ATLANTIC GRUPA

1H09 Financial results

Zagreb - July 24th, 2009

Double-digit growth despite unfavourable macroeconomic milieu

- **Sales advanced to 1,061.1 million kuna**
  + 11.5% yoy based on reported figures
- **EBIT surged to 76.9 million kuna**
  + 28.6% yoy based on reported figures
- **EBIT (excluding the one-off) climbed to 67.1 million kuna**
  +12.1% yoy based on reported figures
  The one-off refers to the non-recurring gain on purchase of minority interest in Cedevita from the German development bank DEG
- **Net profit after minorities rose to 41.6 million kuna**
  +49.8% yoy based on reported figures
  +14.2% yoy higher net profit after minorities (excluding the one-off) of 31.7 million kuna

Chairman's comment

Commenting on the 1H09 figures, Emil Tedeschi, Chairman and CEO of Atlantic Grupa pointed out:

"With all attention on unfavourable macroeconomic developments, the management navigates Atlantic Grupa with an aim to secure even more pronounced **competitive edge of the company** as well as higher flexibility of the operating processes. Consequently, Atlantic Grupa delivered double-digit growth rates in 1H09 on both top-line and profitability level, while maintaining **stable cash flow from operating activities**. Simultaneously, the company will continue applying the **cost optimisation** as one of the imperatives of operating profitability enhancement in the rest of 2009, whereby the sustainability of the medium-term strategy coupled with stable balance sheet and liquid position emerges as the imperative of optimal positioning for more vigorous long-term growth."

1H09 financial highlights

Key figures	1H09	1H08	Change 1H09/1H08
Sales (HRKm)	**1,061**	951	11.5%
Revenues (HRKm)	**1,076**	962	11.9%
EBIT margin*	**6.3%**	6.3%	+3 bps
Net income after minorities (HRKm)	**42**	28	49.8%
Gearing ratio	**29.4%**	32.4%	

*Ex. non-recurring gain

KEY DEVELOPMENTS in 1H09

1. Cedevita GO! under scope of Cedevita brand

Following the launch of Cedevita GO! (beginning of February in Croatia, during February in BiH, Serbia and Macedonia, beginning of March in Slovenia and beginning of May in Montenegro), this spring Atlantic Grupa commenced as well with the intensive marketing campaign for Cedevita GO! addressing consumer target group whose core represents younger population aged between 15 and 35 years with the lifestyle dominantly oriented on stay outside the households.

- **First results following the launch** – Cedevita GO! posted sales of HRK25m in the period from the distribution start to the end of June. Simultaneously, one should keep in mind that data from the retail panel as presented by the global marketing research firm Nielsen indicate Cedevita GO! orange ranked number four in the April-May 2009 period (only two months after the launch) on rather fragmented Croatian on-the-go market with the 3.3% value market share, whereby the top-ranked player holds only 12.2% of the market within the on-the-go category (includes all non-alcoholic beverages in packaging up to 0.75l). Moreover, April-May 2009 period indicated doubling of sale by pieces on the Croatian market compared to the February-March 2009 period. Concurrently, Atlantic Grupa sees additional potentials on the local market amidst the launch of Cedevita GO! lemon in June, whereby the regional distribution commenced in July. One should keep in mind that Atlantic Grupa dismisses possibility of cannibalization threats in the distribution channels where Cedevita is already present given that each Cedevita packaging is adjusted for the particular consumption opportunity: (i) packaging of 200g, 500g and 1,000g for the household consumption, (ii) 15g packaging for the consumption in the HoReCa channel and (iii) Cedevita GO! packaging for the on-the-go consumption.

- **Strength of the Cedevita brand** – considering that target consumer of Cedevita GO! is emotionally attached to the Cedevita brand through the long tradition of Cedevita consumption in households, one should highlight Cedevita's value market share of 91.8% in Croatia in the period April-May 2009 as well as 84.5% in Slovenia in the same period (according to the retail panel data released by the global marketing research firm Nielsen). Data published by the global market research and data management company Canadean indicate that Cedevita has been the second most consumed beverage in the soft drink market (excluding packaged water and flavoured water) on the Croatian market with annual per capita consumption of ca. 12 litres. According to Canadean, Croatia therewith enjoys the highest per capita consumption in the powders (vitamin instant drinks) segment in Europe. Simultaneously, powders (vitamin instant drinks) accounted for nearly 7% of total Croatian soft drinks consumption. Canadean estimates annual Serbian per capita consumption of Cedevita and Multivita of ca. 1.3 litres in 2008, whereby powders consumption accounts for ca. 1% of total soft drinks consumption. Cedevita thereby covers 68% volume market share in Serbia, while the latter increases over 90% once coupled with Multivita. Canadean data show that annual Slovenian per capita consumption of Cedevita amounts to 6.4 litres in 2008, whereby powders consumption makes up ca. 4% of total soft drinks consumption.

- **Potential of Cedevita brand region-wise** – taking into consideration (i) per capita consumption disparity between the Croatian market and regional markets as well as (ii) brand recognition growth on the latter (e.g. Serbia posted 26% higher volume sold in 2008 and Slovenia 8% higher), Atlantic Grupa remains confident in significant sales growth potential on the regional markets in the medium-to-long term. Contemporaneously, the company sees additional potentials for Cedevita thanks to new distribution deal that the Consumer HealthCare division signed with the firm Migros for the distribution of the entire division assortment on the Kosovo market. Migros already distributes brands including Nestle, Colgate-Palmolive, Dr. Oetker, Jamnica, Zvijezda, Koestlin on the Kosovo market, whereby alongside the existing distribution in 2,200 points-of-sale the company as well most recently commenced with the distribution in the HoReCa channel.

2. Focused distribution product portfolio balancing

Distribution deals signed at the beginning of 2009 indicate that domestic and foreign principals perceive Atlantic Grupa as stable distribution partner given (i) size, strength and diversification of the distribution business, (ii) development of the distribution infrastructure (central warehouse in Jankomir, regional coverage), (iii) lower marginal costs in distribution and therewith related (iv) stronger negotiating power. Simultaneously, these deals indicate that Atlantic Grupa keeps its focus on three key elements: (i) on distribution portfolio balancing (by creating portfolio composed of products from lower and higher price categories) that becomes particularly important for alleviating sales oscillation during cyclical turning points, (ii) on geographical diversification of the distribution portfolio and (iii) on selection of principals ensuring above-average distribution profitability margins. Consequently, newly signed deals refer to the below mentioned deals.

- Atlantic Grupa achieves further **geographical diversification** by signing distribution deal with one of the largest global confectionary producers – **Ferrero** – for distribution of its brands - Nutella, Kinder, Ferrero Rocher, Mon Cheri – on the Slovenian market. Atlantic Grupa finds this deal to be rather important since Ferrero decided to cooperate with Atlantic Grupa on the Slovenian market after the long cooperation on the Croatian market. This eventually confirmed four key characteristics of Atlantic Grupa's distribution business mentioned above. Distribution should start in the forthcoming August 2009.

- Atlantic Grupa further **penetrated the HoReCa distribution channel** with the new distribution deal signed with the leading food conglomerate **Nestle** for its **NESCAFE brand**. One should keep in mind that in the HoReCa channel Atlantic Grupa is very focused on winning profitable deal, while selecting product categories for which existing distribution-logistics infrastructure can be exploited. Contemporaneously, considering that distribution in the HoReCa channel is generally margin-accretive for the distribution business, Atlantic Grupa keeps its focus on further development of the segment whose sales in 2008 accounted for 10% of Distribution division's sales.

- Together with from before present principal - Lorenz Bahlsen Snack World - Atlantic Grupa believes in significant growth potential of newcomer in its distribution portfolio – **Karolina assortment (biscuits and salted snacks)** – appropriately due to its favourable price positioning as well as traditional recognition of Karolina's brands – Jadro, Bobi and Moto – in redesigned packaging. Consequently, products' sales have been continuously increasing from month to month since the start of distribution in February this year.

3. Innovative product line in the Sports and Functional Food division

Development of the new endurance line – Active Multipower – mostly indicates the Sports and Functional Food division's focus on the continuous product portfolio innovations. Simultaneously, it suggests two key strategic focuses of Multipower: (i) consumer base expansion by addressing wider base of sportsmen (including cyclists, joggers, triathlons etc.) outside gyms and fitness centres as well as (ii) further development of new trends in the sports an functional food segment that are no longer focused exclusively on the musculature shaping, i.e. body building. Additionally, alongside traditional distribution partners, Multipower as well cooperates with the world-known manufacturer of cycling equipment and accessories – Shimano – in distribution of new endurance line in Benelux, France, Scandinavia and Poland.
Alongside gradual alteration of an average consumer perception of sports and functional nutrition, Multipower continuously approaches consumers oriented toward healthier lifestyle, while contemporaneously remains present within the base of consumers oriented toward achieving top sports results. Atlantic Grupa finds considerable potential for development of the sports and functional food segment in markets of Russia and Scandinavia.

4. Drug wholesale business within the Pharma division

In 1H09, the company set up Fidifarm drug wholesaler with differentiated strategic focus on assortment of (i) food supplements, (ii) non-prescription (OTC) segment and (iii) other products with distribution organised through the pharmacy channel (e.g. medical cosmetics, medical aids, portion of the fast moving consumer goods, etc.) primarily through exclusive distribution deals. Fidifarm drug wholesaler will place additional focus on brand positioning within pharmacy stores and offering services as trade marketing. This differentiated business approach enables Fidifarm dug wholesaler to focus on market niche (OTC and food supplements) in the drug wholesale business that accounts for ca. 14% of the wholesale sales, given that the largest drug wholesale players on domestic market worth of ca. HRK4.5bn apply rather conventional business approach including Rx drugs focus (accounting of 75% of total wholesale sales) and no exclusive distribution approach (i.e. only multi-distribution). Contemporaneously, one should keep in mind that the drug wholesale segment in Fidifarm's focus carries above-average drug wholesale profitability margins. Fidifarm drug wholesaler finds Croatian market potential to be significant given 1,005 pharmacy units, 120 specialised stores and numerous hospitals and specialised institutions (e.g. nursing homes etc.) and consequently aims for lower single-digit market share in the entire drug wholesale market (including Rx drugs, non-prescription drugs, food supplements) in the medium-term. Having discovered the market niche, penetration to the pharmacy business has been additionally spurred by the following: (i) achieving vertical integration within the Pharma division: production (Dietpharm) – distribution (Fidifarm) – retail (pharmacies and specialised stores under Farmacia brand), (ii) possibility to achieve cost optimisation within the company through synergies (by transferring distribution of products organised through the pharmacy channel in one business organisation) and (iii) opportunity to explore and apply competitive advantages that the company has in the FMCGs distribution (including negotiating power, economies of scale, distribution know-how) as well in the drug wholesale business.

5. Other developments

Pursuant to the General Assembly's decisions dated from June 15th, 2009, the amount of HRK 17,262,266 has been distributed as dividends, i.e. HRK 7.0 a share, to the shareholders of the company in proportion to the number of shares held by each shareholder. The dividend has been paid out on June 24th, 2009.

In the mid of June, Atlantic Grupa's Management board has been expanded with new member – Tomislav Matusinović – who has been promoted from the post of Executive Director of Consumer HealthCare division to the member of the Management board and vice president for the Consumer HealthCare division. Following the latest nomination, Atlantic Grupa's Management board consists of 8 members: (i) President of the Management board, (ii) Senior Vice President for Business Operations, (iii) 4 Vice Presidents for each division: Distribution, Consumer HealthCare, Sports and Functional Food and (iv) 2 Vice Presidents for corporate support functions: CFO and Vice President for Corporate Affairs.

ATLANTIC
GRUPA

SALES DYNAMICS IN 1H09

Sales profile by division

in HRK thousands

1H09	Distribution	Consumer Health Care	Sports and Functional Food	Pharma	Group
Gross sales	616,180	262,272	247,190	150,804	**1,276,447**
Intersegment sales					215,380
Consolidated sales					**1,061,066**
1H08					
Gross sales	533,453	243,247	239,046	137,945	1,153,691
Intersegment sales					202,310
Consolidated sales					951,380
Change 1Q09/1Q08					
Gross sales	**15.5%**	**7.8%**	**3.4%**	**9.3%**	10.6%
Intersegment sales					6.5%
Consolidated sales					**11.5%**

Atlantic Grupa posted **11.5% yoy higher 1H09 sales of HRK1,061.1m** largely fuelled by sales growth in the Distribution division, but as well growth in other three divisions.

- **Distribution division** delivered the strongest sales growth of 15.5% largely thanks to new distribution deals as well as new products developed in-house as for example Cedevita GO!. One of the most valuable deals refers to distribution of biscuits and salted snacks under Karolina brands (distribution commenced in February 2009). Additionally, commencement of the Ferrero product portfolio distribution on the Slovenian market from this August provides as well the upside potential for the division's top-line development going forth.

- The 7.8% yoy higher sales in the **Consumer HealthCare division** came on the back of Cedevita GO! launch region-wise during 1H09 as well as Multivita's sales increase on the Russian market.

- Within 3.4% yoy higher **Sports and Functional Food division**'s top-line, Russian, Austrian and Swedish markets acted as the key growth drivers. Following regulatory approvals for the Multipower assortment, growth on the Russian market reflected good Multipower positioning.

- **Pharma division** delivered 9.3% yoy higher sales supported by 12.4% higher sales in the pharmacy chain Farmacia. The latter reflected strong growth from the newly opened pharmacy units as well as lower single-digit sales growth from the existing pharmacies. Namely, Atlantic Grupa launched 4 specialised stores (in Zagreb, Sisak, Velika Gorica and Samobor) with product assortment encompassing largely non-prescription drugs, medical cosmetics and food supplements as it is in line with the company's medium-term goal of increasing the share of non-prescription drugs in total sales. In the same period, Atlantic Grupa as well launched one pharmacy unit in Zagreb (Gracani) on the back of the last year acquired pharmacy licences. Taking into consideration the recent launches, the pharmacy chain Farmacia today consolidates 33 pharmacies and 6 specialised stores.

Multi-division summary by geographic zone

in HRKm	1H09	% of total sales	1H08	% of total sales	Change 1H09/1H08	in CER terms
Croatia	**656.9**	61.9%	585.9	61.6%	**12.1%**	
Germany	**123.0**	11.6%	118.9	12.5%	**3.5%**	1.8%
Serbia	**55.7**	5.3%	45.6	4.8%	**22.1%**	39.2%
Slovenia	**30.5**	2.9%	24.7	2.6%	**23.3%**	19.2%
Bosna and Herzegovina	**40.0**	3.8%	34.2	3.6%	**16.9%**	13.7%
UK	**19.5**	1.8%	23.6	2.5%	**-17.1%**	-7.7%
Italy	**23.0**	2.2%	22.1	2.3%	**4.1%**	2.4%
Other	**112.4**	10.6%	96.4	10.1%	**16.6%**	
Total sales	**1,061.1**	100.0%	951.4	100.0%	**11.5%**	

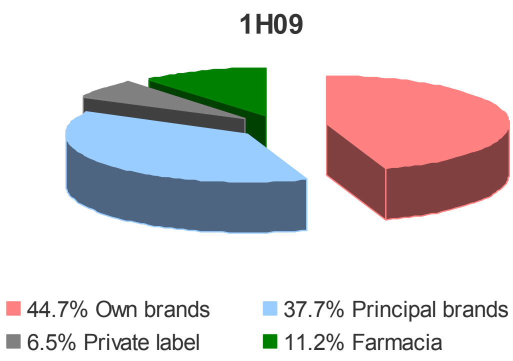
- The dominant market in total sales with 61.9% share – **Croatia** – posted 12.1% higher sales of HRK656.9m fuelled by: (i) new distribution products in the Distribution division, (ii) launch of Cedevita GO! in the new distribution channel and (iii) newly opened specialised stores and pharmacy unit.

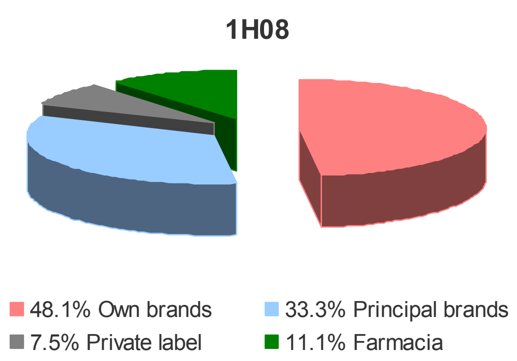
- The **Serbian market** delivered 39.2% higher sales in CER (constant exchange rate) terms of HRK55.7m driven by: (i) Cedevita GO! launch, (ii) higher Cedevita sales particularly in the HoReCa distribution channel, but as well in the retail segment and (iii) new external brands. The strongest contribution to the top-line growth of 106bp came appropriately from the Serbian market. The **Slovenian market** as well delivered strong sales growth in CER terms of 19.2%, while Cedevita GO!, sales growth in the HoReCa channel and sales increase from external brands acted as the key growth drivers.

➢ On the key **West-European markets**, **Germany** posted 1.8% higher sales in CER terms, despite 1Q09 GDP contraction, with 16% higher sales of the second-best selling brand in the Sports and Functional Food division – Champ. The **Italian market** posted 2.4% higher sales in CER terms in spite of significantly deteriorated economic environment, whereby the **UK market** delivered 7.7% lower sales in CER terms largely amid suspension of sale and deliveries to one of key accounts during contract renegotiation that eventually completed successfully in May.

➢ Strong sales growth of 16.6% in **Other countries** reflected Multivita's sales growth in Russia and Multipower's sales growth on the latter as well as in Austria and Sweden. This combined geographical segment posted the highest contribution of 168bp to overall top-line.

Sales profile





➢ Atlantic Grupa's **own brands** prevailed with 44.7% in overall top-line in 1H09, in line with the company's strategic focus. These posted 3.5% higher sales reflecting (i) launch of the innovative product under Cedevita brand – Cedevita GO!, (ii) double-digit sales growth of the second-best selling brand from the Sports and Functional Food division – Champ and (iii) sales growth of the Multivita's assortment within the Consumer HealthCare division.

➢ **Principal brands** delivered 26.1% higher sales growth and therewith 436bp higher share in overall top-line largely amid new distribution categories as Karolina assortment.

➢ **Private label** segment posted 3.1% lower sales and consequently decline of share in total sales reflecting the continuation of trend from 2008 indicating decrease in private label sales carrying below average profitability.

➢ **Farmacia** accounted for 11.2% share of total sales thanks to 12.4% higher sales amid the launch of new specialised stores and pharmacy coupled with the existing pharmacies' sales growth.

PROFITABILITY DYNAMICS in 1H09

in HRKm	1H09	1H08	Change 1H09/1H08
Sales	**1,061.1**	951.4	11.5%
EBITDA	**97.0**	80.5	20.6%
EBITDA ex. non-recurring gain	**87.2**	80.5	8.3%
EBIT	**76.9**	59.8	28.6%
EBIT ex. non-recurring gain	**67.1**	59.8	12.1%
Net profit	**48.1**	34.8	38.1%
Net profit ex. non-recurring gain	**38.2**	34.8	9.8%
Profitability margins			
EBITDA margin	**9.1%**	8.5%	+69 bps
EBITDA margin ex. non-recurring gain	**8.2%**	8.5%	-24 bps
EBIT margin	**7.3%**	6.3%	+96 bps
EBIT margin ex. non-recurring gain	**6.3%**	6.3%	+3 bps
Net profit margin	**4.5%**	3.7%	+87 bps

Key highlights:

- Atlantic Grupa posted **strong operating profitability enhancement** in 1H09 with EBIT up 28.6% yoy to HRK76.9m. Portion of the EBIT growth thereby is attributed to the one-off non-recurring gain on purchase of minority interest in Cedevita from the German development bank DEG in the amount of HRK9.9m. Namely, in January 2009 Atlantic Grupa acquired additional 30% share in Cedevita d.o.o., whereby the Atlantic Grupa's ownership interest increased to 81%. Nevertheless, **EBIT advanced** respectable 12.1% **once the one-off impact is stripped off**.

- Operating profitability improvements excluding the one-off reflected the company's **further focus on achieving cost savings** that come as an imperative in the concurrent macroeconomic circumstances. Consequently, the company carried out subsequent activities in 1H09:

    - ✓ Granules production in Multivita has been transferred from the former contract producer Hemofarm into Cedevita's production facility.
    - ✓ The company has outsourced Cedevita tea production.
    - ✓ Within the Pharma division, the company launched the drug wholesale activities on the Croatian market while taking over distribution of Dietpharm's products in Serbia from the external distributer.

- ✓ The company intensively constructs new facility for the production of cosmetics and personal care products – under Neva brand - on the Fidifarm location in Rakitje, whereby the investment will eventually prompt more efficient production of Neva assortment. New facility on 2,700 square metres and two production floors should be launched this autumn. The sale of Neva's former location will yield positive net gain in 2009 of approximately HRK45m and positive cash flow of ca. HRK30m.

Group operating expenses

In HRKm	1H09	% of 1H09 sales	1H08	% of 1H08 sales	Change 1H09/1H08
COGS	**486.7**	45.9%	419.8	44.1%	15.9%
Production materials & energy and changes in inventory	**136.8**	12.9%	132.4	13.9%	3.3%
Services	**77.7**	7.3%	59.5	6.2%	30.7%
Staff costs	**159.5**	15.0%	146.5	15.4%	8.9%
Marketing and promotion costs	**84.5**	8.0%	81.0	8.5%	4.4%
Other operating expenses	**44.2**	4.2%	41.9	4.4%	5.4%
Other (gains)/losses, net	**- 10.8**	-1.0%	0.1	0.0%	
Total operating expenses	**978.6**	**92.2%**	**881.1**	**92.6%**	**11.1%**

Share of operating costs in total sales of 92.2% in 1H09 declined from 92.6% in the same period a year ago, following the aforementioned cost optimisation activities. Thereby, one should keep in mind the following:

- ➢ The share of COGS in total sales advanced to 45.9% from 44.1% in 1H08 amid further changes in the product mix on the back of newly opened specialised stores and one pharmacy unit. Namely, one should keep in mind that COGS coupled with staff costs represent the largest cost item in the pharmacy business.

- ➢ An increase of the cost item – production materials & energy and changes in inventory – largely reflected increase in Neva production with an aim to create adequate inventories required due to transfer of Neva production on new location in Rakitje and consequent suspension of Neva production.

- ➢ The share of services in total sales increased to 7.3% from the last year's 6.2% largely amid production services related to Cedevita GO! (e.g. the water bottling service).

- ➢ Share of staff costs in total sales declined to 15.0% from 15.4% on the year ago level, despite hiring activities during 1H09 particularly in the Distribution and Pharma divisions, whereby the total number of employees climbed to 1,847 from 1,672 at the YE08.

- Even though the marketing campaign for Cedevita GO! commenced this spring, Atlantic Grupa saw only modest increase in marketing costs and the consequent decline of their share in the Group's overall top-line to 8.0% from 8.5% reflecting thereby (i) exploitation of synergies by creating the marketing campaign for Cedevita GO! under the scope of the entire Cedevita brand and (ii) rationality in the marketing activities area.

Division operating profitability excluding the one-off impact

in HRKm	1H09	1H08	Change 1H09/1H08
Distribution	**8.7**	6.6	32.3%
Consumer Health Care	**44.9**	32.4	38.5%
Sports and Functional Food	**9.5**	7.9	21.2%
Pharma	**3.9**	12.9	-69.7%
EBIT	**67.1**	59.8	12.1%
Reconciliation	**0.0**	0.0	
Group EBIT	**67.1**	59.8	12.1%

- Distribution, Consumer HealthCare and Sports and Functional Food divisions posted strong operating profitability enhancements by bearing fruits of formerly implemented cost optimisation activities. Thereby, one should highlight the following:

    - ✓ Significant operating profitability showing of **Distribution division** reflected forthright benefits from the last year's optimisation activities including improvements in the distribution-logistics processes amid the central warehouse lease under area of 10,000 square metres in Jankomir. Improvements are largely evident from eliminating the need for a number of smaller-size warehouses, whereby the central warehouse enabled the more efficient control and goods manipulation.
    - ✓ **Consumer HealthCare division** posted the strongest EBIT improvement in 1H09 reflecting operation process improvements taken during the last year as well as this year. Namely, these processes refer to: (i) transfer of pressed candies production from Germany to Cedevita's production facility, (ii) transfer of granules production in Multivita from the former contract producer Hemofarm into Cedevita's production facility and (iii) outsourcing of Cedevita tea production. Additionally, more efficient Neva production in new production facility should as well have positive impact on operating results in the forthcoming periods.
    - ✓ Following EBIT shooting up in FY08 (+81% yoy), the **Sports and Functional Food division**'s operating profitability maintained its upward path as well in 1H08 fuelled by reorganisation and completed restructuring in 2008 (after the acquisition in 2005). Simultaneously, the company continued with activities of lowering the sale of those private label categories that earn below average profitability for the segment.

ATLANTIC GRUPA d.d., Miramarska 23, 10000 Zagreb, Hrvatska, TEL. 01/24 13 900, FAX 01/24 13 901, www.atlantic.hr
Tvrtka je upisana: Trgovački sud u Zagrebu, MBS: 080245039, Broj računa: 2484008-1101427897 Raiffeisenbank Austria d.d., Zagreb, Petrinjska 59
Broj dionica i njihov nominalni iznos: 22.340 dionica, svaka nominalnog iznosa 100,00 kn, Temeljni kapital: 2.234.000,00 kn uplaćen u cijelosti
Uprava: E.Tedeschi, M.Veber, N.Vranković, Z.Stanković, S.Nakić, M.Smetiško, Predsjednik Nadzornog odbora: Z.Adrović

- **Pharma division** expectedly posted lower operating profitability in 1H09 on the back of additional investments amid the following activities:

  - ✓ Launch of the drug wholesale business required additional investments in the infrastructure including (i) hiring and the accompanying costs increase, (ii) rent costs and (iii) additional logistics costs. One should keep in mind that Atlantic Grupa expects the preparatory investments in the drug wholesale infrastructure to contribute to Atlantic Grupa's financial figures going forth. The company's own drug wholesale operations led to restructuring of Dietpharm's sales organisation by circumventing external drug wholesale intermediary in Croatia. These activities resulted in lower inventories within external drug wholesalers/distributers and therewith lower sale of Dietpharm's products by Atlantic Grupa. Simultaneously, one should keep in mind that these activities certainly did not impact the sale of Dietpharm's products to the end customers (IMS) that has been maintained at the last year's level and therewith outperformed the competition. Atlantic Grupa expects these negative impacts on the Pharma division's operating profitability to recoup going forth.
  - ✓ Pharma division's operating profitability as well suffered from investments in the newly opened specialised stores including hiring and the accompanying costs, rent costs, higher overhead material costs, etc. One should keep in mind thereby that the company expects swing in sales following completion of the infrastructure setup.

ATLANTIC
G R U P A

FINANCIAL INDICATORS in 1H09

in HRKm	1H09	1H08
Net debt	**296.4**	297.1
Total assets	**1,746.5**	1,485.7
Equity	**712.9**	620.9
Interest coverage ratio*	**6.0**	6.1
Current ratio	**1.60**	1.45
Gearing ratio	**29.4%**	32.4%
Capex	**47.9**	34.4
Operating cash flow	**27.5**	28.1

*Ex. non-recurring gain

In times of generally aggravated liquidity coupled with unfavourable financial market's conditions, Atlantic Grupa's management places particular focus on:

- ✓ Maintenance of stable cash flow from operating activities
- ✓ Exploitation of available interest rate risk hedging instruments (the company fixed the financing cost of its long-term financial debt below the level of 5%)
- ✓ Maintenance of favourable debt structure with the majority maturing in 2011
- ✓ Allocation of available ca. HRK200m in cash to new acquisitions and capex financing

OUTLOOK for FY09

Considering negative economic developments on all markets where Atlantic Grupa operates in and largely on the dominant – Croatian market – that saw GDP slumping as much as 6.7% yoy in 1Q09 with the private consumption component declining by 9.9% yoy and with the CNB forecasting GDP decline in 2009 by 5%, the management places strategic focus on three key components: (i) creation of new opportunities for the organic growth as well as growth via acquisition, (ii) cost efficiency and (iii) financial stability enabling flexibility for initiatives development for the company's long-term growth.

Simultaneously, the management screens potential acquisitions that would strategically fit the company's further development, particularly in times of significantly lowered acquisition valuation premiums.

Following the 1H09 figures, Atlantic Grupa maintains early communicated FY09 guidance.

In HRKm	2009 Guidance	2008	Change 09/08
Revenues	**2,166**	2,024	7.0%
Sales	**2,143**	2,003	7.0%
EBITDA	**194**	169	14.3%
EBIT	**147**	129	13.4%

Above provided expectations reflect organic development, whereby EBIT expectations do not include one-off positive effects from the 1Q09 as well as expected positive net effect of approximately HRK45m from the sale of Neva location and the subsequent transfer to Rakitje location.

ATLANTIC GRUPA d.d., Miramarska 23, 10000 Zagreb, Hrvatska, TEL. 01/24 13 900, FAX 01/24 13 901, www.atlantic.hr
Tvrtka je upisana: Trgovački sud u Zagrebu, MBS: 080245039, Broj računa: 2484008-1101427897 Raiffeisenbank Austria d.d., Zagreb, Petrinjska 59
Broj dionica i njihov nominalni iznos: 22.340 dionica, svaka nominalnog iznosa 100,00 kn, Temeljni kapital: 2.234.000,00 kn uplaćen u cijelosti
Uprava: E.Tedeschi, M.Veber, N.Vranković, Z.Stanković, S.Nakić, M.Smetiško, Predsjednik Nadzornog odbora: Z.Adrović

ATLANTIC GRUPA d.d.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTH PERIOD ENDED 30 JUNE 2009 (UNAUDITED)

ATLANTIC GRUPA d.d.

INTERIM CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan-Jun 2009	Jan-Jun 2008	Index	Apr-Jun 2009	Apr-Jun 2008	Index
Turnover	**1,075,633**	**961,621**	**111.9**	**577,181**	**518,886**	**111.2**
Sales revenues	1,061,066	951,380	111.5	569,519	514,336	110.7
Other revenues	14,567	10,241	142.2	7,662	4,550	168.4
Operating expenses	**978,606**	**881,150**	**111.1**	**534,838**	**478,278**	**111.8**
Cost of merchandise sold	486,701	419,791	115.9	257,027	224,390	114.5
Change in inventories	-25,368	-4,845	523.6	-15,220	-963	n/a
Production materials and energy	162,133	137,209	118.2	87,796	75,233	116.7
Services	77,690	59,450	130.7	42,958	31,756	135.3
Staff costs	159,526	146,527	108.9	83,891	77,538	108.2
Marketing and selling expenses	84,526	80,962	104.4	51,661	49,199	105.0
Other operating expenses	44,205	41,923	105.4	24,623	22,511	109.4
Other (gains)/losses - net	-10,807	133	n/a	2,102	-1,386	-151.7
EBITDA	**97,027**	**80,471**	**120.6**	**42,343**	**40,608**	**104.3**
Depreciation	14,848	15,760	94.2	7,623	7,968	95.7
Amortization	5,250	4,897	107.2	2,482	2,408	103.1
EBIT	**76,929**	**59,814**	**128.6**	**32,238**	**30,232**	**106.6**
Financial costs - net	13,104	12,533	104.6	-1,162	5,973	-19.5
EBT	**63,825**	**47,281**	**135.0**	**33,400**	**24,259**	**137.7**
Income tax expense	15,746	12,460	126.4	9,566	7,345	130.2
Profit for the period	**48,079**	**34,821**	**138.1**	**23,834**	**16,914**	**140.9**
Attributable to:						
Minority interest	6,520	7,072	92.2	4,590	3,884	118.2
Equity holders of the Company	41,559	27,749	149.8	19,244	13,030	147.7
Earnings per share for profit attributable to the equity holders of the Company						
- basic	16.86	11.25		7.81	5.28	
- diluted	16.86	11.25		7.81	5.28	

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan-Jun 2009	Jan-Jun 2008	Index	Apr-Jun 2009	Apr-Jun 2008	Index
Profit for the period	**48,079**	**34,821**	**138.1**	**23,834**	**16,914**	**140.9**
Currency translation differences	-1,852	109	n/a	-2,451	1.115	-219.8
Total comprehensive income	**46,227**	**34,930**	**132.3**	**21,383**	**18,029**	**118.6**
Attributable to:						
Minority interest	-157	1		-539	27	
Equity holders of the Company	-1,695	108		-1,912	1,088	

ATLANTIC GRUPA d.d.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in thousands of HRK, unaudited	30 June 2009	31 December 2008
Property, plant and equipment	274,577	242,109
Intangible assets	408,166	412,795
Available for sale financial assets	35,041	35,041
Joint venture investment	21	185
Trade and other receivables	12,405	5,097
Deferred tax assets	7,061	9,293
Non - current assets	737,271	704,520
Inventories	289,065	232,616
Trade and other receivables	522,905	508,791
Assets held for sale	-	8,047
Prepaid income tax	4,948	1,599
Cash and cash equivalents	192,301	200,193
Current assets	1,009,219	951,246
Total assets	1,746,490	1,655,766
Capital and reserves attributable to equity holders of the Company	683,281	661,776
Minority interest	29,623	49,200
Long term debt	388,771	390,456
Deferred tax liability	9,498	9,870
Provisions	5,480	5,333
Non - current liabilities	403,749	405,659
Trade and other payables	510,020	408,612
Short-term borrowings	99,929	100,929
Current income tax liabilities	9,472	8,958
Provisions	10,416	20,632
Current liabilities	629,837	539,131
Total liabilities	1,033,586	944,790
Total equity and liabilities	1,746,490	1,655,766

ATLANTIC GRUPA d.d.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of Company					
in thousands of HRK, unaudited	Share capital	Reserves	Retained earnings	Total	Minority interest	Total
At 1 January 2008	**409,591**	**4,875**	**191,094**	**605,560**	**45,969**	**651,529**
Net profit for the period	-	-	27,749	27,749	7,072	34,821
Other comprehensive income	-	108	-	108	1	109
Total comprehensive income	-	108	27,749	27,857	7,073	34,930
Purchase of treasury shares	-979	-	-	-979	-	-979
Dividends relating to 2007	-	-	-11,587	-11,587	-6,731	-18,318
At 30 June 2008	**408,612**	**4,983**	**207,256**	**620,851**	**46,311**	**667,162**
At 1 January 2009	**408,200**	**1,325**	**252,251**	**661,776**	**49,200**	**710,976**
Net profit for the period	-	-	41,559	41,559	6,520	48,079
Other comprehensive income	-	-1.695	-	-1,695	-157	-1,852
Total comprehensive income	-	-1.695	41,559	39,864	6,363	46,227
Acquisition of minority interest	-	-	-	-	-23,316	-23,316
Share based payment	-887	-	579	-308	-	-308
Purchase of treasury shares	-789	-	-	-789	-	-789
Dividends relating to 2008	-	-	-17,262	-17,262	-2,624	-19,886
At 30 June 2009	**406,524**	**-370**	**277,127**	**683,281**	**29,623**	**712,904**

INTERIM CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	Jan-Jun 2009	Jan-Jun 2008
Cash flows from operating activities		
Net profit	**48,079**	**34,821**
Income tax	15,746	12,460
Depreciation and amortization	20,098	20,657
Gain on acquisition of minority interest	-9,856	-
Value adjustment of current assets	8,197	5,713
Decrease in provisions for risk and charges	-10,069	-6,973
Interest income	-5,802	-3,935
Interest expense	14,593	13,156
Other non-cash changes	-2,875	425
Changes in working capital:		
Increase in inventories	-62,222	-39,663
Increase in current receivables	-28,640	-53,835
Increase in current payables	71,710	70,682
Interest paid	-14,609	-12,814
Income tax paid	-16,843	-12,588
Net cash flow from operating activities	**27,507**	**28,106**
Cash flow from investing activities		
Purchase of tangible and intangible assets	-47,928	-34,370
Advance received for sale of tangible assets	29,718	-
Acquisition of subsidiary net of cash acquired	-	-194,769
Proceeds from loans and deposits given - net	1,231	3,505
Dividend received	164	-
Interest received	3,572	3,953
Net cash flow used in investing activities	**-13,243**	**-221,681**
Cash flow from financing activities		
Purchase of treasury shares	-789	-979
Proceeds from borrowings	17,509	16,415
Repayments of borrowings	-18,990	-159,243
Dividend paid to minority interest	-2,624	-
Dividend paid to owners	-17,262	-11,587
Net cash flow used in financing activities	**-22,156**	**-155,394**
Net decrease in cash and cash equivalents	**-7,892**	**-348,969**
Cash and cash equivalents at beginning of year	200,193	399,837
Cash and cash equivalents at end of year	192,301	50,868

NOTE 1 – GENERAL INFORMATION

Atlantic Grupa d.d. (the Company) is incorporated in the Republic of Croatia. Atlantic Grupa is the leading European producer of sports food with the Multipower brand, the largest regional producer of vitamin instant drinks and food supplements with Cedevita and Dietpharm brands, strong manufacturer of personal care products as well as the leading distributor of fast moving consumer goods in South-East Europe and the owner of the leading private pharmacy chain in Croatia under the brand Farmacia. The Group has manufacturing plants in Croatia and Germany with firms and representative offices in 9 countries. It exports its products to more than 30 markets worldwide.

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 months ended 30 June 2009 were approved by the Management Board of the Company in Zagreb on 17 July 2009.

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 months ended 30 June 2009 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 2008.

2.2. SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

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 2008, except for the adoption of new Standards and Interpretations as of 1 January 2009, as noted below:

IAS 1 (Revised) – Presentation of financial statements
The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements – the income statement and statement of comprehensive income.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 2 (Amendment) – Share-based payment
The Standard has been amended to clarify the definition of vesting conditions and to prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group:

- IAS 23 (Revised) – Borrowing costs
- IAS 32 (Amendment) – Financial instruments: Presentation
- IAS 39 (Amendment) – Financial instruments: Recognition and measurement
- IFRIC 13 – Customer loyalty programmes
- IFRIC 16 – Hedges of a net investment in a foreign operation

NOTE 3 – SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable segments – divisions as follows:

- The Distribution Division deals with the distribution of consumer goods including products of the Consumer Health Care and Sports and Functional Food divisions.

- The Consumer Health Care Division produces vitamin instant drinks, tea, sweets, cosmetics and personal hygiene products.

- The Sports and Functional Food Division specialises in development, production and sale of sports and functional food.

- The Pharma Division specialises in development and production of OTC products and food supplements as well as their sale through the pharmacy chain.

Management monitors the operating results of its business unites separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects, as explained in the following table, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs and finance income), share of profit of a joint venture and income taxes are managed on a group basis and are not allocated to operating segments.

Sales between operating segments are carried out at arm's length.

NOTE 3 – SEGMENT INFORMATION (continued)

Six months ended 30 June 2009 *(in thousands of HRK)*	**Distribution**	**Consumer Health Care**	**Sports and Functional Food**	**Pharma**	**Reconciliation**	**Group**
Gross revenues /i/	621,844	265,909	251,413	152,245	4,439	1,295,850
Inter-segment revenues /ii/	10,268	202,277	1,300	6,372	-	220,217
Total revenues	**611,576**	**63,632**	**250,113**	**145,873**	**4,439**	**1,075,633**
EBITDA /iii/	13,627	54,492	12,532	6,524	9,852	97,027
Depreciation and amortisation	4,929	9,573	2,983	2,613	-	20,098
EBIT	**8,698**	**44,919**	**9,549**	**3,911**	**9,852**	**76,929**
Total assets /iv/	511,150	491,580	157,384	530,824	-187,956	1,502,982
Total assets as at 31 Dec 2008 /v/	468,517	430,352	147,609	521,480	-176,107	1,391,851

Six months ended 30 June 2008 *(in thousands of HRK)*	**Distribution**	**Consumer Health Care**	**Sports and Functional Food**	**Pharma**	**Reconciliation**	**Group**
Gross revenues /i/	537,614	246,185	242,691	138,787	3,419	1,168,696
Inter-segment revenues /ii/	5,368	199,742	1,412	553	-	207,075
Total revenues	**532,246**	**46,443**	**241,279**	**138,234**	**3,419**	**961,621**
EBITDA /iii/	10,657	43,437	10,881	15,496	-	80,471
Depreciation and amortisation	4,082	11,006	2,999	2,570	-	20,657
EBIT	**6,575**	**32,431**	**7,882**	**12,926**	**-**	**59,814**

/i/ The Company's gross revenues are not allocated to operating segments.

/ii/ Inter-segment revenues are eliminated on consolidation.

/iii/ Gain on acquisition of minority interest is not allocated to operating segments.

/iv/ Inter-segment receivables are eliminated on consolidation. Segment assets do not include property, plant and equipment of the Company (HRK 588 thousand), Company's intangible assets (HRK 556 thousand), trade and other receivables (HRK 7,940 thousand), available-for-sale financial assets (HRK 35,041 thousand), interest in joint venture (HRK 21 thousand), deferred tax assets (HRK 7,061 thousand) and cash and cash equivalents (HRK 192,301 thousand).

/v/ Inter-segment receivables are eliminated on consolidation. Segment assets do not include property, plant and equipment of the Company (HRK 481 thousand), Company's intangible assets (HRK 148 thousand), trade and other receivables (HRK 18,574 thousand), available-for-sale financial assets (HRK 35,041 thousand), interest in joint venture (HRK 185 thousand), deferred tax assets (HRK 9,293 thousand) and cash and cash equivalents (HRK 200,193 thousand).

NOTE 3 – SEGMENT INFORMATION (continued)

Reconciliation of EBIT to total profit before income tax is provided as follows:

(in thousands of HRK)	Jan-Jun 2009	Jan-Jun 2008
EBIT	76,929	59,814
Finance costs - net	-13,104	-12,533
Profit before tax	**63,825**	**47,281**

NOTE 4 – EARNINGS PER SHARE

Basic earning 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 year, excluding ordinary shares purchased by the Company and held as treasury shares.

	2009	**2008**
Net profit attributable to shareholders (in thousands of HRK)	41,559	27,749
Weighted average number of shares	2,464,595	2,465,922
Basic earnings per share (in HRK)	16.86	11.25

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.

Dividends paid

According to the decision of the Company's General Assembly in June 2009 (in June 2008), distribution of dividend in the amount of HRK 7.00 per share, HRK 17,262 thousand in total was approved (2008: HRK 4.70 per share and HRK 11,587 thousand in total).

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2009, Group invested HRK 47,928 thousand in purchase of property, plant and equipment (2008: HRK 34,370 thousand). Majority of new investments is related to production capacity increases and to Cedevita GO project.

In spring 2009 the Group started construction of new plant in Rakitje. Finishing is expected in September 2009, upon which production plant of Neva will be moved to new location and transaction of property sale, for which the Group received an advance in the amount of HRK 29,718 thousand will be finished.

NOTE 6 - INVENTORIES

During the six months ended 30 June 2009, the Group wrote down HRK 5,773 thousand of inventories due to damage and short expiry dates. The amount is recognised in the income statement within Other operating expenses.

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, July 24th, 2009

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

MANAGEMENT BOARD'S STATEMENT OF LIABILITY

The consolidated 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 June 30, 2009 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Group.
The interim management report for the period ended June 30, 2009 presents true and fair presentation of development and results of the Group's operations with description of significant risks and uncertainties for the Group.

Emil Tedeschi – President of the Management Board

Zoran Stanković – Vice President of the Management Board for Finance

Contact:

Atlantic Grupa
Investor relations

+385 1 2413 908
ir@atlantic.hr