv) redirecting the marketing into price discounts, and (v) generally unfavourable movements in personal consumption and in the labour market. On the other hand, savoury spreads with the Argeta brand record a growth in sales despite the value drop of the overall market category of 5.2%[3].

Sales for the first half 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
[2] AC Nielsen: Adriatic Consumer Confidence, Q1 2014
[3] AC Nielsen Retail Panel, January-April 2014, percentage movements on an annual level

- The **Slovenian market** mainly grows due to the beginning of the Unilever product range distribution, but when we exclude it, the Slovenian market records a 5.7% growth in sales. The growth excluding Unilever is impacted by (i) own principals, especially coffee with the Barcaffe brand, functional waters with the Donat Mg brand and savoury spreads with the Argeta brand and (ii) external principals, especially Ferrero and Rauch.

- Lower sales in the **market of Bosnia and Herzegovina** are a result of lower sales in the segments of coffee, beverages (carbonated soft drinks and vitamin instant drinks) and snacks, primary impacted by (i) aggressive price discounts by competitors, (ii) generally lower consumption due to a poorer standard of living and natural disasters (floods in May). On the other hand, savoury spreads with the Argeta brand record an impressive turn in the trend and growth in sales, as well as an increase in the volume and value market shares[4]. Also, among categories, functional waters with the Donat Mg brand continue to grow in this market.

- Lower sales in the **Other regional markets** are a consequence of lower sales in the markets of Macedonia and Montenegro, partially compensated by the growth in sales in the market of Kosovo. Analysed by categories, lower sales were recorded by the segments of coffee, snacks and beverages, while higher sales were recorded by savoury spreads with the Argeta brand and Ferrero in the principals' brands segment.

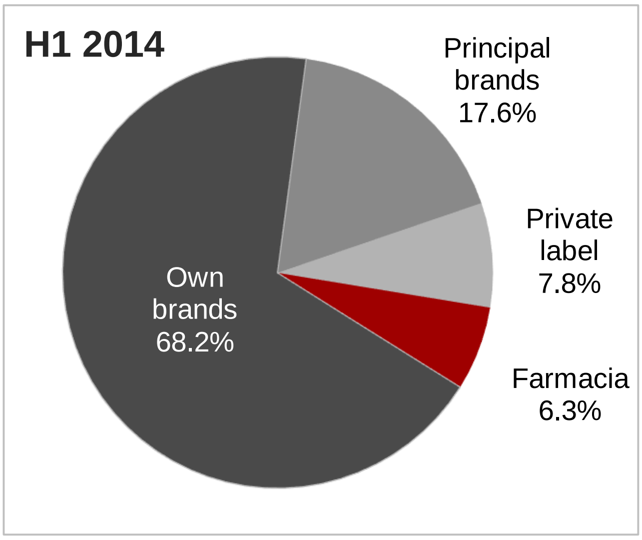
- **Key European markets** record lower sales as a result of lower sales of sports and functional food of private labels. On the other hand, own brands such as Multipower and Champ record higher sales. In this, the Multipower brand records higher sales in the markets of Germany, Italy and Great Britain. In addition, savoury spreads record higher sales with the Argeta brand, with the highest growth recorded in the Swiss market where Argeta holds stable second position in this segment.

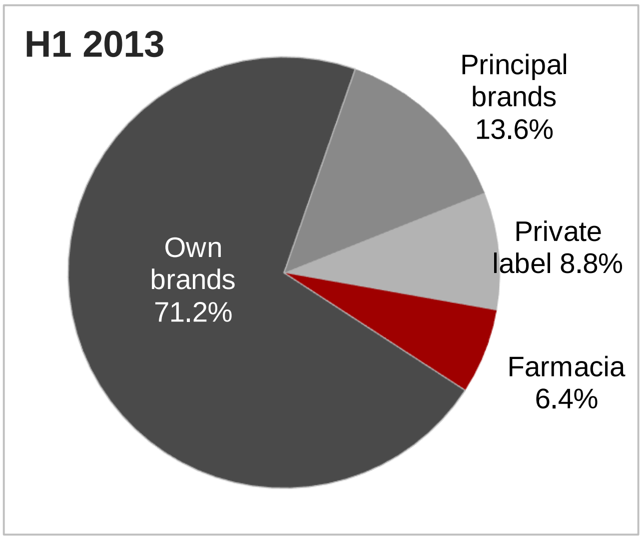
- Higher sales in the **markets of Russia and the Commonwealth of Independent States** are recorded despite the depreciation of the rubble and political crisis in Ukraine, and primarily due to the increase in sales in Russia. The Russian market records a 7.4% growth as a result of the doubled sales of functional waters with the Donat Mg brand.

- **Other markets** recorded a drop in sales primarily due to a drop in sales of sports and functional food.

[4] AC Nielsen Retail Panel, January-April 2014

Sales profile by product category





- With sales of HRK 1,674.8 million, **own brands** recorded a 2.1% drop in sales compared to the same period of the previous year, as a result of the drop in sales of the following brands: (i) Grand Kafa in the coffee segment, (ii) Cedevita and Cockta in the beverages segment, and (iii) Najlepše želje and Smoki in the snacks segment. The decrease in sales of these brands was partly compensated by the growth in sales of the following brands (i) Argeta in the savoury spreads segment, (ii) Donat Mg in the functional waters segment and Kala in the waters segment, (iii) Multipower and Champ in the sports and functional food segment, and (iv) Bananica in the snacks segment.

- **Principal brands** recorded a strong 32.4% growth in sales at HRK 432.6 million primarily impacted by the beginning of the Unilever product range distribution. If the effect of the Unilever product range distribution is excluded, principals' brands recorded a 2.4% growth in sales, primarily due to the growth in sales of principals Ferrero, Johnson & Johnson, Rauch and Wrigley.

- With sales of HRK 191.8 million, **private labels**[5] recorded a 9.7% drop compared to the same period of the previous year, as a consequence of the drop in sales of private labels in the sports and functional food segment due to the termination of cooperation with one principal.

- The pharmacy chain **Farmacia** recorded a 0.9 percent growth in sales at HRK 154.8 million, primarily due to the newly opened specialised stores. As at 30 June 2014, the pharmacy chain Farmacia consisted of 49 pharmacies and 21 specialised stores. During 2014, 4 new specialised stores were opened across Croatia, all in shopping malls as frequently visited shopping locations.

[5] Sales for the first half of 2013 were restated, following the new classification of some principals.

PROFITABILITY DYNAMICS in the first half of 2014

Atlantic Grupa's profitability

(in HRK millions)	H1 2014	H1 2013	H1 2014/H1 2013
Sales	**2,454.0**	2,403.4	2.1%
EBITDA	**299.8**	289.5	3.6%
EBIT	**230.9**	219.1	5.4%
Net profit/loss	**143.1**	116.7	22.7%
Profitability margins			
EBITDA margin	**12.2%**	12.0%	+17 bp
EBIT margin	**9.4%**	9.1%	+29 bp
Net profit margin	**5.8%**	4.9%	+98 bp

In the first half of 2014, Atlantic Grupa recorded a 3.6% higher **EBITDA** as a result of (i) the growth in sales and (ii) active risk management related to the movements in the price of raw coffee in the global markets.

In the first half of 2014, a 5.4% 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 22.7% higher **net profit** in the first half of 2014, which, in addition to the impacts above the EBIT level, is a consequence of: (i) a significant decrease in interest expense by 16.5% 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 13% from the previous year's 20%. Nevertheless, net foreign exchange gains are significantly lower compared to the same period of the previous year, primarily due to the depreciation of the Serbian dinar.

In the first half of 2014, profit attributable to minority interests significantly grew, due to the one-off profit earned by the company Cedevita d.o.o. Croatia as a consequence of the sale of the 100-percent share in the subsidiary Multivita d.o.o. Serbia to Soko Štark d.o.o. Serbia.

Operating expenses structure

(in HRK millions)	H1 2014	% of sales	H1 2013	% of sales	H1 2014/ H1 2013
Cost of goods sold	647.7	26.4%	555.2	23.1%	16.7%
Change in inventory	(36.7)	(1.5%)	(39.8)	(1.7%)	n/a
Production materials	766.3	31.2%	843.8	35.1%	(9.2%)
Energy	31.3	1.3%	33.8	1.4%	(7.3%)
Services	171.4	7.0%	160.4	6.7%	6.8%
Staff costs	332.9	13.6%	325.5	13.5%	2.3%
Marketing and selling expenses	164.0	6.7%	160.9	6.7%	2.0%
Other operating expenses	86.3	3.5%	83.9	3.5%	2.8%
Other (gains)/losses, net	11.0	0.4%	10.1	0.4%	8.2%
Depreciation and amortisation	68.9	2.8%	70.4	2.9%	(2.1%)
Total operating expenses	2,243.1	91.4%	2,204.1	91.7%	1.8%

The increase in cost of goods sold primarily reflects changes in the sales mix with an increase in the external brands share to 17.6% of the total sales compared to 13.6% in the same period of the previous year, reflecting the beginning of the Unilever product range distribution.

Costs of production materials decreased primarily due to the positive impact of the prices of raw coffee, purchased under significantly better conditions that the ones effective in the 'spot' market using available hedging instruments. This impact was also strengthened by the effect of the EUR/USD exchange rate movements. The positive impact is also a result of prices of the majority of raw materials, except for powdered milk, whose price grew.

The increase in the costs of services reflects higher transportation and logistics costs and higher lease expenses following the opening of new specialised units in the pharmacy chain Farmacia, opening of the new office in the Russian market and extension of the distribution companies' vehicle fleets.
Staff costs grew due to a higher number of employees as a result of increased business volume after taking over the Unilever distribution and generally new employees, mainly in the SDU CIS. As at 30 June 2014, Atlantic Grupa had 4,504 employees, or 152 more employees than at 30 June of the previous year.

The increase in marketing and selling expenses is primarily due to more aggressive marketing activities in (i) the coffee and snacks segments in line with generally more intensive competitors' investments and (ii) the pharma and personal care segment in line with the regional expansion strategy with the selected Neva product range (Plidenta toothpaste and Rosal lip balm). The increase in marketing expenses is even higher, however, they were redirected to price discounts which, on the other hand, decrease sales.

Operating result by business segments

(in HRK millions)	H1 2014	H1 2013	H1 2014/ H1 2013
SBU Beverages	63.7	60.2	5.8%
SBU Coffee	120.0	101.5	18.2%
SBU (Sweet and Salted) Snacks	50.3	52.3	(3.7%)
SBU Savoury Spreads	58.8	48.7	20.8%
SBU Sports and Functional Food	13.0	15.3	(14.9%)
SBU Pharma and Personal Care	19.5	22.1	(12.1%)
SDU Croatia	9.4	6.4	46.3%
SDU Serbia	10.7	15.4	(30.3%)
SDU International markets	5.3	11.7	(54.2%)
DU Slovenia	10.5	12.4	(15.4%)
Other segments*	(61.5)	(56.4)	(9.0%)
Group EBITDA	299.8	289.5	3.6%

Strategic Business Units: The growth in profitability of the SBU Beverages reflects lower costs of production materials, primarily due to the price of sugar and lower marketing investments. The continuation of the profitability growth in the SBU Coffee primarily reflects the positive impact of the prices of raw coffee purchased under significantly better conditions that the ones effective in the 'spot' market using available hedging instruments. This impact was also strengthened by the effect of the EUR/USD exchange rate movements. The decline in profitability of the SBU Snacks is a consequence of lower sales. The growth in profitability of the SBU Savoury Spreads primarily reflects the growth in sales with marketing savings. The decline in profitability of the SBU Sports and Functional Food is a consequence of the drop in sales and deteriorated gross profitability. Profitability decline of the SBU Pharma and Personal Care reflects lower profitability of the personal care and cosmetics segment due to marketing investments directed at the regional expansion of a portion of the product range.

Strategic Distribution Units and Distribution Units: the SDU Croatia records profitability growth, as a consequence of increase in sales with lower other operating expenses. The decline in profitability of the SDU Serbia is primarily a result of poorer gross profitability caused by the customer concentration. The decline in profitability of the SDU International Markets is a result of new employees and a growth in the costs of services. Lower profitability of the DU Slovenia reflects increased expenses due to the beginning of the Unilever product range distribution.

Other segments: The SDU HoReCa records a strong profitability growth primarily due to a better product mix. Mild profitability increase of the BU Baby Food is a consequence of marketing savings, whereas SDU CIS records decline largely influenced by the depreciation of the rubble. The DU Macedonia records a mild profitability growth as a consequence of a better product mix.

Normalised profitability by segments was restated in 2013 in order to be comparable with the new organisational structure and, accordingly, the new model of segment reporting in 2014.
* 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.

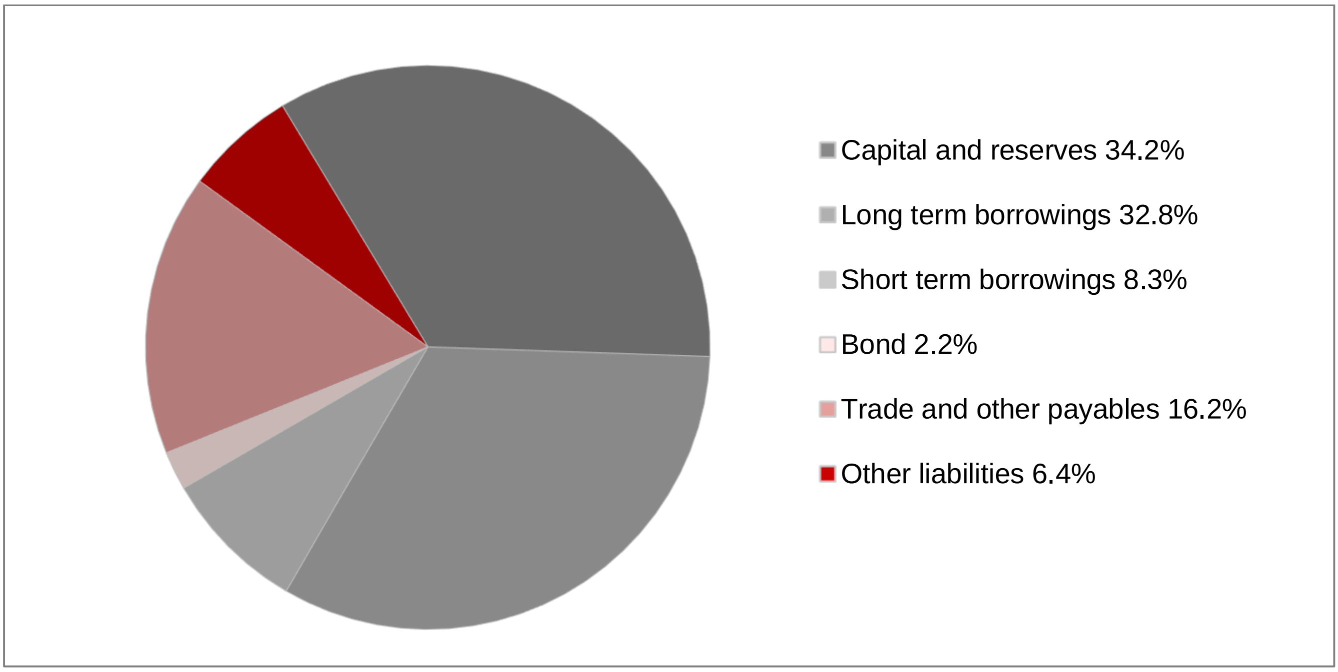
FINANCIAL INDICATORS in the first half of 2014

(in HRK millions)	H1 2014	2013
Net debt	2,010.5	2,059.3
Total assets	5,175.2	5,082.8
Total Equity	1,767.9	1,674.5
Current ratio	1.7	1.8
Gearing ratio	53.2%	55.2%
Net debt/EBITDA	3.3	3.5
	H1 2014	H1 2013
Interest coverage ratio	4.4	3.6
Capital expenditure	61.0	31.7
Cash flow from operating activities	101.1	171.3

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

- The company's continuous focus on reducing debt is reflected in HRK 48.8 million lower net debt at the end of the first half of 2014 compared to the end of 2013, and improved gearing ratio compared to the end of 2013 including (i) the decrease in the ratio of net debt and EBITDA to 3.3 times, (ii) the decrease in the ratio of net debt and capital increased by net debt to 53.2% and (iii) the increase in the coverage of interest expense by EBITDA to 4.4 times.

- The Atlantic Grupa's equity and liabilities structure as at 30 June 2014 is as follows:



The company’s capital expenditure in the first half of 2014 amounts to HRK 61 million, which is almost double compared to the same period of the previous year. This increase is certainly in line with the expectations announced by Atlantic Grupa's management, and it largely relates to the construction of the production plant for the production of energy bars in Nova Gradiška.

Of other significant investments, we should mention:

- SBU Beverages: automatic line for new HoReCa packaging, automatic line for Doypack packaging.
- SBU Coffee: purchase of espresso machines and C2GO machines, transport system for ground coffee.
- SPP Snacks: purchase of the line for the production of fillings, purchase of production equipment including the cooling tunnel and the chocolate coating line for the production of Bananica.
- SBU Savoury Spreads: reconstruction of the premises and the line for pâtés in smaller packaging in Izola.
- SDU Croatia and DU SLO: investments related to the integration of Unilever (IT, warehouses, offices).
- Upgrade of the SAP.

The decrease in cash flow from operating activities primarily reflects (i) an increase in inventories, primarily in the SDU Croatia and (ii) an increase in trade and other receivables, primarily related to pharmacy business that in the same period of the last year managed to collect more receivables from the Croatian Institute for Health Insurance compared to the first half of 2014.

According to the decision of the Company's General Assembly held at 30 June 2014, the dividend distribution was approved in the amount of HRK 10.50 per share, i.e. a total of HRK 35,010 thousand. The dividend was distributed in July.

OUTLOOK for 2014

Management's view on macroeconomic expectations

Atlantic Grupa's management consider that the rest of 2014 will bring a stagnation of economy in South East Europe.

In this, in Croatia negative economic trends will continue due to the decrease in personal consumption under the influence of poor situation in the labour market where the unemployment trend continues and under the influence of further 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 and with no reforms on the expense side), the recovery of disposable household income may not be expected. The increasing unemployment, consumer pessimism and further deleveraging are still inhibiting the recovery of gross domestic product in Slovenia. A mild recovery is expected only in 2015, although personal consumption will remain under pressure. The Serbian market will continue to be characterised by low personal consumption under the influence of reduced wages, tax burdens and high unemployment. Natural disasters that hit Serbia postponed fiscal consolidation and the commencement of public works that were supposed to drive the economy. Natural disasters and postponing public capital expenditure also negatively impact economic developments in Bosnia and Herzegovina, while macroeconomic data from the first quarter also indicate the growth slow-down.

Taking into account that during the winter of 2013/2014 the economy of the Eurozone increased by 0.2% on a quarterly basis, the second quarter and the rest of the year do not indicate speeding up the economic recovery, especially if economic disproportions among members are considered. It is estimated that two additional years will be needed before the economy of the Eurozone returns to the levels from early 2008, before the economic crisis. Currently, only a half of the correction has been recovered which certainly has implications for the countries in the region. The German market develops quicker compared to other members of the Eurozone due to a low level of unemployment and substantial personal consumption. As indicated by the macroeconomic data relating to the first quarter of 2014, the market of Italy is especially problematic among the members, following a further postponement of the key reforms.

Political situation related to Russia, Ukraine and third parties (EU, USA) is negatively reflected on the economies of Russia and Ukraine and may also have negative impacts on the economies of the EU members in case of the termination of gas supply. In addition to the increasing risks of falling into recession and continuous strong increase in consumer prices, the Russian economy is also under the continuous risk of the imposition of economic sanctions.

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 half 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 SIX MONTH PERIOD ENDED 30 JUNE 2014 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan -Jun 2014	Jan - Jun 2013	Index	Apr - Jun 2014	Apr - Jun 2013	Index
Turnover	**2,474,011**	**2,423,199**	**102.1**	**1,341,650**	**1,331,300**	**100.8**
Sales revenues	2,453,958	2,403,412	102.1	1,329,624	1,323,227	100.5
Other revenues	20,053	19,787	101.3	12,026	8,073	149.0
Operating expenses	**2,174,202**	**2,133,671**	**101.9**	**1,161,573**	**1,153,776**	**100.7**
Cost of merchandise sold	647,671	555,151	116.7	351,823	302,788	116.2
Change in inventories	(36,692)	(39,848)	92.1	(1,069)	(5,404)	19.8
Production material and energy	797,656	877,540	90.9	402,307	461,039	87.3
Services	171,380	160,436	106.8	89,433	85,765	104.3
Staff costs	332,905	325,468	102.3	169,660	173,465	97.8
Marketing and selling expenses	164,014	160,854	102.0	92,762	96,297	96.3
Other operating expenses	86,306	83,938	102.8	46,922	38,612	121.5
Other losses - net	10,962	10,132	108.2	9,735	1,214	801.9
EBITDA	**299,809**	**289,528**	**103.6**	**180,077**	**177,524**	**101.4**
Depreciation, amortization and impairment	68,902	70,382	97.9	34,888	33,967	102.7
EBIT	**230,907**	**219,146**	**105.4**	**145,189**	**143,557**	**101.1**
Interest expenses	(67,777)	(81,201)	83.5	(31,254)	(40,159)	77.8
Foreign exchange differences from financing - net	955	7,671	12.4	9,806	157	n/a
EBT	**164,085**	**145,616**	**112.7**	**123,741**	**103,555**	**119.5**
Income tax	20,935	28,928	72.4	12,909	17,191	75.1
Profit for the period	**143,150**	**116,688**	**122.7**	**110,832**	**86,364**	**128.3**
Attributable to:						
Non-controlling interest	11,722	2,206	531.4	11,412	2,311	493.8
Owners of the parent	131,428	114,482	114.8	99,420	84,053	118.3
Earnings per share for profit attributable to the owners of the Company						
- basic	39.42	34.35		29.82	25.22	
- diluted	39.42	34.35		29.82	25.22	

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Jun 2014	Jan - Jun 2013	Index	Apr - Jun 2014	Apr - Jun 2013	Index
Profit for the period	**143,150**	**116,688**	**122.7**	**110,832**	**86,364**	**128.3**
Cash flow hedge	9,515	29,282	32.5	4,839	8,747	55.3
Currency translation differences	(24,271)	(27,566)	88.0	(23,091)	(46,542)	49.6
Total comprehensive income	**128,394**	**118,404**	**108.4**	**92,580**	**48,569**	**190.6**
Attributable to:						
Non-controlling interest	11,906	1,846	645.0	11,631	1,778	654.2
Equity holders of the Company	116,488	116,558	99.9	80,949	46,791	173.0
Total comprehensive income	128,394	118,404	108.4	92,580	48,569	190.6

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	30 June 2014	31 December 2013
Property, plant and equipment	1,048,155	1,060,847
Investment property	1,502	1,672
Intangible assets	1,842,394	1,851,023
Available-for-sale financial assets	973	1,072
Trade and other receivables	8,756	9,054
Deferred tax assets	43,605	47,912
Non-current assets	2,945,385	2,971,580
Inventories	627,979	537,232
Trade and other receivables	1,223,161	1,126,410
Non-current assets held for sale	98,366	99,133
Prepaid income tax	25,659	22,820
Deposits given	269	251
Derivative financial instruments	394	-
Cash and cash equivalents	254,019	325,334
Current assets	2,229,847	2,111,180
Total assets	5,175,232	5,082,760
Capital and reserves attributable to owners of the Company	1,704,681	1,623,203
Non-controlling interest	63,198	51,292
Borrowings	1,812,466	1,968,950
Deferred tax liabilities	181,047	181,378
Derivative financial instruments	10,107	9,733
Other non-current liabilities	122	143
Provisions	59,117	59,723
Non-current liabilities	2,062,859	2,219,927
Trade and other payables	872,051	736,172
Borrowings	428,945	387,288
Current income tax liabilities	10,871	16,213
Derivative financial instruments	13,701	18,950
Provisions	18,926	29,715
Current liabilities	1,344,494	1,188,338
Total liabilities	3,407,353	3,408,265
Total equity and liabilities	5,175,232	5,082,760

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousands of HRK, unaudited	Attributable to equity holders of Company 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	-	-	114,482	114,482	2,206	116,688
Cash flow hedge	-	29,260	-	29,260	22	29,282
Other comprehensive income	-	(27,184)	-	(27,184)	(382)	(27,566)
Total comprehensive income	-	2,076	114,482	116,558	1,846	118,404
Transactions with owners:						
Purchase of treasury shares	(4,521)	-	-	(4,521)	-	(4,521)
Share based payment	4,334	-	-	4,334	-	4,334
Transfer	-	(277)	277	-	-	-
Dividends relating to 2012	-	-	(30,008)	(30,008)	-	(30,008)
At 30 June 2013	1,015,933	(55,292)	539,952	1,500,593	48,982	1,549,575
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	-	-	131,428	131,428	11,722	143,150
Cash flow hedge	-	9,507	-	9,507	8	9,515
Other comprehensive income	-	(24,447)	-	(24,447)	176	(24,271)
Total comprehensive income	-	(14,940)	131,428	116,488	11,906	128,394
Transactions with owners:						
Transfer	-	264	(264)	-	-	-
Dividends relating to 2013	-	-	(35,010)	(35,010)	-	(35,010)
At 30 June 2014	1,015,953	(30,039)	718,767	1,704,681	63,198	1,767,879

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	Jan - Jun 2014	Jan - Jun 2013
Cash flows from operating activities		
Net profit	**143,150**	**116,688**
Income tax	20,935	28,928
Depreciation, amortization and impairment	68,902	70,382
(Gain) / loss on disposal of property, plant and equipment	(815)	122
Value adjustment of current assets	14,108	13,004
Interest income	(2,468)	(3,082)
Interest expense	67,777	81,201
Other non-cash changes	(7,148)	(16,006)
Changes in working capital:		
Increase in inventories	(100,046)	(61,548)
Increase in current receivables	(88,714)	(34,470)
Increase increase in current payables	96,142	69,501
Decrease in provisions for risks and charges	(11,395)	(7,334)
Interest paid	(68,040)	(68,069)
Income tax paid	(31,249)	(18,055)
Net cash flow from operating activities	**101,139**	**171,262**
Cash flow from investing activities		
Purchase of tangible and intangible assets	(60,972)	(31,729)
Proceeds from sale of property, plant and equipment	1,294	19,986
Acquisition of subsidiary net of cash acquired	(5,332)	-
Acquisition of available-for-sale financial assets	-	(50,005)
Proceeds from sale of assets available for sale	-	40,000
Loans and deposits given - net	(1,355)	890
Interest received	2,468	3,082
Net cash flow used in investing activities	**(63,897)**	**(17,776)**
Cash flow from financing activities		
Purchase of treasury shares	-	(4,521)
Proceeds from borrowings, net of fees paid	59,293	64,791
Repayment of borrowings	(167,850)	(158,666)
Net cash flow used in financing activities	**(108,557)**	**(98,396)**
Net (decrease) / increase in cash and cash equivalents	**(71,315)**	**55,090**
Cash and cash equivalents at beginning of period	325,334	250,865
Cash and cash equivalents at end of period	254,019	305,955

NOTE 1 – GENERAL INFORMATION

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

The interim condensed consolidated financial statements of the Group for the six month period ended 30 June 2014 were approved by the Management Board of the Company in Zagreb on 29 July 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 six month period ended 30 June 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 six month period ended 30 June 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	(17,332)
Decrease in cost of merchandise sold	4,428
Decrease in marketing and promotion expenses	12,904

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,
- 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-Jun 2014**	**Jan-Jun 2013**
SBU Beverages	315,958	328,980
SBU Coffee	476,712	504,398
SBU (Sweet and Salted) Snacks	280,330	292,283
SBU Savoury Spreads	219,151	207,125
SBU Sports and Functional Food	399,732	411,296
SBU Pharma and Personal Care	242,668	243,630
SDU Croatia	405,981	354,013
SDU International	294,818	285,110
SDU Serbia	509,972	549,013
DU Slovenia	335,393	273,564
Other segments	389,611	391,335
Reconciliation	(1,416,368)	(1,437,335)
Total	**2,453,958**	**2,403,412**

Operating results	**EBITDA**	
(in thousands of HRK)	**Jan-Jun 2014**	**Jan-Jun 2013**
SBU Beverages	63,717	60,211
SBU Coffee	120,034	101,539
SBU (Sweet and Salted) Snacks	50,345	52,253
SBU Savoury Spreads	58,789	48,662
SBU Sports and Functional Food	12,983	15,257
SBU Pharma and Personal Care	19,465	22,140
SDU Croatia	9,398	6,423
SDU International	5,347	11,677
SDU Serbia	10,719	15,384
DU Slovenia	10,473	12,378
Other segments	(61,461)	(56,396)
Total	**299,809**	**289,528**

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)	131,428	114,482
Weighted average number of shares	3,334,278	3,332,505
Basic earnings per share (in HRK)	39.42	34.35

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 AND INTANGIBLE ASSETS

During the six month period ended 30 June 2014, Group invested HRK 60,972 thousand in purchase of property, plant and equipment and intangible assets (2013: HRK 31,729 thousand).

NOTE 6 - INVENTORIES

During the six month period ended 30 June 2014, the Group wrote down inventories in the amount of HRK 9,296 thousand due to damage and short expiry dates (2013: HRK 5,316 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 30 June 2014, distribution of dividend in the amount of HRK 10.50 per share, or HRK 35,010 thousand in total was approved. Dividend was paid out in July 2014 and at the 30 June 2014 dividend payable was stated in the balance sheet under Trade and other payables position.

NOTE 8 – RELATED PARTY TRANSACTIONS

The Group enters into transactions with the following related parties: shareholders and other entities controlled or owned by shareholder. Related party transactions that relate to balance sheet as at 30 June 2014 and 31 December 2013 and transactions recognised in the Income statement for the six month period ended 30 June are as follows:

(all amounts expressed in thousands of HRK)	**30 June 2014**	**31 December 2013**
RECEIVABLES		
Current receivables		
Other entities	107,576	93,294
LIABILITIES		
Borrowings		
Shareholders	1,570,210	1,678,297
Trade and other payables		
Shareholders	35,120	111
Other entities	1,547	1,416
REVENUES	**Jan – Jun 2014**	**Jan – Jun 2013**
Sales revenues		
Other entities	213,693	227,971
Other revenues		
Other entities	342	593
EXPENSES		
Marketing and promotion expenses		
Other entities	6,292	10,325
Other expenses		
Other entities	1,042	102
Finance cost - net		
Shareholders	35,599	43,412

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 30 July 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 June 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 June 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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