ATLANTIC
GRUPA

1Q10 Financial results

Zagreb – April 29th, 2010

Growth despite grim macroeconomic milieu

- **Sales advanced to 504.2 million kuna**
  + 2.6% yoy based on reported figures
- **EBIT surged to 78.8 million kuna**
  + 76.3% yoy based on reported figures
- **EBIT (excluding the one-offs) increased to 31.0 million kuna**
  +2.8% yoy based on reported figures
- **Net profit after minorities climbed to 55.4 million kuna**
  +148.4% yoy based on reported figures
  +13.7% yoy higher net profit after minorities (excluding the one-offs) of **15.6 million kuna**

Chairman's comment

CEO of Atlantic Grupa, Emil Tedeschi commented the 1Q10 results:

"Despite continuously dim macro picture, Atlantic Grupa **delivered 1Q10 business results in line with the expectations**. Simultaneously, the company retained its focus on innovations in both product and distribution portfolio, **cost management** and optimisation activities in all business processes with an ultimate aim of continuous profitability margins improvement. In the meantime, the management as well paid considerable attention on **prudent debt management**, liquidity maintenance and **stability of cash flow from operating activities** as imperatives for maintaining financial stability.

Alongside regular business operations, Atlantic Grupa's management as well places considerable attention on identifying potential acquisition targets that would secure value-creative internal rate of return."

1Q10 financial highlights

Key figures	1Q10	1Q09	Change 10/09
Sales (HRKm)	**504**	492	2.6%
Revenues (HRKm)	**513**	498	2.8%
EBIT margin*	**6.2%**	6.1%	+2 bps
EBITDA margin*	**8.5%**	8.2%	+36 bps
Net income after minorities (HRKm)*	**16**	14	13.7%
Gearing ratio	**24.2%**	26,3%**	

*Ex. one-offs ** At YE09

ATLANTIC GRUPA joint stock company for internal and external trade, Zagreb, Miramarska 23, tel. 01/24 13 900 fax. 01/24 13 901, www.atlantic.hr
The Company is registered with the Commercial Court in Zagreb, registration number: 080245039, OIB (personal identification number): 71149912416
Account number: 2484008-1101427897 Raiffeisen Austria d.d., Zagreb, Petrinjska 59. The authorized share capital: 98,799,800.00 kuna, paid in cash completely. The number of shares and their nominal value: 2,469,995, each in the nominal amount of 40,00 kuna. The management Board: Emil Tedeschi, M. Veber, N. Vranković, S. Nakić, M. Smetiško, Z. Stanković, Z. Brekalo, T. Matusinović. The president of the Supervisory Board: Z. Adrović.

KEY DEVELOPMENTS in 1Q10

1. Continuous distribution portfolio expansion

Supported by size and development of existing infrastructure, Atlantic Grupa's Distribution division commenced with distribution of new product categories in 2010 that eventually led towards further distribution portfolio balancing.

- One of the leading confectionery producers – **Ferrero** – decided to hire Atlantic Grupa for **distribution of its freddo assortment** (Kinder Milch Schnitte and Kinder Pingui) on the Serbian market. Consequently, considering that Atlantic Grupa acts as Ferrero's distribution partner on three regional markets (Croatian, Slovenian and Serbian), this will substantially strengthen the company's distribution positioning in the region.
- Following satisfying results delivered in the HoReCa distribution, juices producer Rauch hired Atlantic Grupa for the distribution of its entire assortment (all types of juices, nectars, ice teas, isotonic, ice coffee with brands Happy Day, Bravo, Nativa, Rauch ice tea) as well in the retail channel. Therewith Atlantic Grupa acts as **Rauch's exclusive distribution partner on the Croatian market** in both channels – retail and HoReCa.
- Alongside regional expansion, Atlantic Grupa proceeded with the continuous distribution portfolio diversification as well, as evidenced by the latest **impulse assortment distribution deal with One2play** -one of the leading domestic suppliers of toys, multimedia content, games etc. of well-known license owners including Disney, The Dog, Gormiti, Ben Ten, etc. Namely, this deal enables utilisation of the existing distribution infrastructure and thereby facilitates economies of scale in the distribution segment as well as lowers marginal costs in the distribution business. Thereby, distribution of the impulse assortment on the Croatian, Slovenian and Macedonian markets refers to distribution of mini toys, toys with candies, DVDs with cartoons, etc.

2. Further expansion of the pharmacy business

Throughout 1Q10, Atlantic Grupa consolidated 2 pharmacies from the last year's acquisition of 49% share in the company Livia d.o.o. from the Iceland-based Pharma Investment. The mentioned acquisition should eventually lead towards detachment of 7 pharmacies and 5 specialised stores with expected consolidation in the remaining of 2010.

3. Non-binding offer for the acquisition of Droga Kolinska

Atlantic Grupa submitted non-binding offer for the acquisition of 100% share in the Slovenian company Droga Kolinska d.d. that with 2,600 employees owns several regionally well-known brands (Argeta, Barcaffe/Grand Kafa, Cockta, Donat Mg, Smoki and Soko Stark) in the food and beverages segment with high market shares. Should this acquisition realize, Atlantic Grupa would become one of the leading food and beverage companies in the SEE region with annual turnover over EUR600m.

SALES DYNAMICS IN 1Q10

Sales profile by division

in HRK thousands

1Q10	Distribution	Consumer Health Care	Sports and Functional Food	Pharma	Group
Gross sales	278,236	115,460	129,804	75,436	**598,936**
Intersegment sales					94,700
Consolidated sales					**504,236**
1Q09					
Gross sales	276,415	112,655	121,031	74,733	584,834
Intersegment sales					93,287
Consolidated sales					491,547
Change 1Q10/1Q09					
Gross sales	**0.7%**	**2.5%**	**7.2%**	**0.9%**	
Intersegment sales					
Consolidated sales					**2.6%**

In spite of unfavourable macroeconomic dynamics at the beginning of 2010, Atlantic Grupa posted **2.6% yoy higher 1Q10 top-line of HRK504.2m**.

- **Distribution division** delivered 0.7% yoy higher sales driven by top-line growth on the Slovenian and Serbian markets. Thereby, launch of the Ferrero assortment largely spurred growth on the former, while Cedevita vitamin instant drink sales growth in the HoReCa and 'on-the-go' distribution channels coupled with the introduction of the Ferrero freddo assortment supported Serbian top-line growth.

- **Consumer HealthCare division** saw its top-line advancing by 2.5% yoy reflecting thereby Cedevita vitamin instant drink sales growth in all distribution channels as well as low-teens sales growth of dental care products under Plidenta brand. Namely, the latter with the 18% market share is top-ranked on the Croatian market of dental care products and second-ranked on the BiH market.

- **Sports and Functional Food division** posted the strongest top-line growth of 7.2% yoy on wings of sales growth of all three brands in the sports and functional food segment – Multipower, Champ and Multaben. Thereby, the highest sales growth stemmed from the brand positioned in the lower price range – Champ. Geographically, the strongest top-line growth emerged from the Russian, Swiss and Spanish markets.

- The 0.9% yoy higher sales in the **Pharma division** came on the back of consolidation of 2 out of 12 pharmacies from the last year acquired pharmacy chain Dvorzak as well as sales of top-ranked Dietpharm's products. Stripping off (i) the 1Q09 sales from 2 pharmacies that were spun off from the Health Institution Coner in August 2009 (in exchange for the minority share for other pharmacies from that Health Institution) as well as (ii) the 1Q10 sales from 2 consolidated pharmacies from the pharmacy chain Dvorzak, the Pharma division posted real sales growth of 10.3% yoy in 1Q10.

Multi-division summary by geographic zone

in HRKm	1Q10	% of total sales	1Q09	% of total sales	Change 1Q10/1Q09	in CER terms
Croatia	**277.4**	55.0%	302.5	61.5%	**-8.3%**	
Germany	**60.7**	12.0%	63.9	13.0%	**-5.1%**	-3.5%
Serbia	**27.8**	5.5%	25.1	5.1%	**10.5%**	17.7%
Slovenia	**35.4**	7.0%	12.5	2.6%	**181.9%**	186.7%
Bosna and Herzegovina	**17.5**	3.5%	17.1	3.5%	**2.7%**	4.4%
UK	**9.8**	1.9%	9.2	1.9%	**6.7%**	5.9%
Italy	**12.3**	2.4%	10.3	2.1%	**19.2%**	21.1%
Other	**63.3**	12.7%	50.9	10.3%	**24.4%**	
Total sales	**504.2**	100.0%	491.5	100.0%	**2.6%**	

- Following the 5.8% yoy Croatian real economic activity contraction in 2009, negative tendencies in the personal consumption and employment dynamics have continued as well throughout 1Q10 and eventually hit **Croatian sales** that dipped 8.3% yoy. Nevertheless, stripping off the 1Q09 sales from 2 pharmacies from HI Coner as well as the 1Q10 sales from 2 consolidated pharmacies from the pharmacy chain Dvorzak, Croatian sales have actually declined by no more than 6.4% yoy. Namely, one should keep in mind that lower yoy Croatian sales largely reflected high level of consumer pessimism amid abated consumer purchasing power stemming from (i) the highest unemployment rate in March of 18.4% since January 2006, (ii) further yoy downturn in nominal and real wages in February and (iii) yoy tumble in real 'core' retail trade (ex auto/motorcycle sales) by 5.7% in February (17^{th} subsequent month of contraction).

- In the SEE region, Slovenian and Serbian markets posted the most dynamic growth rates, whereby nearly tripled **Slovenian sales** to HRK35.4m contributed the most to overall top-line growth by 464bps. Thereby, Slovenian sales surged on the back of 2 factors: (i) introduction of new distribution categories as Ferrero assortment and (ii) Cedevita vitamin instant drink sales growth in the retail and 'on-the-go' channels. **Serbian sales** soared 10.5% yoy and 17.7% in CER terms largely driven by (i) Cedevita vitamin instant drink sales growth in all distribution channels and particularly in 'on-the-go' segment, (ii) new distribution categories as Ferrero freddo assortment and (iii) distribution commencement of Montana program (sandwiches of extended freshness).

- While from the three **key West European markets**, UK and Italy delivered growth of 6.7% yoy and 19.2% yoy, apiece, the German market posted lower single-digit decline in CER terms of 3.5% yoy.

- **Other markets** delivered dynamic sales growth of 24.4% yoy, particularly Russian, Spanish and Swiss markets. One of larger markets in terms of sales – Russia – advanced on wings of Multivita and Multipower's assortment. Namely, the company opened up Multivita's representative office on the Russian market with planned registration of 4 new products (effescervent tablets) in 2010. In addition to Multivita's assortment, the representative office will as well explore possibilities of introducing other products from the Consumer HealthCare division, as for example Rosal Lip Balm, while it also plans to register 4 new products from the Fidifarm's assortment.

PROFITABILITY DYNAMICS in 1Q10

in HRKm	1Q10	1Q09	Change 10/09
Sales	504.2	491.5	2.6%
EBITDA	90.8	54.7	66.0%
EBITDA ex. one-offs	43.0	40.2	7.1%
EBIT	78.8	44.7	76.3%
EBIT ex. one-offs	31.0	30.2	2.8%
Net profit	56.7	24.2	133.8%
Net profit ex. one-offs	16.8	15.6	7.7%
Profitability margins			
EBITDA margin	18.0%	11.1%	+687 bps
EBITDA margin ex. one-offs	8.5%	8.2%	+36 bps
EBIT margin	15.6%	9.1%	+653 bps
EBIT margin ex. one-offs	6.2%	6.1%	+2 bps
Net profit margin	11.2%	4.9%	+631 bps
Net profit margin ex. one-offs	3.3%	3.2%	+16 bps

Key highlights:

- Continuation of optimisation activities and cost control led to profitability improvements both on operating and net level excluding the one-offs. Namely, Atlantic Grupa saw its **operating profitability (EBIT)** up 76.3% yoy to HRK78.8m and 2.8% up to HRK31.0m once stripping off the one-offs. The one-offs occurring both in FY09 and FY10, referred to:

  (i) HRK9.9m in non-recurring gain on acquisition of minority interest in Cedevita d.o.o. from the German development bank DEG (therewith Atlantic Grupa increased its ownership share in Cedevita d.o.o. by 30% to 81%) in FY09

  (ii) HRK48.6m one-off gain in FY10 from the sale of Neva's former location in Tuskanova

  (iii) HRK4.7m impact on the operating level from the FX volatilities in 1Q09 and –HRK0.8m in 1Q10

  On the bottom-line level, the adverse EUR/HRK volatility impact on 31 March 2009 (EUR/HRK rate: 7.457) has been as well eliminated from the financial result in the amount of -HRK5.9m in 1Q09 and HRK1.8m in 1Q10. Namely, considering that jump in the EUR/HRK rate on 31 March 2009 proved unsustainable in the quarters ahead, FX volatilities impact can be considered as a one-time event.

- Stripping off the one-offs both in 1Q10 and 1Q09, the share of operating expenses in total sales mildly declined in 1Q10 to 93.1% from 93.2% in 1Q09 signalling thereby committed cost control in the company. Consequently, **EBITDA ex. one-offs** advanced 7.1% yoy, whereby depreciation increased substantially in 1Q10 largely on the back of the last year's investments in production capacity's increase in Cedevita as well as in production equipment for Cedevita GO!.

- **Division-wise**, the Sports and Functional Food division continued to bear fruits from completed restructuring, whereas continued business activities' optimisation processes led to dynamic double-digit EBIT improvement. As communicated earlier, the Pharma division recovered operating profitability thanks to completed restructuring of the sales force incurred due to launch of the drug wholesale business. Distribution division saw mild operating profitability enhancement on wings of continuous optimisation of distribution-logistics activities coupled with benefits emerging from economies of scale. Consumer HealthCare division posted mild single-digit decline in operating profitability caused by more intensive marketing investments in 1Q10. Nevertheless, the latter should deliver benefits in the subsequent quarters, whereby the management expects the Consumer HealthCare division to post profitability growth in FY10 on the yoy level.

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FINANCIAL INDICATORS in 1Q10

in HRKm	1Q10	YE09
Net debt	256.3	270.6
Total assets	1,786.2	1,775.3
Equity	801.4	757.8
Current ratio	1.79	1.66
Gearing ratio	24.2%	26.3%
	1Q10	1Q09
Interest coverage ratio*	6.9	4.9
Capex	5.1	34.2
Cash flow from operating activities	24.3	20.6

*Ex. one-offs

Atlantic Grupa's management retained focus on maintaining financial stability at the beginning of FY10 as well, as evident from the following:

- The company is significantly focused on the working capital management as signalled by the cash flow from operating activities' improvement to HRK24.3m from HRK20.6m in 1Q09 (up 17.8% yoy).

- In the environment still suffering from pronounced liquidity woes, Atlantic Grupa improved its current ratio to 1.79x from 1.66x at the YE09 as well as its quick ratio to 1.31x from 1.26x at YE09. Additionally, at the 1QE, the company had at disposal nearly HRK220m in cash available for channelling either towards capex financing or financing of potential acquisition targets.

- The company continued to apply prudent debt management with gearing ratio standing at 24.2% compared to 26.3% at YE09 as well as with interest coverage ratio (excluding one-offs) improving towards 6.9x from 4.9x in 1Q09. Simultaneously, the financial-debt-to-assets ratio remained stable at 0.3x. The above-mentioned indicators suggest the company's substantial potential for raising additional debt in case of a large-sized acquisition. Additionally, one should as well keep in mind that in the debt management process, the company used available hedging instruments, including interest rate swap that fixed the long-term financial debt cost below 5%.

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OUTLOOK for FY10

Considering that macroeconomic prospects for Atlantic Grupa's geographically dominant market – Croatia – seem still rather dim with expected economy contraction or in a more optimistic case stagnation but with accelerated unemployment that coupled with actual fiscal squeeze burdens consumer's purchasing power and thus personal consumption, Atlantic Grupa's management believes that this year will as well require more intensive efforts to achieve planned growth rates. The latter additionally comes forth, should one consider mild economic recovery on other ex. YU markets, specifically on two largest ex YU markets in terms of sales – Slovenia and Serbia. Moreover, on the key West European markets – Germany, Italy and UK – macro picture as well signals only moderate recovery but with adverse labour market trends.

Following the 1Q10 figures, Atlantic Grupa's management retains the FY10 guidance issued at the beginning of the year.

In HRKm	**2010 Guidance** (ex. one-offs)*	2009 ex. one-offs	Change 10/09
Revenues	**2,320**	2,225	4.3%
Sales	**2,300**	2,199	4.6%
EBITDA	**200**	189	5.6%
EBIT	**155**	146	6.0%

Additionally, alongside continuous application of "the limited growth model" through continuous tracking of (i) clients' riskiness and (ii) receivables collection process as well as subsequent limiting of receivables exposure to risky customers, the management retained strategic determinants for overcoming still unfavourable macroeconomic trends:

- **Each division's management should focus on innovations spurring organic growth with the contemporaneous identification of potential acquisition targets**
- **Continuous improvement of operating efficiency via conscious cost management**
- **Maintenance of financial stability ensuring business stability**
- **Liquidity maintenance**
- **Continuous business processes' optimisation in all operating divisions**

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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 THREE MONTH PERIOD ENDED 31 MARCH 2010 (UNAUDITED)

ATLANTIC GRUPA d.d.

INTERIM CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan - Mar 2010	Jan - Mar 2009	Index
Turnover	**512,630**	**498,452**	**102.8**
Sales revenues	504,236	491,547	102.6
Other revenues	8,394	6,905	121.6
Operating expenses	**421,869**	**443,768**	**95.1**
Cost of merchandise sold	238,748	229,674	104.0
Change in inventories	(7,861)	(10,148)	77.5
Production material and energy	71,698	74,337	96.4
Services	30,703	34,732	88.4
Staff costs	78,147	75,635	103.3
Marketing and selling expenses	36,107	32,865	109.9
Other operating expenses	20,710	19,582	105.8
Other (gains)/losses - net	(46,383)	(12,909)	n/a
EBITDA	**90,761**	**54,684**	**166.0**
Depreciation	9,552	7,225	132.2
Amortization	2,420	2,768	87.4
EBIT	**78,789**	**44,691**	**176.3**
Financial expenses - net	(4,758)	(14,266)	33.4
EBT	**74,031**	**30,425**	**243.3**
Income tax	17,345	6,180	280.7
Profit for the period	**56,686**	**24,245**	**233.8**
Attributable to:			
Minority interest	1,247	1,930	64.6
Equity holders of the Company	55,439	22,315	248.4
Earnings per share for profit attributable to the equity holders of the Company			
- basic	22.48	9.06	
- diluted	22.48	9.06	

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Mar 2010	Jan - Mar 2009	Index
Profit for the period	**56,686**	**24,245**	**233.8**
Currency translation differences	(2,292)	599	n/a
Total comprehensive income	**54,394**	**24,844**	**218.9**
Attributable to:			
Minority interest	1,259	2,311	54.5
Equity holders of the Company	53,135	22,533	235.8
Total comprehensive income	54,394	24,844	218.9

ATLANTIC GRUPA d.d.

INTERIM CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	31 March 2010	31 December 2009
Property, plant and equipment	291,940	296,945
Intangible assets	446,664	449,414
Available-for-sale financial assets	35,041	35,041
Interest in joint venture	179	179
Trade and other receivables	10,197	10,718
Deferred tax assets	7,578	7,485
Non-current assets	791,599	799,782
Inventories	265,979	233,736
Trade and other receivables	503,579	512,815
Non-current assets held for sale	193	7,154
Prepaid income tax	6,186	4,128
Deposits given	142,056	143,129
Cash and cash equivalents	76,617	74,580
Current assets	994,610	975,542
Total assets	1,786,209	1,775,324
Capital and reserves attributable to equity holders of the Company	766,848	725,187
Minority interest	34,553	32,620
Borrowings	377,118	379,240
Deferred tax liabilities	45,762	45,989
Provisions	5,857	5,739
Non-current liabilities	428,737	430,968
Trade and other payables	415,081	446,975
Borrowings	97,854	109,112
Current income tax liabilities	23,215	10,626
Derivative financial instruments	1,788	1,846
Provisions	18,133	17,990
Current liabilities	556,071	586,549
Total liabilities	984,808	1,017,517
Total equity and liabilities	1,786,209	1,775,324

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 2009	**408,200**	**1,325**	**252,251**	**661,776**	**78,537**	**740,313**
Comprehensive income:						
Net profit for the period	-	-	22,315	22,315	1,930	4,245
Other comprehensive income	-	218	-	218	381	599
Total comprehensive income	-	218	22,315	22,533	2,311	24,844
Transactions with owners:						
Purchase of treasury shares	(642)	-	-	(642)	-	(642)
Acquisition of minority interest	-	-	-	-	(23,316)	(23,316)
At 31 March 2009	**407,558**	**1,543**	**274,566**	**683,667**	**57,532**	**741,199**
At 1 January 2010	**408,404**	**(2,075)**	**318,858**	**725,187**	**32,620**	**757,807**
Comprehensive income:						
Net profit for the period	-	-	55,439	55,439	1,247	56,686
Other comprehensive income	-	(2,304)	-	(2,304)	12	(2,292)
Total comprehensive income	-	(2,304)	55,439	53,135	1,259	54,394
Transactions with owners:						
Acquisition of minority interest	-	-	(11,474)	(11,474)	674	(10,800)
At 31 March 2010	**408,404**	**(4,379)**	**362,823**	**766,848**	**34,553**	**801,401**

ATLANTIC GRUPA d.d.

INTERIM CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	**Jan - Mar 2010**	**Jan - Mar 2009**
Cash flows from operating activities		
Net profit	**56,686**	**24,245**
Income tax	17,345	6,180
Depreciation and amortization	11,972	9,993
Gain on acquisition of minority interest	-	(9,856)
Gain on disposal of property, plant and equipment	(48,642)	-
Value adjustment of current assets	4,623	2,623
Interest income	(2,035)	(2,770)
Interest expense	6,193	8,183
Other non-cash changes	(2,779)	4,348
Changes in working capital:		
Increase in inventories	(36,109)	(37,321)
Decrease in current receivables	10,285	1,918
Increase in current payables	16,463	20,081
Increase in provisions for risks and charges	261	2,314
Interest paid	(2,803)	(4,474)
Income tax paid	(7,164)	(4,833)
Net cash flow from operating activities	**24,296**	**20,631**
Cash flow from investing activities		
Purchase of tangible and intangible assets	(5,132)	(34,176)
Proceeds from sale of property, plant and equipment	8,095	-
Acquisition of minority interest	(10,800)	-
Loans and deposits given - net	483	(570)
Interest received	428	2,770
Net cash flow used in investing activities	**(6,926)**	**(31,976)**
Cash flow from financing activities		
Purchase of treasury shares	-	(642)
Proceeds from borrowings - net	(15,333)	5,275
Net cash flow (used in) / from financing activities	**(15,333)**	**4,633**
Net increase / (decrease) in cash and cash equivalents	**2,037**	**(6,712)**
Cash and cash equivalents at beginning of period	74,580	200,193
Cash and cash equivalents at end of period	76,617	193,481

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 10 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 three months ended 31 March 2010 were approved by the Management Board of the Company in Zagreb on 21 April 2010.

The interim condensed consolidated financial statements have not been audited.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 2010 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 2009.

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 2009, except for the adoption of new Standards and Interpretations as of 1 January 2010, as noted below:

IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions

The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the Group’s financial statements.

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

2.2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

The Group applies the revised standards from 1 January 2010. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gains or losses. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The change in accounting policy was applied prospectively on acquisitions occurred after 1 January 2010.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment has no effect on the Group's financial statements.

IFRIC 17 Distribution of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes noncash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on the Group's financial statements.

Improvements to IFRSs (issued April 2009)

In April 2009 the Board issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

- IAS 7 Statement of Cash Flows: Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.

- IAS 36 Impairment of Assets: The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes.

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

2.2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:
- IFRS 2 Share-based Payment
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 8 Operating Segment Information
- IAS 1 Presentation of Financial Statements
- IAS 17 Leases
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedge of a Net Investment in a Foreign Operation

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

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, Pharma 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 specializes 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.

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

NOTE 3 – SEGMENT INFORMATION (continued)

For the period ended 31 March 2010 (in thousands of HRK)	Distribution	Consumer Health Care	Sports and Functional Food	Pharma	Reconciliation	Group
Gross revenues /i/	285,097	117,613	130,074	76,530	1,609	610,923
Inter-segment revenues /ii/	5,253	88,442	1,265	3,333	-	98,293
Total revenues	**279,844**	**29,171**	**128,809**	**73,197**	**1,609**	**512,630**
Total assets /iii/	456,542	465,732	156,424	570,282	(157,600)	1,491,380
Total assets at 31.12.2009. /iv/	480,240	458,183	144,634	556,797	(155,942)	1,483,912

For the year ended 31 March 2009 (in thousands of HRK)	Distribution	Consumer Health Care	Sports and Functional Food	Pharma	Reconciliation	Group
Gross revenues /i/	278,650	114,507	122,868	75,176	2,196	593,397
Inter-segment revenues /ii/	3,282	87,373	600	3,690	-	94,945
Total revenues	**275,368**	**27,134**	**122,268**	**71,486**	**2,196**	**498,452**

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

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

/iii/ Inter-segment receivables are eliminated on consolidation. Segment assets do not include property, plant and equipment of the Company (HRK 1,491 thousand), Company's intangible assets (HRK 1,614 thousand), short term deposits given (HRK 142,056 thousand), trade and other receivables (HRK 30,253 thousand), available-for-sale financial assets (HRK 35,041 thousand), interest in joint venture (HRK 179 thousand), deferred tax assets (HRK 7,578 thousand) and cash and cash equivalents (HRK 76,617 thousand).

/iv/ Inter-segment receivables are eliminated on consolidation. Segment assets do not include property, plant and equipment of the Company (HRK 1,754 thousand), Company's intangible assets (HRK 1,407 thousand), short term deposits given (HRK 143,129 thousand), trade and other receivables (HRK 27,837 thousand), available-for-sale financial assets (HRK 35,041 thousand), interest in joint venture (HRK 179 thousand), deferred tax assets (HRK 7,485 thousand) and cash and cash equivalents (HRK 74,580 thousand).

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.

	2010	**2009**
Net profit attributable to equity holders (in thousands of HRK)	55,439	22,315
Weighted average number of shares	2,465,608	2,463,969
Basic earnings per share (in HRK)	22.48	9.06

Diluted earnings per share

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

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

During the three months period ended 31 March 2010, Group invested HRK 5,132 thousand in purchase of property, plant and equipment (2009: HRK 34,176 thousand).
Furthermore, transaction of property sale has completed and resulted in HRK 48,557 thousand profit (Note 8).

NOTE 6 - INVENTORIES

During the three months period ended 31 March 2010, the Group wrote down HRK 3,866 thousand of inventories due to damage and short expiry dates (2009: HRK 2,326 thousand). The amount is recognised in the income statement within Other operating expenses.

NOTE 7 – ACQUISITION OF MINORITY INTEREST

In January 2010 Group acquired additional 5% in subsidiary Atlantic Farmacia d.o.o. Difference between acquisition cost and net book value of acquired minority interest is recognised directly in equity.

NOTE 8 – ONE-OFF ITEMS

One-off item in three months period ended 31 March 2010 relates to profit of HRK 48,557 thousand realized from the sale of property on Neva’s prior production location.

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 29 April 2010

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

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 31 March 2010 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 31 March 2010 presents true and fair presentation of development and results of the Group's operations with description of significant risks and uncertainties for the Group.

Neven Vranković

ATLANTIC GRUPA d.d. ZAGREB 2

Group Vice President
Corporate Affairs

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