



Financial results in the first nine months of 2015

Zagreb – October 29th 2015

Sales and net profit growth coupled with reorganization of distribution operations

- **Sales at HRK 3,977.5 million**
+ 4.8% compared to the same period of 2014
- **Earnings before interest, taxes, depreciation and amortisation (EBITDA) at HRK 450.4 million**
- 6.5% compared to the same period of 2014
- **Earnings before interest and taxes (EBIT) at HRK 341.1 million**
- 9.9% compared to the same period of 2014
- **Net profit after minorities at HRK 228.0 million**
+ 9.0% compared to the same period of 2014

Comment of President of the Management Board and CEO

Commenting on the financial results and key business developments in the first nine months of 2015, Emil Tedeschi, CEO of Atlantic Grupa, pointed out:

“Despite challenging macroeconomic conditions Atlantic Grupa continues to face on most of its markets, in the first nine months of 2015 we recorded sales growth and improvement in net profitability. Among key business developments we should point out the reorganization of distribution operations with the establishment of distribution companies in the markets of Germany and Austria, which proves the company’s strong focus on further internationalisation of operations. In addition, we point out the continued extension of the distribution portfolio, development of own brands, continued integration of the acquired company Foodland and commissioning of the energy bars production plant in Nova Gradiška. In the fourth quarter of 2015 the focus will remain on the internationalization and growth in the existing markets and risk management, liquidity and financial liabilities management.”

Financial summary of the first nine months of 2015

| Key figures | 9M 2015 | 9M 2014 | 9M 2015/9M 2014 |
|--|----------------|---------|-----------------|
| Sales (in HRK millions) | 3,977.5 | 3,796.4 | 4.8% |
| Turnover (in HRK millions) | 3,999.9 | 3,821.9 | 4.7% |
| EBITDA margin | 11.3% | 12.7% | - 118 bp |
| Net income after MI (in HRK millions) | 228.1 | 209.2 | 9.0% |
| Gearing ratio* | 47.5% | 52.3% | -253 bp |

* Gearing ratio = Net debt/(Total equity+Net debt)

ATLANTIC GRUPA joint stock company for internal and external trade,

Zagreb, Miramarska 23, Croatia, tel: +385 (1) 24 13 900, fax: +385 (1) 24 13 901, www.atlanticgrupa.com.

The company is registered with the Commercial Court in Zagreb, registration number: 080245039, OIB (personal identification number): 71149912416.

Account number: 2484008-1101427897 Raiffeisenbank Austria d.d., Zagreb, Petrinjska 59; The authorized share capital: 133.372.000,00 kuna, paid in cash completely.

The number of shares and their nominal value: 3.334.300 shares, each in the nominal amount of 40,00kn.

The Management Board: Emil Tedeschi, M. Veber, N. Vranković, Z. Stanković; The President of Supervisory Board: Z. Adrović.

KEY DEVELOPMENTS in the first nine months of 2015

1. New distribution organization in Atlantic Grupa

Taking into account the main strategic goal of Atlantic Grupa that implies internationalisation and as efficient organisation of the entire company operations as possible, as of 1 September 2015, distribution operations are organised through two main zones: Zone East and Zone West. Within these zones, the managers will be responsible for the sale and distribution in individually allocated regions, markets or channels and in some markets Atlantic will establish own distribution companies. In the new organisation, the Zone East will include: Southeast Europe, the Baltics and the CIS region, while the Zone West will include Central and Southwest Europe, the Nordic countries and all overseas markets. Within each of the territories, the focus will be on the classic retail channel with specially formed teams dedicated to special distribution channels, including sports and ethno channels. With Multipower as the leading European brand of sports food and the group of strong Atlantic's regional brands with outstanding positions in Southeast Europe, which are also present in the Western markets and have a strong international potential (Argeta, Bakina tajna, Donat Mg, Cedevita, Bebi), operating activities will be focused on developing and strengthening of own distribution and selling capacities, primarily in the Western European countries. The aim is to eventually develop a high-quality own distribution support to the overall Atlantic's portfolio in all key international markets. In addition to already existing companies in Italy, Great Britain and Spain, new distribution companies will primarily be established in Germany and Austria. With the aim to provide full support to the Atlantic's portfolio, significant investments in the markets and strengthening of local teams have been planned.

2. Atlantic Grupa won the Euromoney magazine award

Euromoney magazine, the leading global professional financial magazine, published the results of the latest survey about the best-managed companies in 2015, according to which Atlantic Grupa received the award in the category of the overall best-managed company in Croatia, the second best-managed company in Central and Eastern Europe and the award in the category of the overall best-managed company in the food and beverages sector in Central and Eastern Europe.

The list of best-ranked companies according to Euromoney is based on the survey by analysts of the leading banks and research institutes across the world. Atlantic Grupa is very proud that in 2015 it is recognised as the company that operates successfully, has a quality corporate governance system and transparent practice of communication with financial markets.

3. New distribution agreements signed

Atlantic Grupa and Philips Croatia agreed cooperation in which, as of September, Atlantic Grupa took over the distribution of the products from Philips Consumer Lifestyle division on the Croatian market. This division of the globally renowned producer of consumer appliances includes the groups of products for personal care and small household appliances, where Philips holds the leading position in sales and innovation. Atlantic Grupa took over the distribution in all sales channels on the Croatian market (retail, electronics channel, online sale, pharma channel), and the value of the agreement for 2016 is HRK 27 million.

At the beginning of July 2015, Atlantic Grupa started the distribution of renowned beer brands of SABMiller (South African Brewery Miller) in Croatia. Atlantic Grupa started with the distribution of three brands – Pilsner Urquell, Kozel Premium and Kozel Dark, produced by the Plzensky Prazdroj brewery in Plzen in the Czech Republic. Since 1999 this brewery has operated as part of the company SABMiller, which has the annual revenues of USD 27 billion. With the entry of these products into the Atlantic Grupa's distribution portfolio, the company strengthens its position in the beverages segment in the Croatian market.

4. Own brands in the first nine months of 2015

In the Strategic Business Unit Beverages, Cedevita products have been redesigned. The characteristic orange Cedevita colour is the main element of the new logo, present and recognisable on all products in the range. By the redesign, Cedevita also got a new trademark – a recognisable Cedevita glass. During this-year's Expo exposition in Milan, as part of the side programme "Expo in Citta", Cedevita for the first time presented to the public its novelty – an innovative Cedevita Vitamins Point device, which enables users to get a new dose of vitamins outside their homes, using their smartphone for orders. Thereby Cedevita vitamin instant drink extends its range of offer for on-the-go consumption, and innovative devices will be installed in Croatia during the fourth quarter of this year. Also, Cedevita launched new Cedevita products in the new packaging: Elder & lemon with stevia – new flavour with 35% less sugar for consumers on the go, Elder & lemon in a 200g packaging and the new Mint & lemon flavour only for Cedevita fans in cafés. Also, Donat Mg won the important DiggIt award for digital strategy and the main prize in the food and beverages category for the Donat Mg Moments mobile application. In addition, Analyze&Realize institute from Berlin has proven in a clinical trial that Donat Mg is effective in regulating digestion.

In the Strategic Business Unit **Coffee**, the brands Barcaffè and Grand kafa presented Black&Easy, revolutionary innovation in the coffee category. Black&Easy is the real Turkish coffee prepared quickly, usually a characteristic of instant coffee drinks.

In the Strategic Business Unit **Savoury Spreads**, new Argeta packaging design was launched with innovative 'easy peel' packaging, which also contributed to the sales growth in the first nine months of 2015.

In the Strategic Business Unit **Snacks**, the Najlepše želje brand won this year the "Superior Taste Award" in a prestigious testing of quality of products from various categories and countries, organised by the International Taste Quality Institute from Bruxelles. Also, the Najlepše želje brand won the largest market share in Serbia ever.

In the Strategic Business Unit **Sports and Functional Food**, the Multipower brand comes in a new redesigned packaging, enriched with new products in powder form.

In the Strategic Business Unit **Pharma and Personal Care**, new Plidenta Healthcare won another important recognition for the innovation and originality of the product – the "Croatian Creation" label, awarded by the Croatian Chamber of Economy only to autochthonous and unique Croatian products of outstanding quality, that include characteristics of Croatian tradition, development and research work and innovation and invention. Neva launched a new generation of special therapeutic toothpastes, Plidenta 15Sekundi, Plidenta Parodont, Sensitiv, Freshmed and Totalmed.

5. The beginning of operations in the new energy bars factory in Nova Gradiška

In March 2015, the new modern plant for the production of energy bars in Nova Gradiška was officially opened. HRK 100 million were invested in the construction and equipment of the plant. By the completion of the largest investment cycle in the history of Atlantic Grupa's business operations, the consolidation of production capacities continues, bringing the production of energy bars from contractual external producers into the own plant.

6. Integration of Foodland d.o.o.

During the first nine months of 2015, the focus remained on an intensive integration of Foodland d.o.o. into Atlantic Grupa. This way, the precondition for easier management and activation of the planned synergy effects between Foodland and the rest of Atlantic Grupa is created.

Among the activities undertaken, we should point out the transition to the regional distribution network of Atlantic Grupa, integration of logistics operations, integration of support functions, consolidation of office locations and integration of business solutions for the support to the company's operations. Also, the focus was on the improvement in efficiency of production capacities by ordering new production equipment.

The expectations for Bakina tajna in the context of extending and strengthening the portfolio on the markets beyond Southeast Europe require special attention and the strong focus will be achieved by separating the portfolio and operations in a separate **Business Unit Gourmet**.

7. Overview of information technologies

In the segment of IT solutions, the system for supporting the planning of sales and marketing expenses has been successfully implemented. This is a system that makes the planning process automatic and thereby facilitates and improves the planning process for all participants, from production to distribution companies of Atlantic Grupa.

In the distribution segment in Serbia, a solution for dynamic optimising of delivery routes has been implemented, resulting in a more efficient use of the fleet and warehousing operations in the segment of the delivery of goods to customers. The solution that had formerly been implemented in the distribution company in Croatia was used, whereby the strategic determinant toward the equalisation of business processes and consolidation of business solutions across Atlantic Grupa continues. In the following phase, until the end of 2015, the same tool, with certain modifications, will also be used for optimising the routes of sales representatives, which will significantly improve the overall efficiency of logistics operations and logistics costs management in Serbia.

8. Dividend distribution

Following the decision by the General Assembly held on 18 June 2015, the dividend distribution is approved in the amount of HRK 12 per share, i.e. a total of HRK 40 million, which was paid in July 2015.

SALES DYNAMICS in the first nine months of 2015

Sales profile by Strategic Business Units and Strategic Distribution Units

| (HRK 000) | 9M 2015 | 9M 2014 | 9M 2015/ 9M 2014 |
|---------------------------------------|--------------------|-------------|---------------------|
| SBU Beverages | 520,727 | 499,107 | 4.3% |
| SBU Coffee | 777,148 | 742,363 | 4.7% |
| SBU (Sweet and Salted) Snacks | 443,046 | 421,967 | 5.0% |
| SBU Savoury Spreads | 396,056 | 350,809 | 12.9% |
| SBU Sports and Functional Food | 600,715 | 616,134 | (2.5%) |
| SBU Pharma and Personal Care | 373,017 | 369,195 | 1.0% |
| SDU Croatia | 709,374 | 641,285 | 10.6% |
| SDU Serbia | 838,539 | 774,216 | 8.3% |
| SDU International markets | 444,259 | 437,770 | 1.5% |
| DU Slovenia | 532,565 | 515,142 | 3.4% |
| Other segments* | 574,741 | 630,568 | (8.9%) |
| Reconciliation** | (2,232,644) | (2,202,140) | n/a |
| Sales | 3,977,543 | 3,796,416 | 4.8% |

In the first nine months of 2015, Atlantic Grupa recorded sales of HRK 4.0 billion, which is a 4.8% growth compared to the same period of the previous year. The growth was mainly impacted by the growth in sales in the Strategic Business Units Coffee, Beverages and Snacks, and the Strategic Distribution Units Croatia and Serbia. A positive impact on the sales results was also made by consolidated results of the acquired company Foodland d.o.o. (presented within SBU Savoury Spreads, results are consolidated as of 1 January 2015). If the effect of the Foodland acquisition is excluded, sales grew by 4.1%, and if the effects of the Foodland acquisition and unfavourable exchange rate movements (the Russian rouble and the Serbian dinar) are excluded, sales record a 6.1% growth compared to the first nine months of 2014. Unfavourable exchange rate movements are reflected in the average depreciation of the Russian rouble of 27.8% and the average depreciation of the Serbian dinar of 1.9% compared to the same period of the previous year.

Atlantic Grupa records sales by business segments in a way that sales of individual Strategic Business Units and Business Units represent the total sales to third parties in the markets (either directly from a Strategic Business Unit, or through a Strategic Distribution Unit or a Distribution Unit), while sales of Strategic Distribution Units and Distribution Units include both sales of external principals' products and sales of own products.

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

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

- The **Strategic Business Unit Beverages** owes the sales growth to several factors, including the excellent tourist season supported by favourable weather conditions and the redesign of the Cedevita packaging. Consequently, the growth in Cedevita vitamin instant drinks was most prominent in the HoReCa channel. The growth is also recorded by the Cockta brand in the carbonated soft drinks category due to the growth in sales in the HoReCa channel and launching of the new Cockta Black Tonic flavour, while Cedevita candies recorded a strong growth in sales due to Cedevita Kids Puc Puc powdered candies. The growth of the above mentioned categories exceeded the decrease in sales of the waters category under the Kala brand, and functional waters under the Donat Mg brand, where the latter was impacted by the temporarily suspended distribution in Russia due to negotiations with the key buyer, which were successfully concluded in April.
- The **Strategic Business Unit Coffee** records a double-digit increase in sales in the markets of Croatia and Bosnia and Herzegovina, while of significant markets a slight decrease was recorded only in Macedonia due to aggressive competition in terms of prices. In the Croatian market, despite the volume and value drop of the overall market category*, Barcaffe continues to record great results and to increase its volume and value market shares in the Turkish coffee category (3.0% greater value market share compared to the same period of the previous year*), whereby it took the second position in the market, with a 16.6% share*.
- The **Strategic Business Unit Snacks** recorded an increase in sales due to the increase in sales of chocolate under the Najlepše želje brand and launching a new category – chips under the Chipsos brand in September last year. The growth is recorded by all markets except Montenegro. Due to Chipsos, the market of Croatia records double-digit growth rates, and it should be noted that the double-digit sales growth was recorded in the biscuits category as well. Also, the chocolate category records sales growth in most markets of the region. It should be noted that Smoki records both volume and value shares growth in the markets of Bosnia and Herzegovina and Serbia despite the double-digit volume and value drops of the category in these markets, and in Serbia, Najlepše želje records the greatest market share ever*.
- The sales growth of the **Strategic Business Unit Savoury Spreads** is based on the organic sales growth on the regional markets (Croatia, Serbia, Kosovo and Bosnia and Herzegovina) and international markets (primarily Switzerland, Sweden and Austria) and the integration of the Foodland's portfolio (Bakina tajna and Amfissa brands). The Croatian market records a significant organic growth in sales, where Argeta records a significant volume and value growth in market shares in Croatia to 16.2% and 23.0%, respectively*. It should be noted that in international markets, i.e. in Austria and Switzerland, Argeta records its best market shares: with more than 32%** share it holds the leading market position in Austria and with almost 27%** it strengthens the second position in the pâté category in the Swiss market. If the effect of the Foodland's production portfolio was excluded, the Strategic Business Unit Savoury Spreads would record a 5.1% growth in sales compared to the same period of the previous year.
- The decrease in sales of the **Strategic Business Unit Sports and Functional Food** is primarily a consequence of the significant decrease in sales of the Champ brand and less of the decrease in

* AC Nielsen Retail Panel, June 2015 – July 2015 (percentage movements on an annual level)

** AC Nielsen Snapshot Report, June 2015

sales of the Multipower and Multaben brands, which was partly mitigated by the growth in sales of the private label. The most significant drop was recorded in the German market.

- The **Strategic Business Unit Pharma and Personal Care** records a modest increase in sales primarily due to the increase in sales of the pharmacy chain Farmacia, i.e. the increase in non-prescription sales of the existing locations and opening of three new specialised units and the growth in sales of Melem (from the Neva's range), which significantly exceeded the drop in sales of the Multivita range in Russia. However, even if the effect of opening new locations is excluded, the pharmacy chain Farmacia records a 3.3% sales growth compared to the same period of the previous year.
- The **Strategic Distribution Unit Croatia** recorded the greatest sales growth due to (i) an increase in sales from the distribution of own brands, primarily Barcaffè, Argeta, Cedevida and Chipsos, (ii) an increase in sales of principal brands Ferrero, Johnson&Johnson and Rauch, and (iii) the distribution of the new principal Hipp. The Strategic Distribution Unit Croatia recorded a 5.7% growth in sales if the effect of the new principal Hipp distribution is excluded.
- The significant growth in sales of the **Strategic Distribution Unit Serbia** is a consequence of the beginning of the distribution of new principals L'Oreal, Alkaloid and Rauch, the integration of Foodland and the increase in sales of own brands, primarily in the categories of coffee, snacks and savoury spreads. If the beginning of the distribution of new principals L'Oreal, Alkaloid and Rauch, the distribution of the Foodland's product portfolio and the effect of the dinar exchange rate are excluded, the Strategic Distribution Unit Serbia records a 4.7% growth in sales.
- The **Strategic Distribution Unit International Markets** recorded a modest increase in sales primarily in the markets of Kosovo, Austria, Switzerland, the United Kingdom, Spain and Sweden, annulling the decrease in sales in the markets of Germany and Italy. Analysing by brands, the growth was impacted by the increase in sales of Argeta, Donat Mg and the beginning of the sale of Bakina tajna.
- The growth in the **Distribution Unit Slovenia** is a consequence of the increase in sales of functional waters with the Donat Mg brand, Barcaffè coffee and Cedevida vitamin drinks, while among principal brands, the growth in sales of Ferrero stands out.
- **Other segments** recorded a decrease primarily due to the decrease in sales of the Business Unit Baby Food and the Strategic Distribution Unit CIS, which was partly annulled by the double-digit increase in sales of the Strategic Distribution Unit HoReCa.

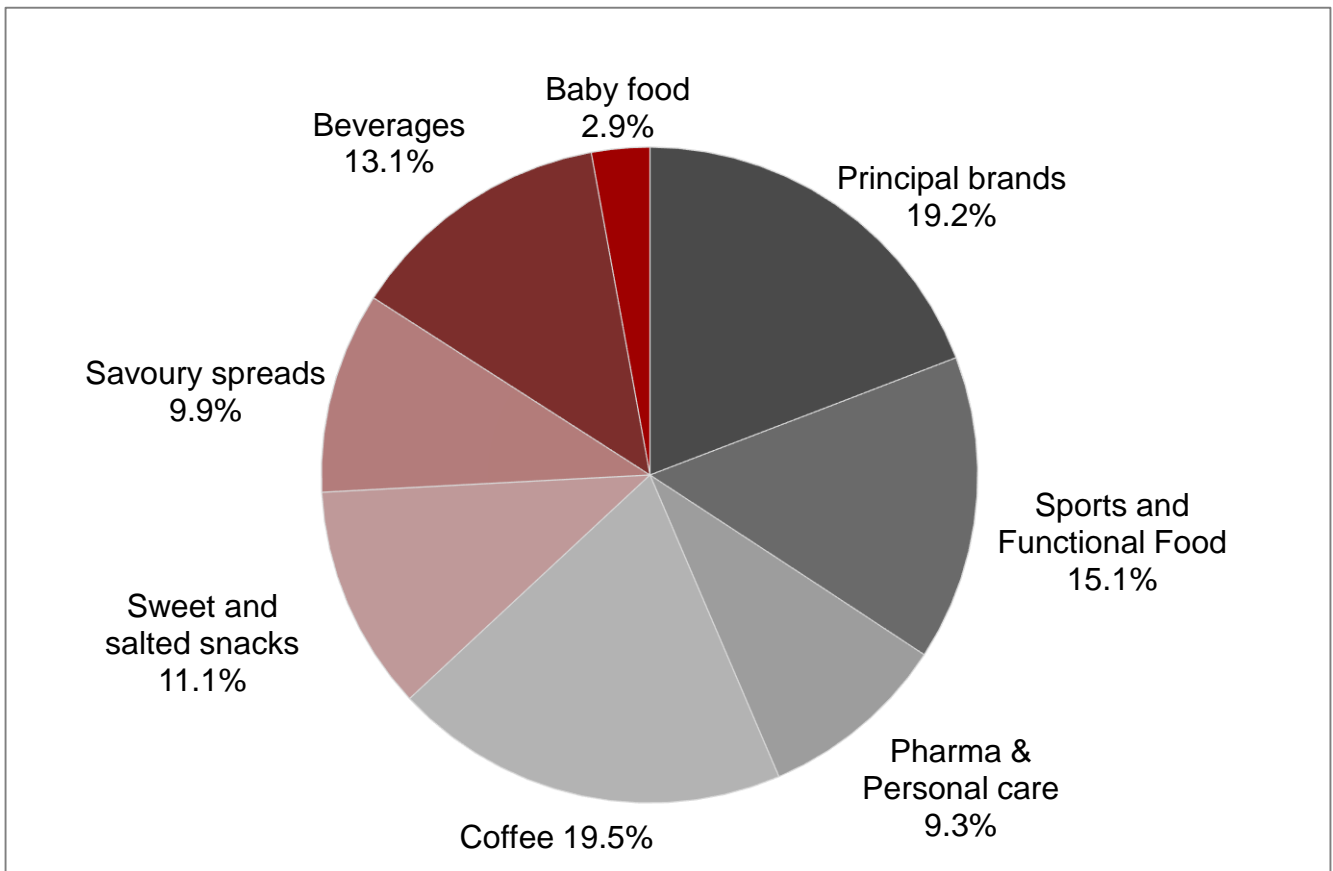
* AC Nielsen Retail Panel, June 2015 – July 2015 (percentage movements on an annual level)

The significant decrease in sales of the Business Unit Baby Food and the Strategic Distribution Unit CIS is a result of the continued political instability in Ukraine, unfavourable macroeconomic environment in Russia and strong depreciation of the Russian rouble, with its average depreciation of 27.8% compared to the same period of the previous year. Within the Strategic Distribution Unit CIS, the market of Ukraine records 76.0% lower sales compared to the same period of the previous year, and the drop in sales of the Donat Mg brand is a consequence of the temporarily suspended distribution during negotiations with the key buyer, which were successfully concluded in April.

The Distribution Unit Macedonia records a growth in sales, primarily as a result of the increase in sales of the snacks segment and the increase in sales of the external principal Ferrero, compensating for the decrease in sales of coffee.

The Strategic Distribution Unit HoReCa records a significant increase in sales of 17.8%, whereby all regional markets (Croatia, Serbia, Slovenia and Macedonia) record double-digit growth. Analysed by segments, the growth in sales is primarily a consequence of the growth in sales of Cedevida and coffee and the growth in the distribution of external principals.

Sales profile by segments



Sales profile by markets

| (in HRK millions) | 9M 2015 | % of sales | 9M 2014 | % of sales | 9M 2015/ 9M 2014 |
|--------------------------------|----------------|------------|---------|------------|---------------------|
| Croatia | 1,067.3 | 26.8% | 975.3 | 25.7% | 9.4% |
| Serbia | 897.5 | 22.6% | 818.8 | 21.6% | 9.6% |
| Slovenia | 602.2 | 15.1% | 577.2 | 15.2% | 4.3% |
| Bosnia and Herzegovina | 291.3 | 7.3% | 265.6 | 7.0% | 9.6% |
| Other regional markets* | 239.8 | 6.0% | 224.9 | 5.9% | 6.6% |
| Key European markets** | 459.5 | 11.6% | 451.2 | 11.9% | 1.8% |
| Russia and CIS | 159.2 | 4.0% | 222.2 | 5.9% | (28.4%) |
| Other markets | 260.8 | 6.6% | 261.0 | 6.9% | (0.1%) |
| Total sales | 3,977.5 | 100.0% | 3,796.4 | 100.0% | 4.8% |

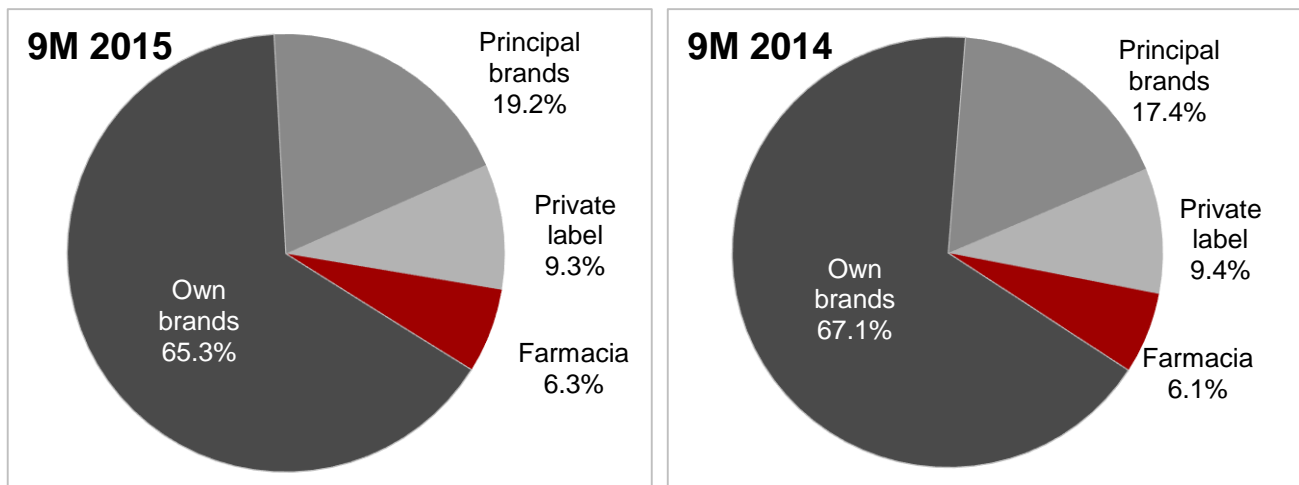
- The **Croatian market** recorded a strong growth in sales of 9.4% due to: (i) an increase in sales of own brands, primarily Cedevita in the vitamin instant drinks category and candies, Barcaffè in the coffee category and Argeta in the savoury spreads category, and the pharmacy chain Farmacia, (ii) an increase in sales of the existing principals, especially Ferrero, Rauch, Johnson & Johnson and Unilever, and (iii) the distribution of the new principal Hipp. If the effect of the beginning of the Hipp distribution is excluded, the Croatian market recorded 6.2% higher sales.
- The strong growth in sales in the **market of Serbia** is a result of: (i) the integration of the acquired company Foodland d.o.o., (ii) the increase in sales of own brands, primarily Najlepše želje in the chocolate category, (iii) the increase in sales of coffee under the Grand kafa brand, and (iv) the beginning of distribution of new principals Alkaloid, L'Oreal and Rauch that were not distributed in the same period of the previous year. If the distribution of the new principals, the effect of the Foodland acquisition and the effect of the dinar exchange rate are excluded, the market of Serbia still continues to record a significant sales growth.
- The sales growth in the **Slovenian market** was generated by the increase in sales of: (i) the functional waters category with the Donat Mg brand, (ii) the vitamin instant drinks category with the Cedevita brand, (iii) Barcaffè coffee supported by the innovative Black&Easy product, and (iv) the snacks segment with the Chipsos brand.

* Other regional markets: Macedonia, Montenegro, Kosovo

** Key European markets: Germany, the United Kingdom, Italy, Switzerland, Austria, Sweden, Spain

- The **market of Bosnia and Herzegovina** records the highest sales growth due to the increased sales of (i) the Grand Kafa brand in the coffee segment, (ii) the Cedevita brand in the vitamin instant drinks category, (iii) launching of the Chipsos brand and the increase in sales of the Najlepše želje brand in the snacks segment, and (iv) the increase in sales of Argeta in the savoury spreads category.
- **Other regional markets** achieved higher sales due to the increase in sales in all three markets: Montenegro, Macedonia and Kosovo. Analysed by categories, the growth is recorded by Argeta in the savoury spreads segment, Najlepše želje in the snacks segment, Cedevita in the beverages segment, Ferrero in the principal brands segment (distributed in the market of Macedonia) and the Bakina tajna range.
- The increase in sales in the **Key European markets** is a consequence of the increase in sales in the markets of United Kingdom, Switzerland, Austria and Spain, which annulled the decrease in sales in the markets of Germany and Italy. Analysed by segments, the decrease in sales is recorded by Champ and Multipower brands from the sports and functional food segment, which was mitigated by the increase in the sales of Argeta in the savoury spreads category and the increase in sales of the private label in the sports and functional food segment.
- The **market of Russia and the Commonwealth of Independent States** records a strong drop in sales due to the political instability in Ukraine and Russia. The most significant decrease was recorded by the following brands: (i) Bebi in the baby food segment, (ii) Donat Mg in the functional waters category (temporarily suspended distribution due to negotiations with the key buyer), and (iii) Multipower in the sports and functional food segment.
- An insignificant drop in sales in **Other markets** was caused by a decrease in sales in the coffee and sports food segments, which was largely compensated by the Bakina tajna range and the increase in sales of private labels.

Sales profile by product category



- Compared to the same period of the previous year, in the first nine months of 2015 **own brands** recorded an increase in sales of 1.9% to HRK 2.6 billion. The growth primarily comes from: (i) Barcaffè and Grand Kafa brands in the coffee segment, (ii) Cedevita in the beverages segment, due to the redesign and excellent tourist season supported by favourable weather conditions, (iii) Argeta in the savoury spreads segment, (iv) Najlepše želje, Prima and Chipsos brands in the snacks segment, and (v) the integration of the Foodland's portfolio. On the other hand, lower sales were recorded by: (i) the Bebi brand in the baby food segment, and (ii) brands in the sports and functional food segment. If the effect of the integration of Bakina tajna and Amfissa brands following the acquisition of Foodland d.o.o. is excluded, own brands recorded a growth in sales of 0.8%.
- **Principal brands** recorded a sales growth of 16.1% to HRK 765.1 million, due to the increase in sales of the existing principals, primarily Ferrero and Johnson & Johnson, as well as the beginning of the distribution of new principals such as Hipp in the Croatian market, and Alkaloid, L'Oreal and Rauch in the Serbian market.
- With sales of HRK 368.0 million, **private labels*** record a 3.0% growth compared to the first nine months of 2014, primarily due to the growth in sales in the sports and functional food segment.
- With sales of HRK 249.0 million, the pharmacy chain **Farmacia** recorded a 6.9% growth compared to the same period of 2014, primarily due to the increase in sales of the existing Farmacia locations (primarily non-prescription sales) and newly-opened specialised stores. In the first nine months of 2015, three new specialised stores were opened and as at 30 September 2015, the pharmacy chain Farmacia consisted of 48 pharmacies and 28 specialised stores.

* Sales for 2014 were restated, following the new classification of some principals

PROFITABILITY DYNAMICS in the first nine months of 2015

Atlantic Grupa's profitability

| (in HRK millions) | 9M 2015 | 9M 2014 | 9M 2015/ 9M 2014 |
|------------------------------|---------|---------|------------------|
| Sales | 3,977.5 | 3,796.4 | 4.8% |
| EBITDA | 450.4 | 481.8 | (6.5%) |
| EBIT | 341.1 | 378.5 | (9.9%) |
| Net profit/(loss) | 228.2 | 222.6 | 2.5% |
| <i>Profitability margins</i> | | | |
| EBITDA margin | 11.3% | 12.7% | -137 bp |
| EBIT margin | 8.6% | 10.0% | -139 bp |
| Net profit margin | 5.7% | 5.9% | -13 bp |

In the first nine months, Atlantic Grupa recorded **EBITDA** in the amount of HRK 450.4 million, which also reflects the consolidation of the result realised by the acquired company Foodland d.o.o. If the effect of the acquired company Foodland d.o.o. is excluded, Atlantic Grupa recorded a 4.9% lower EBITDA.

- Cost of goods sold increased primarily due to changes in the sales mix with the emphasis on a greater share of principal brands that increased to 19.2% of sales in the first nine months of 2015 from 17.4% of sales in the same period of the previous year.
- Costs of production material recorded a 10.8% growth due to significantly higher prices of raw coffee in addition to the unfavourable effect of the EUR/USD exchange rate compared to the same period of the previous year and the integration of Foodland d.o.o. with diversified raw material base.
- Costs of services increased due to higher IT investments (licence lease, maintenance) as a consequence of the SAP system implementation, the SALMEX project development and higher costs of consultancy services related to the due diligence process for a transaction that was not realised.
- Staff costs increased due to a higher number of employees as a result of employment related to the opening of the new energy bars factory in Nova Gradiška and the integration of the company Foodland d.o.o. As at 30 September 2015, Atlantic Grupa had 5,370 employees, of which 134 employees relate to Foodland d.o.o.
- Marketing expenses decreased primarily due to savings made in the beverages and coffee segments that fully annulled their increase in the sports and functional food and snacks segments.
- Other (gains)/losses – net: The profit was primarily made on financial (forward) contracts in the coffee segment.

Following the lower EBITDA, and taking into account the increase in depreciation and amortisation of 5.9% compared to the same period of the previous year, EBIT also decreased.

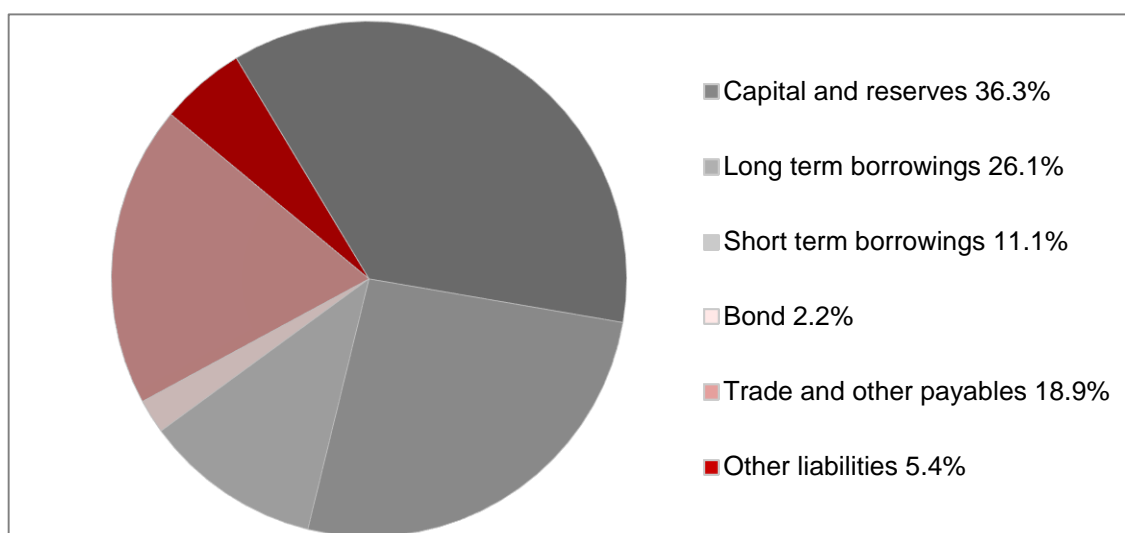
Net profit before minority interests shows a growth due to (i) significantly lower interest expense by 17.0% due to a decrease in non-current financial liabilities and (ii) realised net foreign exchange gains compared to net foreign exchange losses realised in the same period of the previous year. Net profit after minority interests grows by 9.0% compared to the same period of the previous year following the last-year's one-off profit (attributable to minority interests) earned by the company Cedevita d.o.o. Croatia as a consequence of the sale of the 100-percent share in the subsidiary Multivita d.o.o. Serbia to Soko Štark d.o.o. Serbia.

FINANCIAL INDICATORS in the first nine months of 2015

| (in HRK millions) | 9M 2015 | 2014 |
|-------------------------------------|----------------|----------------|
| Net debt | 1,755.4 | 1,927.7 |
| Total assets | 5,339.1 | 5,274.3 |
| Total Equity | 1,939.2 | 1,755.1 |
| Current ratio | 1.4 | 1.5 |
| Gearing ratio | 47.5% | 52.3% |
| Net debt/EBITDA | 3.1 | 3.2 |
| | 9M 2015 | 9M 2014 |
| Interest coverage ratio | 5.6 | 5.0 |
| Capital expenditure | 55.5 | 104.4 |
| Cash flow from operating activities | 298.2 | 326.4 |

Among key determinants of the Atlantic Grupa's financial position in the first nine months of 2015, the following should be pointed out:

- Net debt is reduced by 8.9% due to a decrease in non-current financial liabilities. Atlantic Grupa's continued focus on deleveraging the debt is reflected in the decrease in the ratio of net debt and capital increased by net debt to 47.5% and the increase in coverage of interest expense by EBITDA to 5.6 times.
- The Atlantic Grupa's equity and liabilities structure as at 30 September 2015 is as follows:



Overview of key items in the consolidated cash flow statement

Although capital expenditure nearly halved compared to the same period of the previous year, the majority of the amount realised in the first nine months of 2015 was related to investments in the project of the energy bars production plant in Nova Gradiška.

Other significant investments in the period:

- SBU Beverages: the project of new Cedevita vending machines that are coming on the market in Q4, the new product Cockta Black Tonic development project, the upgrade of palletising line and investment in the adaptation of production lines;
- SBU Coffee: the purchase of a line for the Turkish coffee production, adaptation of equipment for coffee roasting, the purchase of a grinder, automation of palletising and transportation of coffee and the purchase of espresso machines and C2GO machines;
- SBU Snacks: reconstruction of the production equipment and purchase of tools for the production of Bananica, adaptation of production lines, investment in the production facilities and administration building infrastructure;
- SBU Pharma: investment in equipment adaptation and refurbishment of specialised stores;
- The SAP system upgrade, the SALMEX project development, IT infrastructure and business applications development.

The decrease in cash flow from operating activities is primarily the result of an increase in the value of inventories due to new production locations (Nova Gradiška and Foodland) and higher dynamics of payments to suppliers.

OUTLOOK for 2015

Management's view on macroeconomic expectations

Atlantic Grupa's management expects Croatian economy to come out of recession in 2015 with improved domestic demand due to a decreased tax burden, increased disposable income and increased consumer confidence. The economic growth will be encouraged by the excellent tourist season results, increased exports, lower prices of fuel and lower interest rates, but it will remain at low rates due to further deleveraging of the population and companies and the expected fiscal consolidation.

A modest economic growth in 2015 is expected in other countries of the region as well. Management expects the Slovenian economy to grow in 2015 due to strong exports and government capital expenditure. The strong growth in personal consumption is encouraged by lower fuel prices, the increase in employment and real salaries and further improvement in consumer confidence. A modest recovery is also expected in Serbia, due to stronger domestic consumption, increase in net exports, low prices of fuel and increased government employment. A growth is also expected in Bosnia and Herzegovina due to the recovery of trade partners, but also stronger domestic demand, with continued political risks due to issues in forming the government and the absence of reforms.

After modest results of the eurozone economy in 2014 and promising results in the first half of 2015, Atlantic Grupa's management expects a continuation of the positive growth trend. The main drivers of the eurozone growth in 2015 will be lower prices of liquid fuels, measures by the European Central Bank, increase in domestic demand and the expected growth in investments in the second half of the year.

Management expects that the Russian economy in 2015 will remain in recession primarily due to the further decrease in oil prices, continued international sanctions and geopolitical tensions. Also, in 2015 management expects the stabilisation of the Russian rouble.

Atlantic Grupa's management strategic guidance for 2015

In 2015, management will continue its focus on organic business growth through active brand management with a special emphasis on (i) strengthening the position of regional brands (Cockta, Cedevita, Smoki, Grand Kafa, Barcaffè, Bananica, Štark) and (ii) brands with international potential (Multipower, Argeta, Donat Mg, Bebi, Cedevita GO!, Bakina Tajna) and active development of the regional HoReCa portfolio.

In 2015, Atlantic Grupa's management expects increased pressures on prices of raw coffee in the global commodity markets (with an additional unfavourable effect of the EUR/USD exchange rate). Management plans to largely annul these pressures by active hedging and continuous cost management and business processes optimisation.

Additional pressures on operations arise from the volatility of foreign currencies.

Management has the same expectations for 2015 as announced on 24 February 2015:

| (in HRK millions) | 2015 Guidance | 2014 | 2015/2014 |
|--------------------------|----------------------|-------------|------------------|
| Sales | 5,300 | 5,118 | 3.5% |
| EBITDA | 565 | 597 | (5.4%) |
| EBIT | 405 | 441 | (8.1%) |
| Interest expense | 125 | 126 | (0.7%) |

In 2015, we expect capital expenditure in the amount of approximately HRK 150 million.

The expected effective tax rate in 2015 should be at the level of the statutory tax rate for Croatia.

ATLANTIC GRUPA d.d.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
NINE MONTH PERIOD ENDED 30 SEPTEMBER 2015 (UNAUDITED)**

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

| in thousands of HRK, unaudited | Jan -Sep 2015 | Jan -Sep 2014 | Index | Jul - Sep 2015 | Jul - Sep 2014 | Index |
|---|------------------|------------------|--------------|-------------------|-------------------|--------------|
| Turnover | 3,999,886 | 3,821,879 | 104.7 | 1,445,892 | 1,347,868 | 107.3 |
| Sales revenues | 3,977,543 | 3,796,416 | 104.8 | 1,437,473 | 1,342,458 | 107.1 |
| Other revenues | 22,343 | 25,463 | 87.7 | 8,419 | 5,410 | 155.6 |
| Operating expenses | 3,549,456 | 3,340,103 | 106.3 | 1,275,897 | 1,165,901 | 109.4 |
| Cost of merchandise sold | 1,080,268 | 1,021,355 | 105.8 | 388,934 | 373,684 | 104.1 |
| Change in inventories | (4,477) | (34,075) | 13.1 | 40,125 | 2,617 | 1,533.2 |
| Production material and energy | 1,333,374 | 1,207,388 | 110.4 | 441,504 | 409,732 | 107.8 |
| Services | 279,576 | 264,946 | 105.5 | 99,300 | 93,566 | 106.1 |
| Staff costs | 555,137 | 509,556 | 108.9 | 194,296 | 176,651 | 110.0 |
| Marketing and selling expenses | 226,973 | 231,302 | 98.1 | 79,140 | 67,288 | 117.6 |
| Other operating expenses | 131,790 | 130,976 | 100.6 | 46,271 | 44,670 | 103.6 |
| Other (gains)/losses - net | (53,185) | 8,655 | n/a | (13,673) | (2,307) | 592.7 |
| EBITDA | 450,430 | 481,776 | 93.5 | 169,995 | 181,967 | 93.4 |
| Depreciation and impairment | 109,302 | 103,232 | 105.9 | 36,744 | 34,330 | 107.0 |
| EBIT | 341,128 | 378,544 | 90.1 | 133,251 | 147,637 | 90.3 |
| Interest expenses | (79,846) | (96,193) | 83.0 | (24,957) | (28,416) | 87.8 |
| Foreign exchange differences from financing - net | 3,856 | (22,938) | n/a | (14,011) | (23,893) | 58.6 |
| EBT | 265,138 | 259,413 | 102.2 | 94,283 | 95,328 | 98.9 |
| Income tax | 36,932 | 36,779 | 100.4 | 9,950 | 15,844 | 62.8 |
| Profit for the period | 228,206 | 222,634 | 102.5 | 84,333 | 79,484 | 106.1 |
| Attributable to: | | | | | | |
| Non-controlling interest | 144 | 13,408 | 1.1 | 305 | 1,686 | 18.1 |
| Owners of the parent | 228,062 | 209,226 | 109.0 | 84,028 | 77,798 | 108.0 |
| Earnings per share for profit attributable to the owners of the Company | | | | | | |
| - basic | 68.40 | 62.75 | | 25.20 | 23.33 | |
| - diluted | 68.40 | 62.75 | | 25.20 | 23.33 | |

ATLANTIC GRUPA d.d.**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| in thousands of HRK, unaudited | Jan - Sep 2015 | Jan - Sep 2014 | Index | Jul - Sep 2015 | Jul - Sep 2014 | Index |
|---|---------------------------|---------------------------|--------------|---------------------------|---------------------------|--------------|
| Profit for the year | 228,206 | 222,634 | 102.5 | 84,333 | 79,484 | 106.1 |
| Cash flow hedge | (4,993) | 22,526 | n/a | (6,068) | 13,011 | n/a |
| Currency translation differences | 2,106 | (32,855) | n/a | 22,013 | (8,584) | n/a |
| Total comprehensive income | 225,319 | 212,305 | 106.1 | 100,278 | 83,911 | 119.5 |
| Attributable to: | | | | | | |
| Non-controlling interest | 132 | 13,408 | 1.0 | 322 | 1,502 | 21.4 |
| Equity holders of the Company | <u>225,187</u> | <u>198,897</u> | <u>113.2</u> | <u>99,956</u> | <u>82,409</u> | <u>121.3</u> |
| Total comprehensive income | 225,319 | 212,305 | 106.1 | 100,278 | 83,911 | 119.5 |

ATLANTIC GRUPA d.d.**CONSOLIDATED BALANCE SHEET**

| in thousands of HRK, unaudited | 30 September 2015 | 31 December 2014 |
|---|--------------------------|-------------------------|
| Property, plant and equipment | 1,082,482 | 1,099,289 |
| Investment property | 1,758 | 1,363 |
| Intangible assets | 1,809,228 | 1,804,518 |
| Deferred tax assets | 33,840 | 41,224 |
| Available-for-sale financial assets | 939 | 942 |
| Trade and other receivables | 21,921 | 22,657 |
| Non-current assets | 2,950,168 | 2,969,993 |
| Inventories | 675,496 | 582,247 |
| Trade and other receivables | 1,229,652 | 1,169,343 |
| Non-current assets held for sale | 99,526 | 99,874 |
| Prepaid income tax | 28,864 | 12,249 |
| Deposits given | 289 | 275 |
| Derivative financial instruments | 11,145 | 22,687 |
| Cash and cash equivalents | 343,950 | 417,588 |
| Current assets | 2,388,922 | 2,304,263 |
| Total assets | 5,339,090 | 5,274,256 |
| Capital and reserves attributable to owners of the Company | 1,936,765 | 1,752,732 |
| Non-controlling interest | 2,464 | 2,332 |
| Borrowings | 1,509,016 | 1,776,406 |
| Deferred tax liabilities | 177,813 | 181,155 |
| Derivative financial instruments | 692 | 8,698 |
| Other non-current liabilities | 23 | 25 |
| Provisions | 51,426 | 51,936 |
| Non-current liabilities | 1,738,970 | 2,018,220 |
| Trade and other payables | 1,010,549 | 881,451 |
| Borrowings | 594,328 | 578,482 |
| Current income tax liabilities | 25,277 | 7,675 |
| Derivative financial instruments | 6,734 | 4,713 |
| Provisions | 24,003 | 28,651 |
| Current liabilities | 1,660,891 | 1,500,972 |
| Total liabilities | 3,399,861 | 3,519,192 |
| Total equity and liabilities | 5,339,090 | 5,274,256 |

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| <i>in thousands of HRK, unaudited</i> | Attributable to equity holders of Company | | | | Non-controlling interest | Total |
|---|---|-----------------|-------------------|----------------|--------------------------|----------------|
| | Share capital | Reserves | Retained earnings | Total | | |
| At 1 January 2014 | 1,015,953 | (15,363) | 622,613 | 1,623,203 | 51,292 | 1,674,495 |
| Comprehensive income: | | | | | | |
| Net profit for the year | - | - | 209,226 | 209,226 | 13,408 | 222,634 |
| Cash flow hedge | - | 22,526 | - | 22,526 | - | 22,526 |
| Other comprehensive income | - | (32,855) | - | (32,855) | - | (32,855) |
| Total comprehensive income | - | (10,329) | 209,226 | 198,897 | 13,408 | 212,305 |
| Transactions with owners: | | | | | | |
| Acquisition of non-controlling interest | - | - | (30,984) | (30,984) | (62,365) | (93,349) |
| Transfer | - | 264 | (264) | - | - | - |
| Dividends relating to 2013 | - | - | (35,010) | (35,010) | - | (35,010) |
| At 30 September 2014 | 1,015,953 | (25,428) | 765,581 | 1,756,106 | 2,335 | 1,758,441 |
| At 1 January 2015 | 1,015,870 | (19,635) | 756,497 | 1,752,732 | 2,332 | 1,755,064 |
| Comprehensive income: | | | | | | |
| Net profit for the year | - | - | 228,062 | 228,062 | 144 | 228,206 |
| Cash flow hedge | - | (4,993) | - | (4,993) | - | (4,993) |
| Other comprehensive income | - | 2,118 | - | 2,118 | (12) | 2,106 |
| Total comprehensive income | - | (2,875) | 228,062 | 225,187 | 132 | 225,319 |
| Transactions with owners: | | | | | | |
| Purchase of treasury shares | (3,875) | - | - | (3,875) | - | (3,875) |
| Share based payment | 2,730 | - | - | 2,730 | - | 2,730 |
| Transfer | - | 772 | (772) | - | - | - |
| Dividends relating to 2014 | - | - | (40,009) | (40,009) | - | (40,009) |

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | | | | | | |
|----------------------|-----------|----------|---------|-----------|-------|-----------|
| At 30 September 2015 | 1,014,725 | (21,738) | 943,778 | 1,936,765 | 2,464 | 1,939,229 |
|----------------------|-----------|----------|---------|-----------|-------|-----------|

CONSOLIDATED CASH FLOW STATEMENT

| in thousands of HRK, unaudited | Jan - Sep 2015 | Jan - Sep 2014 |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Net profit | 228,206 | 222,634 |
| Income tax | 36,932 | 36,779 |
| Depreciation, amortization and impairment | 109,302 | 103,232 |
| Gain on disposal of property, plant and equipment | (730) | (1,324) |
| Gain on sale of available-for-sale financial assets | (7,523) | - |
| Value adjustment of current assets | 25,761 | 21,586 |
| Interest income | (3,612) | (3,207) |
| Interest expense | 79,846 | 96,193 |
| Other non-cash changes | (4,419) | 6,483 |
| Changes in working capital: | | |
| Increase in inventories | (94,429) | (79,332) |
| Increase in current receivables | (55,693) | (65,926) |
| Increase in current payables | 104,150 | 140,738 |
| Decrease in provisions for risks and charges | (5,278) | (9,167) |
| Interest paid | (81,736) | (101,691) |
| Income tax paid | (32,550) | (40,594) |
| Net cash flow from operating activities | 298,227 | 326,404 |
| Cash flow from investing activities | | |
| Purchase of tangible and intangible assets | (55,541) | (104,350) |
| Proceeds from sale of property, plant and equipment | 1,865 | 2,868 |
| Acquisition of subsidiary net of cash acquired | (5,295) | (5,332) |
| Proceeds from sale of assets available for sale | 3,785 | - |
| Loans and deposits given - net | 3,612 | (1,161) |
| Interest received | 3,612 | 3,207 |
| Net cash flow used in investing activities | (47,962) | (104,768) |
| Cash flow from financing activities | | |
| Purchase of treasury shares | (3,877) | - |
| Proceeds from borrowings, net of fees paid | 76,228 | 168,530 |
| Repayment of borrowings | (356,365) | (253,888) |
| Dividend paid to Company shareholders | (39,889) | (34,901) |
| Acquisition of non-controlling interest | - | (93,349) |
| Net cash flow used in financing activities | (323,903) | (213,608) |
| Net (decrease)/increase in cash and cash equivalents | (73,638) | 8,028 |
| Cash and cash equivalents at beginning of period | 417,588 | 325,334 |
| Cash and cash equivalents at end of period | 343,950 | 333,362 |

NOTE 1 – GENERAL INFORMATION

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

The interim condensed consolidated financial statements of the Group for the nine month period ended 30 September 2015 were approved by the Management Board of the Company in Zagreb on 28 October 2015.

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 nine month period ended 30 September 2015 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 2014.

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 2014.

NOTE 3 – SEGMENT INFORMATION

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

- SBU Beverages,
- SBU Coffee,
- SBU (Sweet and Salted) Snacks,
- SBU Savoury Spreads,
- SBU Sports and Functional Food,
- SBU Pharma and Personal Care
- SDU Croatia,
- SDU International,
- SDU Serbia,
- SDU HoReCa,
- SDU CIS,
- BU Baby food,
- DU Slovenia,
- DU Macedonia.

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

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

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

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

NOTE 3 – SEGMENT INFORMATION (continued)

| Sales revenues <i>(in thousands of HRK)</i> | Jan-Sep 2015 | Jan-Sep 2014 |
|--|------------------|------------------|
| SBU Beverages | 520,727 | 499,107 |
| SBU Coffee | 777,148 | 742,363 |
| SBU (Sweet and Salted) Snacks | 443,046 | 421,967 |
| SBU Savoury Spreads | 396,056 | 350,809 |
| SBU Sports and Functional Food | 600,715 | 616,134 |
| SBU Pharma and Personal Care | 373,017 | 369,195 |
| SDU Croatia | 709,374 | 641,285 |
| SDU International | 444,259 | 437,770 |
| SDU Serbia | 838,539 | 774,216 |
| DU Slovenia | 532,565 | 515,142 |
| Other segments | 574,741 | 630,568 |
| Reconciliation | (2,232,644) | (2,202,140) |
| Total | 3,977,543 | 3,796,416 |

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.

| | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|
| Net profit attributable to equity holders <i>(in thousands of HRK)</i> | 228,062 | 209,226 |
| Weighted average number of shares | 3,334,088 | 3,334,278 |
| Basic earnings per share <i>(in HRK)</i> | 68.40 | 62.75 |

Diluted earnings per share

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

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the nine month period ended 30 September 2015, Group invested HRK 55,541 thousand in purchase of property, plant and equipment and intangible assets (2014: HRK 104,350 thousand).

NOTE 6 - INVENTORIES

During the nine month period ended 30 September 2015, the Group wrote down inventories in the amount of HRK 12,056 thousand due to damage and short expiry dates (2014: HRK 14,629 thousand). The amount is recognized in the income statement within 'Other operating expenses'.

NOTE 7 – ACQUISITION OF SUBSIDIARIES

In December 2014, the Group signed an agreement for the acquisition of the company Foodland d.o.o. from Serbia, whose main activity is the production of healthy food from selected ingredients with recognizable brand "Bakina tajna". Acquisition process was finalized in January 2015, after the Commission for Protection of Competition in Republic of Serbia approved the takeover of Foodland d.o.o.

NOTE 8 – DIVIDEND DISTRIBUTION

According to the decision of the Company's General Assembly from 18 June 2015, distribution of dividend in the amount of HRK 12.00 per share, or HRK 40,009 thousand in total was approved. Dividend was paid out in July 2015.

NOTE 9 – RELATED PARTY TRANSACTIONS

The Group enters into transactions with the following related parties: shareholders and other entities controlled or owned by shareholder. Related party transactions that relate to balance sheet as at 30 September 2015 and 31 December 2014 and transactions recognised in the Income statement for the nine month period ended 30 September are as follows:

(all amounts expressed in thousands of HRK)

| | <u>30 September 2015</u> | <u>31 December 2014</u> |
|---|--------------------------|-------------------------|
| RECEIVABLES | | |
| Current receivables | | |
| Other entities | 114,440 | 101,164 |
| LIABILITIES | | |
| Borrowings | | |
| Shareholders | 1,434,350 | 1,617,014 |
| Trade and other payables | | |
| Shareholders | 155 | 112 |
| Other entities | 2,198 | 808 |
| REVENUES | <u>Jan – Sep 2015</u> | <u>Jan – Sep 2014</u> |
| Sales revenues | | |
| Other entities | 357,670 | 329,208 |
| Other revenues | | |
| Other entities | 738 | 807 |
| EXPENSES | | |
| Marketing and promotion expenses | | |
| Other entities | 10,082 | 10,355 |
| Other expenses | | |
| Other entities | 1,952 | 1,706 |
| Finance cost - net | | |
| Shareholders | 45,491 | 52,458 |



Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, September 30th 2015

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

MANAGEMENT BOARD'S STATEMENT OF LIABILITY

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

The consolidated financial statements for the period from 1 January 2015 to 30 September 2015 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Group.

The management report for the period ended 30 September 2015 presents true and fair presentation of development and results of the Group's operations with description of significant risks and uncertainties for the Group.

President of the Management Board:

Emil Tedeschi



Contact:

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