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Full Year Results 2008

Zagreb - March 13th, 2009

FY08: Continued strong business results, in line with the management guidance

- **Sales advanced to 2.0 billion kuna**
  + 19.9% yoy based on reported figures
  + 6.7% yoy organic growth
- **EBIT improved to 129.4 million kuna**
  + 36.0% yoy based on reported figures
  + 18.5% yoy organic growth
- **Net profit after minorities surged to 68.6 million kuna**
  + 47.9% yoy based on reported figures
  + 23.7% yoy organic growth

Chairman's comment

Commenting on the FY08 figures as well as the outlook for 2009, Emil Tedeschi, Chairman and CEO of Atlantic Grupa stressed out:

"Yet again we managed to deliver strong performance as evidenced by improvements on the both top line and bottom line and therewith justified our FY08 guidance. In line with the plan communicated through our IPO in 2007, we entered the pharmacy business by acquiring seven healthcare units and thereby established the largest privately owned pharmacy chain on the domestic market. Considering that one of the Group's strategic focuses is to continue strengthening the pharmacy business, we have ambitions to further enlarge our network via combination of new acquisitions and previously acquired licenses.
With regards to challenging 2009, particularly from the macroeconomic perspective, we are confident in Atlantic Grupa's ability and strength to tackle with as well as to successfully weather this adverse economic milieu with strict focus on **liquidity maintenance, cost management and implementation of new projects** as the most recent launch of Cedevita GO!."

FY08 financial highlights

Key figures	FY08	FY07	Change FY08/FY07
Sales (HRKm)	**2.003**	1.670	19,9%
Revenues (HRKm)	**2.024**	1.699	19,1%
EBITDA margin	**8,5%**	7,9%	+ 53 bps
Net income after minorities (HRKm)	**69**	46	47,9%
Gearing ratio	**29,1%**	12,2%	

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Business model developments in 2008 and 1Q09

1. Pharmacy business

In 2008, Atlantic Grupa extended its business model by acquiring **on a debt-free basis 7 healthcare institutions** (operating altogether 32 pharmacies and 1 specialised store with the national coverage) and accompanied licenses for opening new pharmacies. Penetration to the pharmacy business under Farmacia brand marked transition of Atlantic Grupa into vertically-integrated organization, while securing **new distribution channel** for the Group and thus substantial synergies across the Group's distribution portfolio. Organizationally, the Group placed pharmacy business into new division Pharma under its Consumer Healthcare segment along with the vitamins, minerals and supplements producer Fidifarm. The consolidation within the Group's business model has been completed following the centralisation of the accounting system and information technology system on the division level.
In November 2008, Atlantic Grupa entered the strategic cooperation with Agrokor, enabling Atlantic to lease 5 locations within Agrokor's retail chain to launch specialised stores offering **better-margin** over-the-counter medicines and food supplements. The cooperation started by launching 5 specialised stores, with plans to launch additional stores in the medium term.
The company's medium term strategy is to **further strengthen the pharmacy/specialised stores business** by enlarging the retail network via combination of acquisitions, previously acquired licenses and organic growth. The management believes this strategy to be beneficiary for the company's further development given the pharmacy business' EBIT margin above the Group level. Additionally, these developments should be further supported with strategic focus on increasing participation of non-prescription drugs in the pharmacy product portfolio in the medium term.

2. Continuous distribution portfolio expansion

Considering size, variety and strength of Atlantic Grupa's distribution business and therewith related lower marginal costs in products' distribution as well as better bargaining power, Atlantic Grupa successfully continued to provide distribution support to producers region-wise. With further expansion of the company's distribution portfolio, Atlantic Grupa **aims to lower sales volatility risk** as well as **further diversify its distribution sales mix**, particularly important in the challenging macroeconomic environment.

- **Focus on the HoReCa channel expansion:** Following successful launch of Cedevita vitamin instant drink in the HoReCa channel, the company continuously expands this alternative distribution channel **characterized by much lower competitive pressures** and with substantial **growth potential given Croatia's tourism development**. In the mid of 2008, the company signed a 3-year distribution agreement with the largest domestic tobacco producer Tvornica Duhana Rovinj (TDR) to distribute

TDR's cigarettes in the HoReCa channel with the expected annual turnover of approximately 85 million kuna. In the beginning of 2009, the company further expanded its existing HoReCa distribution portfolio (Cedevita vitamin instant drink, Cedevita tea, Rauch juices, TDR cigarettes, Red Bull energy drink) with Nestlé's NESCAFE brands with the expected annual turnover of approximately 15 million kuna. Considering new contracts in the HoReCa channel, the company expects to further lift proportion of the sales from the HoReCa channel in the company's total sales in the medium term. The management as well sees substantial opportunities for the HoReCa channel in the regional context.

- **Acquisition of the distribution company ZIP Distribucija**

Acquiring ZIP Distribucija at very attractive IRR, Atlantic Grupa added new products in its distribution mix including brands Schwartau and Corny produced by Schwartauer Werke GmbH, brands Winsenia and Niki produced by Wilhelm Reuss GmbH and Emco produced by Emco spol with annual turnover of approximately 25 million kuna. The key benefit of this acquisition is that the company added new products in the assortment with the maximum synergies achievement, but without additional costs in the distribution and marketing investments.
Atlantic Grupa further plans to target firms that bring a twofold positive impact: to **achieve distribution synergies** and to **add critical mass to distribution sales mix**.

- **Diversification of distributive sales mix**

In the beginning of 2009, Atlantic Grupa commenced with the distribution of biscuits and salted snacks under domestic Karolina brands including Jadro, Bobi and Moto with an annual turnover of 125 million kuna. Atlantic Grupa also integrated Karolina's sales force including 37 salesmen into Atlantic Trade's sales force. The Karolina deal will attribute to the balancing of the company's distribution sales mix between the premium brands and brands from the lower priced segments, particularly favourable in the milieu of lower consumer purchasing power. The management finds this deal rather important since Karolina's owner - the leading European snack producer Lorenz Bahlsen Snack World – gave up its own distribution on the Croatian market and thus entrusted and transferred distribution activities to Atlantic Grupa. This only proves the strength of Atlantic Grupa's distribution infrastructure.

- **New regional distribution contracts**

The evidence that international partners find Atlantic Grupa to be their strong distribution partner given the company's substantial bargaining power and distribution capacities has been further exacerbated by the latest distribution deal with one of the world largest confectionary producer Ferrero on the Slovenian market. Atlantic Grupa will distribute Ferrero brands ranging from Nutella, Kinder, Ferrero Rocher, Rafaello and Mon Cheri with an annual turnover of 16 million euro.

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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

3. Launch of Cedevita GO!

Atlantic Grupa introduces this number one vitamin instant drink also in the *almost-ready-to-drink* category. Additionally, it opens up entirely new distribution channel for Cedevita – *consumption on the go* and therewith enables Cedevita to cover three key pillars of consumption – households, HoReCa and on the go consumption without any cannibalization threat. Cedevita GO! is the prime example of synergies exploration among the company's divisions as well as vertical integration with the R&D, production and packaging integrated in the Consumer and Healthcare Division and with its own distribution infrastructure. The entire project value amounts to HRK75m, of which ca. HRK45m has been invested in the 2002-2009 period in: (i) R&D segment including development of the cap containing granules, (ii) development of new technology with pertaining packaging and production equipment, (iii) branded cooling units on the points-of-sale and (iv) smaller amounts in the third party's bottling facilities. In the medium-term, the company plans to invest the rest of the planned amount into production, packaging and distribution capacities with the largest investment outlay in 2011. Taking into consideration the capex invested so far as well as planned capex in the medium-term, the project's payback period is 5-6 years with the value creating IRR.

4. Profitability enhancements and innovations in the Sports and Functional Food division

In 2008, Atlantic Grupa successfully completed restructuring efforts in the Sports and Functional Food division that commenced following the acquisition of German-based Haleko in 2005. Following the turnaround to operating profit in 2007, the Sports and Functional Food division had the most pronounced enhancements on the EBIT level (among other divisions) by delivering 81.0% yoy growth. Additionally, the company managed to generate stable growth with substantially lower investments in marketing and employees compared to the Group.

In addition, the company successfully tapped higher-margin protein ingredients market by launching X-PLODE and D-FINE products and thus proved its innovations skills in the sports and functional food area. The management sees these activities of paramount importance for the market share augmentation.

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SALES DYNAMICS IN 2008

1. Sales profile by division

in HRKm	2008	% of total sales	2007	% of total sales	Change FY08/FY07
Distribution	**752,8**	37,6%	672,5	40,3%	**11,9%**
Consumer Health Care	**487,5**	24,3%	467,5	28,0%	**4,3%**
Sports and Functional Food	**480,4**	24,0%	471,7	28,2%	**1,8%**
Pharma*	**282,2**	14,1%	58,4	3,5%	**383,6%**
Total sales	**2.002,9**	100,0%	1.670,0	100,0%	**19,9%**
Other income	21,5		29,1		
Total turnover	**2.024,5**		1.699,1		**19,1%**

*Pharma division in FY07 accounted sales of the vitamins, minerals and supplements producer Fidifarm

*Sales of each division have been allocated to the division of producer

Atlantic Grupa delivered 19.9% yoy higher sales of 2.0 billion kuna in FY08 with Distribution division, Consumer Health Care division and Pharma division as the key growth drivers. Organically, the company posted 6.7% yoy growth.

- **Distribution division** gathered momentum from (i) strong growth of Atlantic's own assortment on the SEE markets, (ii) new distribution agreements including distribution of TDR's cigarettes in the HoReCa channel and acquisition of the distribution company ZIP Distribucija with the accompanying brands as well as (ii) further focus on development of the HoReCa channel with new principals including Rauch juices and Red Bull energy drinks.
- **Consumer Health Care division**'s sales benefitted from the sales growth of Cedevita vitamin instant drinks across both distribution channels (retail and HoReCa) as well as of the leading Serbian vitamin instant drink producer Multivita.
- Following the acquisition spree on the local pharmacy market in the 1H08, **Pharma division** ended FY08 with 282 million kuna in sales, o/w 221 million kuna attributed to the pharmacy business alone on the back of 32 pharmacies and 2 specialised stores (o/w one was opened at the end of 2008). Cash (non-prescription) sales thereby prevailed in the pharmacies' top-line.
- **Sports and Functional Food division** delivered stable growth despite negative exchange rate impacts, in particular on the second largest West European market – the UK market. The company as well decided to give up certain private label production agreements for the benefit of operating profitability enhancement.

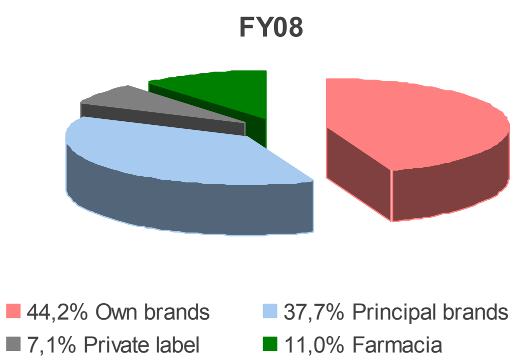
2. Multi-division summary by geographic zone

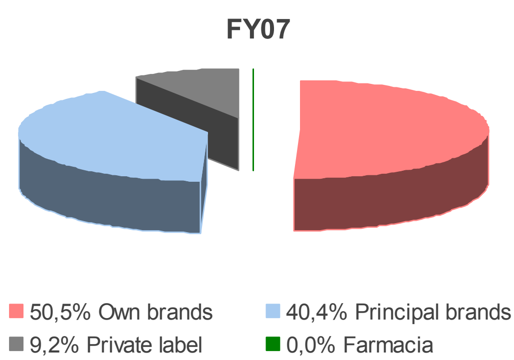
in HRKm	2008	% of total sales	2007	% of total sales	Change FY08/FY07	in CER terms
Croatia	**1.264,7**	63,1%	987,4	59,1%	**28,1%**	
Germany	**233,3**	11,6%	234,1	14,0%	**-0,4%**	1,3%
Serbia	**98,5**	4,9%	80,9	4,8%	**21,7%**	25,9%
Slovenia	**49,6**	2,5%	45,1	2,7%	**10,0%**	11,8%
Bosna and Herzegovina	**66,9**	3,3%	61,3	3,7%	**9,1%**	10,8%
UK	**43,0**	2,1%	45,1	2,7%	**-4,8%**	10,4%
Italy	**44,8**	2,2%	48,2	2,9%	**-6,9%**	-5,4%
Other	**202,2**	10,1%	168,0	10,1%	**20,4%**	
Total sales	**2.002,9**	100,0%	1.670,0	100,0%	**19,9%**	

- **Croatia** as the largest sales growth driver delivered 28.1% yoy higher sales largely thanks to acquisition of pharmacies, whereby organically domestic sales exhibited 5.7% yoy growth to 1.04 billion kuna.
- **Serbia** as the largest organic growth driver delivered 21.7% higher sales. Thereby, the key contributor has been further sales growth of both Atlantic Grupa's own assortment (including Multivita) as well as principals' brands. The stronger foray has also been made with Cedevita into HoReCa channel. The management sees further top-line enhancing opportunities on the Serbian market emerging from (i) lower per capita consumption of Cedevita compared to the Croatian market, with rising brand recognition and (ii) new distribution agreements with principals.
- Growth on the **key West European markets** (Germany and UK) in CER terms has largely reflected strength of Multipower's assortment as well as sales growth in other sports food brands including Multaben and Champ. Thereby, the company has continued to benefit from still growing interest and demand for healthy living and consumer orientation toward functional food products.
- Strong growth on **other markets** has been largely driven by sports and function food sales growth on other WEU markets as well as Multivita's (Vitamin C) stronger foray onto Russian market.

3. Sales profile

Pharmacies' acquisition changed the sales profile with Farmacia accounting for 11% of total sales in FY08.





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PROFITABILITY DYNAMICS IN 2008

1. Group operating expenses

Operating costs structure	FY08	% of FY08 sales	FY07	% of FY07 sales	Change FY08/FY07
COGS	**931,5**	46,5%	713,5	42,7%	30,5%
Change in inventories	**2,4**	0,1%	9,4	0,6%	-74,2%
Production materials and energy	**261,9**	13,1%	250,3	15,0%	4,6%
Services	**127,7**	6,4%	121,5	7,3%	5,1%
Staff costs	**302,9**	15,1%	252,9	15,1%	19,7%
Marketing and promotion costs	**140,9**	7,0%	138,9	8,3%	1,4%
Other operating expenses	**87,6**	4,4%	82,2	4,9%	6,6%
Other (gains)/losses, net	**0,3**	0,0%	- 2,1	-0,1%	-113,9%
Total operating expenses	**1.855,2**	**92,6%**	**1.566,8**	**93,8%**	**18,4%**

Slower growth of operating costs compared to the top-line growth in FY08 certainly proves the company's **strong cost optimisation commitment**. Aiming to optimize business processes with a variety of activities, among others the company as well undertook the following activities:

- Establishing the central supply department whose activities have already resulted in more favourable terms for procurement of raw materials and services (e.g. maintenance, telecommunications, etc.)
- Substantial improvements in the distribution-logistics activities by signing the 5-year agreement to lease central warehouse under area of 10,000 square meters in Jankomir. The warehouse completely satisfies the company's capacity requirements, while eliminating need for a number of smaller-size warehouses used previously. Additionally, the warehouse simplifies the product manipulation and improves efficiency as well as flexibility of warehouse operations and thus distribution activities.
- Reorganisation within the Sports and Functional Food division that resulted in lower personnel costs as well as various savings that should be evident going forth.
- More optimised investments in the marketing activities as evidenced by 130 bps lower portion of marketing and selling costs in total sales to 7.0% in FY08 compared to 8.3% in FY07.
- Transfer of pressed candies' production from Germany to the company's own Cedevita production facility.

All aforementioned activities led to lower portion in total sales of: production materials and energy costs, services costs, marketing and promotion costs as well as other operating expenses.
Increased portion of COGS in sales is primarily result of changes in the sales mix driven by inclusion of pharmacy business in the Group's business model. Thereby, one should keep in mind that COGS is the key cost item in the pharmacy business alongside personnel costs. Nevertheless, The Group personnel costs as percentage of total sales remained contained in FY08 even though the Group increased the number of employees to 1,672 from 1,452 at YE07 largely due to adding staff from the acquired pharmacies throughout 2008.

2. Group profitability

in HRKm	FY08	FY07	Change FY08/FY07
Sales	**2.003**	1.670	19,9%
EBITDA	**169**	132	27,9%
EBIT	**129**	95	36,0%
Net profit after minorities	**69**	46	47,9%
Profitability margins			
EBITDA margin	**8,5%**	7,9%	+53 bps
EBIT margin	**6,5%**	5,7%	+77 bps
Net profit margin	**3,4%**	2,8%	+65 bps

Atlantic Grupa delivered **profitability improvements** with profitability margins shooting up thanks to the company's strong focus on: (i) cost management
(ii) business process improvements
(iii) exploring synergies among divisions

The aforementioned activities have been particularly emphasized on the organic level with:

- EBIT up 18.5% yoy to 112.8 million kuna
- EBITDA up 14.2% yoy to 151.2 million kuna
- Net profit after minorities up 23.7% yoy to 57.4 million kuna

3. Division operating profitability

in HRKm	FY08	FY07	Change FY08/FY07
Distribution	**23,7**	21,2	12,0%
Consumer Health Care	**63,2**	55,2	14,5%
Sports and Functional Food	**18,4**	10,1	81,0%
Pharma	**23,4**	9,2	154,9%
EBIT	**128,7**	95,7	34,5%
Intragroup eliminations	**0,7**	-0,6	
Group EBIT	**129,4**	95,1	36,0%

*Pharma division in FY07 accounted sales of the vitamins, minerals and supplements producer Fidifarm

All divisions delivered operating profitability improvements with substantial enhancements mostly pronounced in the Sports and Function Food division on the back of significant restructuring efforts as well as the company's decision to give up certain private label production agreements for the benefit of operating profitability improvement.

OUTLOOK FOR 2009

Even though Atlantic Grupa's management is well aware of challenges created by the difficult economic and financing environment, the Group enters 2009 with various new programs set to create opportunities even in challenging economic times.

Sales

The management expects mid-to-high single digit growth rate in FY09 sales on the back of following activities:

- **Launch of Cedevita GO!** – The management believes that these brand-building efforts coupled with penetration to new distribution channel represent both top-line and bottom-line enhancing opportunity for the company going forth. Alongside Croatia as the key growth driver, the company will distribute Cedevita GO! region-wise, in Serbia, Slovenia, BiH and Macedonia. The management sees substantial opportunities for substantial synergies exploration within its product portfolio, particularly in the Sports and Functional Food Division. In addition, the patent of 'twisting the cap and releasing granules into water' creates opportunities for wider application in the food and beverages industry and thereby cooperation with other companies in the sector.

- **Distribution portfolio expansion** – Throughout 2008, the company expanded distribution portfolio by signing new distribution deals including distribution of TDR's cigarettes, Rauch juices and Red Bull energy drinks in the HoReCa channel as well as acquiring ZIP Distribucija with the accompanying brands. Given that distribution activities commenced in either the mid 2008 or at the end of 2008, their full annual impact will be felt in 2009. At the end of 2008 and in the beginning of 2009, the company as well signed new distribution deals including Karolina biscuits and salted snacks, Ferrero products on the Slovenian market and Nestle products in the HoReCa channel.

- **Pharma division** - Throughout 2009, the company plans to open 5 new pharmacies nation-wide from acquired licenses as well as one specialized store within the scope of strategic cooperation with Agrokor to open 5 specialised stores in Agrokor's retail chain.

- In the **Sports and Functional Food division** the company sees opportunities from the (i) redesign and re-launch of the Multipower assortment, (ii) regulatory approvals for the Multipower product line in Russia as well as (iii) launching of new endurance line.

- The company also sees opportunities for the organic growth especially in the regional context given e.g. lower per capita consumption of the company's best-selling Cedevita brand compared to Croatian market, while rising brand recognition.

Operating profitability

The management remains strongly committed to **the cost optimisation and business process improvements** and considers taking **additional rationalisation steps**. Consequently, on top of activities already implemented in 2008, at the beginning of 2009 the company outsourced Cedevita tea production to contracted producer as well as took required steps to relocate Neva production facility to its Fidifarm facility in Rakitje.

No refinancing worries

Given the company's favourable debt structure, with only minor portion maturing in 2009 (majority maturing in 2011), the company has no refinancing worries. In addition, the company has favourable gearing ratio of 29.1% as well as interest coverage at 6.7x in FY08. The 20 million euro worth loan agreement with the German development bank DEG is aimed at financing portion of capex requirements and further acquisitions.

Screening potential acquisition targets

The company continuously screens potential acquisition targets that would secure value-creative IRR particularly in the favourable environment of lower firms' valuations. While keeping focus on the existing activities, the company hopes to execute given its substantial know-how and experience in due diligence activities and acquisitions.

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FINANCIAL STATEMENTS

Atlantic Grupa - Consolidated Income Statement for the year ended 2008 - unaudited

		2008	2007	Index
		(thousands of HRK)	(thousands of HRK)	
1.	**Turnover**	2.024.459	1.699.103	19%
1.1.	Sales revenues	2.002.926	1.670.045	20%
1.2.	Other revenues	21.533	29.058	-26%
2.	**Operating expenses**	1.855.153	1.566.773	18%
2.1.	Cost of merchandise sold	931.483	713.517	31%
2.2.	Change in inventories	2.433	9.443	-74%
2.3.	Production materials and energy	261.921	250.310	5%
2.4.	Services	127.651	121.488	5%
2.5.	Staff costs	302.901	252.945	20%
2.6.	Marketing and promotion expenses	140.858	138.941	1%
2.7.	Other operating expenses	87.618	82.198	7%
2.8.	Other (gains)/losses, net	288	-2.069	-114%
3.	**EBITDA**	169.306	132.330	28%
4.1.	Depreciation	30.432	28.567	7%
4.2.	Amortization	9.474	8.645	10%
5.	**EBIT**	129.400	95.118	36%
6.	Financial costs, net	28.710	23.592	22%
7.	Income from joint venture investment	160	-	100%
8.	**EBT**	100.850	71.526	41%
9.	Income tax expense	22.489	17.070	32%
10.	**Profit for the year**	78.361	54.456	44%
	Attributable to:			
	Minority interest	9.732	8.051	
	Equity holders of the Company	68.629	46.405	

Note 5 A) segment information

FY08

in thousands of HRK)	**Distribution**	**Consumer Health Care**	**Sports and Functional Food**	**Pharma**	**Unallocated**	**Group**
Gross revenues	1.164.754	454.650	487.643	287.960	3.792	2.398.799
Inter-segment revenues	11.395	356.623	2.413	3.909	-	374.340
Total revenues	1.153.359	98.027	485.230	284.051	3.792	2.024.459
Operating profit/(loss) before depreciation and amortisation	31.347	84.975	24.267	28.000	717	169.306
Operating profit/(loss)	23.696	63.248	18.363	23.376	717	129.400
Net finance costs	-	-	-	-	-	-28.710
Income from JV investments	-	-	-	-	-	160
Profit before tax	-	-	-	-	-	100.850
Income tax	-	-	-	-	-	-22.489
Net profit	-	-	-	-	-	78.361
Other segment information						
Depreciation and amortization	7.651	21.727	5.904	4.624	-	39.906

FY07

in thousands of HRK)	**Distribution**	**Consumer Health Care**	**Sports and Functional Food**	**Pharma**	**Unallocated**	**Group**
Gross revenues	1.060.784	413.356	488.733	59.606	4.308	2.026.787
Inter-segment revenues	11.302	313.855	2.428	99	-	327.684
Total revenues	1.049.482	99.501	486.305	59.507	4.308	1.699.103
Operating profit/(loss) before depreciation and amortisation	28.309	75.895	16.389	12.323	-586	132.330
Operating profit/(loss)	21.151	55.236	10.146	9.171	-586	95.118
Net finance costs	-	-	-	-	-	-23.592
Profit before tax	-	-	-	-	-	71.526
Income tax	-	-	-	-	-	-17.070
Net profit	-	-	-	-	-	54.456
Other segment information						
Depreciation and amortization	7.158	20.659	6.243	3.152	-	37.212

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Atlantic Grupa - Consolidated Balance sheet as at 31 December 2008 - unaudited

		31.12.2008. (thousands of HRK)	31.12.2007. (thousands of HRK)
1.1.	Property, plant and equipment	242.109	226.131
1.2.	Intangible assets	412.795	176.112
1.3.	Available for sale financial assets	35.041	35.041
1.4.	Joint venture investment	185	-
1.5.	Trade and other receivables	5.097	9.450
1.6.	Deferred tax assets	9.293	8.781
1.	**Non - current assets**	704.520	455.515
2.1.	Inventories	232.616	207.365
2.2.	Trade and other receivables	508.791	400.001
2.3.	Assets held for sale	8.047	-
2.4.	Prepaid income tax	1.599	1.708
2.5.	Cash and cash equivalents	200.193	399.837
2.	**Current assets**	951.246	1.008.911
3.	**Total assets**	1.655.766	1.464.426
4.	**Capital and reserves attributable to equity holders of the Company**	661.776	605.560
5.	**Minority interest**	49.200	45.969
6.1.	Long term debt	390.456	248.616
6.2.	Deferred tax liability	9.870	10.548
6.3.	Provisions	5.333	2.764
6.	**Non current liabilities**	405.659	261.928
7.1.	Trade and other payables	408.612	285.474
7.2.	Short-term borrowings	100.929	241.713
7.3.	Current income tax liabilities	8.958	4.701
7.4.	Provisions	20.632	19.081
7.	**Current liabilities**	539.131	550.969
8.	**Total liabilities**	944.790	812.897
9.	**Total equity and liabilities**	1.655.766	1.464.426

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Atlantic Grupa - Consolidated cash flow statement for the year ended 31 December 2008 - unaudited

	2008 (thousands of HRK)	2007 (thousands of HRK)
Cash flows from operating activities		
Net profit	**78.361**	**54.456**
Income tax	22.489	17.070
Depreciation and amortization	39.906	37.212
Gain on sale of tangible fixed assets	-791	-1.336
Gain on sale of financial assets	-	-1.355
Increase in provisions for risk and charges	3.803	11.449
Provision for share-based payments	4.115	-
Value adjustment of current assets	17.549	9.983
Interest income	-5.121	-5.218
Interest expense	25.310	23.658
Other non-cash changes	2.318	4
Changes in working capital:		
Increase in inventories	-22.943	-30.045
Increase in current receivables	-80.710	-34.748
Increase in current payables	69.083	6.184
Interest paid	-24.991	-20.954
Income tax paid	-19.377	-20.876
Net cash flow from operating activities	**109.001**	**45.484**
Cash flow from investing activities		
Purchase of tangible and intangible assets	-58.700	-54.349
Proceeds from sale of tangible assets	1.803	3.503
Acquistion of subsidiary net of cash acquired	-225.514	-182.261
Advances given for minority interest redemption	-13.460	-
Proceeds from partial sales of subsidiary	-	7.055
Loans given	-881	-7.256
Proceeds from loans given	4.579	7.298
Increase in investments in financial assets	-185	-6.842
Proceeds from sale of financial assets	-	62.971
Interest received	5.121	5.218
Net cash flow used in investing activities	**-287.237**	**-164.663**
Cash flow from financing activities		
Net proceeds from share issue	-	329.173
Purchase of treasury shares	-1.391	-3.063
Minority interest changes	-	455
Bank borrowings - net	-1.703	178.931
Commercial papers redeemed	-	-15.000
Bonds redeemed	-	-4.688
Dividend payment	-18.314	-14.500
Net cash flow (used in)/ from financing activities	**-21.408**	**471.308**
Net (decrease) / increase in cash and cash equivalents	**-199.644**	**352.129**
Cash and cash equivalents at beginning of year	399.837	47.708
Cash and cash equivalents at end of year	200.193	399.837

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