Financial results in 2015 (audited)

Zagreb – 22 February 2016

Strong revenues and net profitability growth

- **Sales at HRK 5,405.3 million**
  + 5.6% compared to FY 2014
- **Earnings before interest, taxes, depreciation and amortisation (EBITDA) at HRK 567.3 million**
  - 5.0% compared to FY 2014
- **Earnings before interest and taxes (EBIT) at HRK 404.0 million**
  - 8.3% compared to FY 2014
- **Net profit after minorities at HRK 242.3 million**
  + 21.1% compared to FY 2014

Comment of President of the Management board and CEO

Commenting on the financial results and key business developments in 2015, Emil Tedeschi, President of the Management Board and CEO of Atlantic Grupa, pointed out:

“Among key business developments in 2015 we should point out the reorganization of distribution business with the establishment of distribution companies in the markets of Germany and Austria, which proves the company’s strong focus on further internationalization of operations. In addition, we point out the continued extension of the distribution portfolio, development of own brands, completed integration of the acquired company Foodland and commissioning of the energy bars production plant in Nova Gradiška. Despite challenging macroeconomic conditions Atlantic Grupa continued to face on most of its markets, in 2015 we recorded sales growth and significant improvement in net profitability.

In 2016, the focus will remain on the internationalization coupled with significant investments in German and Austrian market and growth in the existing markets, while special attention will be given to liquidity, financial liabilities and risk management.”

Financial summary of 2015

Key figures	**2015**	2014	2015/2014
Sales (in HRK millions)	**5,405.3**	5,118.4	5.6%
Turnover (in HRK millions)	**5,451.0**	5,168.6	5.5%
EBITDA margin	**10.5%**	11.7%	- 117 bp
Net income after minorities (in HRK millions)	**242.3**	200.0	21.1%
Gearing ratio*	**46.3%**	52.3%	-603 bp

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

KEY DEVELOPMENTS in 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 September 1st 2015, distribution operations are organised through two main zones: Zone East and Zone West. Within these zones, the managers are responsible for the sale and distribution in individually allocated regions, markets or channels, and in some markets Atlantic Grupa will establish own distribution companies. In the new organisation, the Zone East includes: Southeast Europe, the Baltics and the CIS region, while the Zone West includes 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 Grupa's portfolio in all key international markets. In addition to already existing companies in Italy, Great Britain and Spain, new distribution companies have been established in Germany and Austria. With the aim to provide full support to the Atlantic Grupa's portfolio, significant investments in the markets and strengthening of local teams have been planned with the focus in 2016 set on Germany and Austria.

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 was 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 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 for on-the-go consumption. In addition, 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. Multivitamin instant tea Monstea, prepared with warm or hot water, has been launched in three different flavours and is accompanied by a children-friendly marketing campaign. Cockta launched a new beverage, Cockta Black Tonic, greatly accepted in the HoReCa channel.

In the Strategic Business Unit **Coffee**, the Barcaffè and Grand kafa brands 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 3in1 segment, Grand Kava got a new flavour: 16 gram 3in1 Choco peanut, coffee with chocolate and peanut flavour.

In the Strategic Business Unit **Savoury Spreads**, new Argeta packaging design was launched with innovative "easy peel" packaging and a new flavour, Sardina Adriatica.

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 Brussels. In addition to the redesign of Sweet chocolates, a sub-brand of Najlepše želje has been launched – LOL, and new flavours of Chipsos. Also, Najlepše želje 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 and Multipower premium muscle range products.

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. Sale of the tea business

Atlantic Grupa signed contract with Spider Grupa, long-term business partner in tea business known under brands Cedevita tea and Naturavita, and sold the complete tea business. The transaction incudes rebranding the whole assortment under unique brand Naturavita, which is in ownership of Spider Grupa from January 1st 2016. The strategic cooperation of two companies will be countinued through partnership in distribution where Atlantic Grupa continues with distribution of the tea assortment on all markets where it was present, both in retail and HoReCa channel through our distributive network.

7. Integration of Foodland d.o.o.

During 2015, the integration of Foodland was completed. Thereby, the precondition for easier management and activation of the planned synergy effects between Foodland and the rest of Atlantic Grupa has been 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 through investments in 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.

8. Sports and functional food strategic business area restructuring

In the end of 2015, and partly in line with new distribution organization of the Zone West, range of activities directed to profitability improvement of business area Sports and functional food was undertaken. Focus is on business model simplification, cost reducing with reduction of the number of employees and sustainable business growth.

Multipower will still be positioned as a leading brand for professional athletes, but focus will be put on value that the brand with high-quality ingredients and recipes provides to recreationalist. In the mainstream segment, the brand Champ will be positioned as a brand for active individuals who take care about the health and food. With the goal of the business model simplification the number of products will be reduced, in accordance with the guidelines defined within the strategy of development for this business area. Redesign of certain products and recipe improvement will be achieved in accordance with market trends in order to satisfy our customer needs. Regarding the product category, the emphasis will be placed on powders and energy bars.

We differentiate between focus markets, consisting of Germany and Austria, and opportunity markets, including Italy, United Kingdom and Croatia. On both markets, we will conduct significant marketing activities directed to strengthening both the brend and the markets. Business on all other markets will be continued through external distributors network.

9. Overview of information technologies

In the segment of IT solutions, the system for supporting the planning of sales and marketing expenses (SALMEX) 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 same solution had formerly been implemented in the distribution company in Croatia, whereby the strategic determinant toward the equalisation of business processes and consolidation of business solutions across Atlantic Grupa continues.

During the last quarter, a significant step forward was made in the standardisation and consolidation of IT business solutions through two major SAP implementation projects: SAP ERP system in Atlantic Trade and the implementation of the SAP in companies in Germany and Austria. These SAP projects confirm the strategic determinant to standardise business solutions, but also business processes at the level of the entire Group. Until the end of 2015, all preconditions were created for commissioning the SAP ERP systems for the support to "live" operations at the beginning of 2016 in companies Atlantic Trade, Bionatura Bidon vode and Atlantic Grupa d.d.. This is a result of the project that lasted over a year and a half, which makes it the most complex IT project in the history of Atlantic Grupa. As of the beginning of the year, for all accounting, finance, sale and procurement processes in the three companies in Croatia, the support was implemented through the SAP ERP solution that becomes the central point of a very complex heterogonous system of support to all the company's processes. Thereby, the SAP solution covers almost all companies of Atlantic Grupa in Croatia, other than the SBU Pharma segment, which, due to specific business processes, remains on the existing solutions. As of the beginning of 2016, the SAP RDS solution fully supports the business process of two new companies, Atlantic Brands Germany and Atlantic Brands Austria. The implemented solution covers all basic processes (accounting and finance, sale, procurement) with the integration of the solution with logistic partners, and automatic exchange of electronic data with customers.

The preparation of all solutions aimed at business digitalisation has been continued, with “paperless office” as the main goal. Thus, the solution of e-office has been implemented in Croatia, which, after solving the issues of contracts and incoming invoices, now also solves the issue of all incoming mail.

10. 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 distributed in July 2015.

SALES DYNAMICS IN 2015

Sales profile by Strategic Business Units and Strategic Distribution Units

(HRK 000)	2015	2014	2015/2014
SBU Beverages	**666,075**	638,817	4.3%
SBU Coffee	**1,084,926**	1,026,680	5.7%
SBU (Sweet and Salted) Snacks	**631,553**	614,426	2.8%
SBU Savoury Spreads	**538,231**	471,385	14.2%
SBU Sports and Functional Food	**768,428**	779,075	(1.4%)
SBU Pharma and Personal Care	**509,615**	493,345	3.3%
SDU Croatia	**938,311**	844,252	11.1%
SDU Serbia	**1,175,100**	1,083,149	8.5%
SDU International markets	**589,913**	582,426	1.3%
DU Slovenia	**761,868**	725,487	5.0%
Other segments**	**780,058**	820,504	(4.9%)
Reconciliation***	**(3,038,766)**	(2,961,173)	n/a
Sales	**5,405,312**	5,118,373	5.6%

In **2015,** Atlantic Grupa **recorded sales of HRK 5.4 billion**, which is a 5.6% growth compared to the previous year. The growth was mainly result of the growth in sales in the Strategic Distribution Units Croatia and Serbia, Strategic Business Unit Coffee, Strategic Business Unit Savoury Spreads (due to organic growth, but also to consolidated results of the acquired company Foodland d.o.o.) and the Distribution Unit Slovenia. If the effect of the Foodland acquisition is excluded, sales grew by 4.8%, 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 6.6% growth compared to 2014. Unfavourable exchange rate movements are reflected in the average depreciation of the Russian rouble of 33.7% and the average depreciation of the Serbian dinar of 3.3% 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 the increase in sales of vitamin instant drinks in all three segments: retail, HoReCa channel and on-the-go segment. The growth was also supported by the redesign of the Cedevita packaging, new HoReCa packaging, new flavours introduced, and it was additionally boosted by excellent tourist season and favourable weather conditions. The Cockta brand in the carbonated soft drinks category recorded growth due to launching a new flavour, Cockta Black Tonic, and the growth in sales in the HoReCa channel; Cedevita candies recorded a sales growth due to Cedevita Kids Puc Puc powdered candies. The growth of the above mentioned categories significantly exceeded the decrease in sales of the waters category under the Kala brand in the Croatian market (due to delisting of unprofitable products) and a slight decrease in functional waters under the Donat Mg brand, which largely compensated for the decrease in the Russian market by the increase in sales in the markets of Slovenia and Croatia. Loss of a portion of revenues on the Russian market was caused by unfavourable economic situation and the temporarily suspended distribution in Russia due to negotiations with the key buyer, which were successfully concluded in April.

- The sales growth in the **Strategic Business Unit Coffee** is primarily a consequence of the double-digit increase in sales in the markets of Croatia and Bosnia and Herzegovina, and a considerable growth was also recorded by two largest markets in this business unit, Serbia and Slovenia. Of significant markets, a slight sales decrease was recorded only in Macedonia, due to aggressive competition in terms of prices. In the Croatian market, despite the significant volume and value drop of the overall market category*, Barcaffe continues to record excellent results, increasing its volume and value market shares in the Turkish coffee category (2.3% greater value market share compared to the same period of the previous year*), and it holds the third position in the market, with a 13.3% share*, which is a value growth of 34%.

- The record high level of sales of the **Strategic Business Unit Snacks** is primarily a consequence of the double-digit increase in sales of chocolate under the Najlepše želje brand and the increase in sales of the Chipsos brand in the chips category, where the growth is recorded by all regional markets except Montenegro. The market of Croatia records double-digit growth rates mainly due to the increase in sales of chips under the Chipsos brand, and sales of flips under the Smoki brand, and it should be noted that the double-digit growth was recorded in the biscuits category as well. In the markets of Bosnia and Herzegovina and Serbia, Smoki recorded sales growth, despite the double-digit volume and value drops of the flips category. Chipsos grew in the Serbian market despite the category drop of 12%* in 2015, and in Serbia, Najlepše želje recorded the greatest market share ever, of 26.9%*.

- The **Strategic Business Unit Savoury Spreads** recorded growth due to increased sales on the regional markets (Croatia, Bosnia and Herzegovina, Kosovo, Serbia, and Slovenia) and international markets, primarily of Switzerland and Sweden, which significantly exceeded the decrease in the market of Russia. The Croatian market saw volume and value market growth, recording an increase in market shares of 3.5% and 4.9%*, respectively, while in Switzerland and Austria the largest market shares ever are recorded, and Argeta holds the second and first position in the market, respectively. Better sales results were also a consequence of the new visual identity and “easy peel” packaging.

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* AC Nielsen Retail Panel, January-November 2015 (percentage movements on YTD level)

- The decrease in sales of the Strategic Business Unit **Sports and Functional Food** is primarily a consequence of the decrease in sales of the Champ and Multaben brand, while the increase in sales was recorded in the private labels segment. The most significant drop was recorded in the German market, partly compensated by the increase in sales in the markets Switzerland and Spain.

- The Strategic Business Unit **Pharma and Personal Care** records an increase in sales primarily due to the increase in sales of the pharmacy chain Farmacia, i.e. the increase in OTC sales of the existing locations, opening of four 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 5.7% sales growth compared to the same period of the previous year.

- **Strategic Distribution Unit Croatia i**n the absolute amount recorded the highest growth in sales among segments, while relatively it grew by 11.1% as a result of (i) the increase in sales from the distribution of principal brands Hipp, Ferrero, Unilever, Johnson&Johnson and Rauch, and (ii) the increase in sales of own brands, primarily Barcaffe, Argeta, Cedevita and Chipsos.

- The **Strategic Distribution Unit Serbia** recorded the excellent sales increase by 8.5%. This is a result of the increase in sales of own brands, primarily in the coffee category under Grand kafa and Bonito brands (holding 52%* of the Turkish coffee market in Serbia), the chocolate category under the Najlepše želje brand, the savoury spreads category under the Argeta brand, the integration of Foodland and the beginning of the distribution of new principals (Rauch and Del Castello). If the beginning of the distribution of products from the Foodland and Rauch portfolios and the effect of the dinar exchange rate are excluded, the Strategic Distribution Unit Serbia records an 8.0% growth in sales.

- The sales growth of the **Strategic Distribution Unit International Markets** is a consequence of the increase in sales primarily in the markets of Austria, Switzerland, the United Kingdom and Kosovo, primarily in the Savoury spreads segment (due to the organic growth of Argeta and the consolidation of Foodland), the Beverages segment (Donat Mg functional beverage) and the Snacks segment, that fully compensated for the decrease in sales in the Sports and functional food segment.

- The **Distribution Unit Slovenia** records the highest growth due to the growth in sales of coffee under the Barcaffe brand, and beverages (primarily Donat Mg functional waters and Cedevita vitamin instant drinks) and great results of sales of the principal Ferrero.

- **Other segments** recorded a decrease due to the decrease in sales of the Business Unit Baby Food, Strategic Business Unit Sports and Functional Food and the SDU CIS.

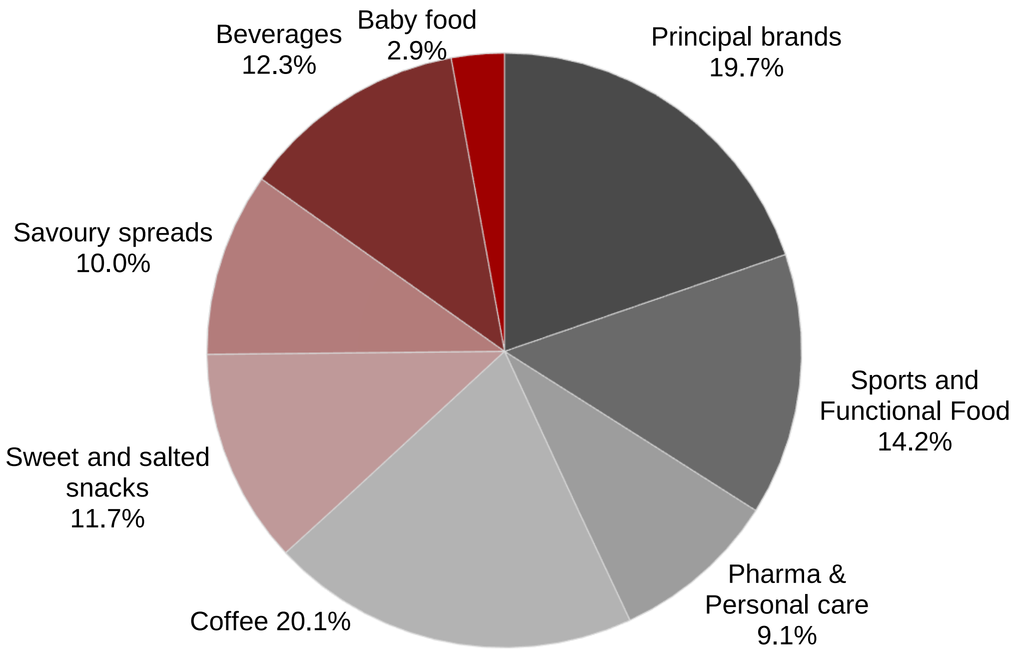
  The **Distribution Unit Macedonia** records a growth in sales due to the Snacks segment (increase in Najlepše želje chocolates), increase in sales of Argeta and Bakina tajna and the increase in sales of the principal Ferrero.

* AC Nielsen Retail Panel, January-November 2015 (percentage movements on YTD level)

The **Strategic Distribution Unit HoReCa** records a significant 17.1% increase in sales, 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 Cedevita and coffee and the increase in revenues from the distribution of external principals.

The significant decrease in sales of the **Business Unit Baby Food** and the **Strategic Distribution Unit CIS**, caused by the decrease in almost all categories, is a result of the continued political instability and economic crisis in Ukraine, unfavourable macroeconomic climate in Russia and strong depreciation of the Russian ruble, with its average depreciation of 33.7% compared to the previous year. Within the Strategic Distribution Unit CIS, the market of Ukraine records 67.1% lower sales compared to 2014, while the most significant CIS market, Russian, decreased by 15.3%. As mentioned above, the drop in sales of the Donat Mg brand is a consequence of the temporarily suspended distribution during negotiations with the key buyer, and it should be noted that the negotiations were successfully concluded in April.

Sales profile by segments



Sales profile by markets

(in HRK millions)	2015	% of sales	2014	% of sales	2015/2014
Croatia	**1,409.0**	26.1%	1,285.1	25.1%	9.6%
Serbia	**1,256.3**	23.2%	1,145.2	22.4%	9.7%
Slovenia	**855.0**	15.8%	809.1	15.8%	5.7%
Bosnia and Herzegovina	**381.7**	7.1%	357.3	7.0%	6.8%
Other regional markets*	**325.2**	6,0%	312.7	6,1%	4,0%
Key European markets**	**603.4**	11,2%	584.5	11,4%	3,2%
Russia and CIS	**237.1**	4.4%	289.6	5.7%	(18.1%)
Other markets	**337.6**	6.2%	334.9	6.5%	0.8%
Total sales	**5,405.3**	100.0%	5,118.4	100.0%	5.6%

*Other regional markets: Macedonia, Montenegro, Kosovo
**Key European markets: Germany, United Kingdom, Italy, Switzerland, Austria, Sweden, Spain

- The **Croatian market** recorded a strong growth in sales of 9.6% due to: (i) an increase in sales of own brands, primarily Cedevita in the vitamin instant drinks category, Barcaffe in the Coffee category, Argeta in the Savoury spreads category and the pharmacy chain Farmacia, and (ii) an increase in sales of the existing principals, especially Hipp, Ferrero, Rauch and Unilever.

- The **market of Serbia** recorded 9.7% higher sales as a result of: (i) the integration of the acquired company Foodland d.o.o., (ii) the increase in sales of coffee under the Grand kafa brand, (iii) the increase in sales of own brands, primarily Najlepše želje in the chocolate category, and (iv) the beginning of distribution of new principal Rauch that was not distributed in the same period of the previous year. If the distribution of the new principal, the effect of the Foodland acquisition and the effect of the dinar exchange rate are excluded, the market of Serbia still records a significant sales growth.

- The 5.7% sales growth in the **Slovenian market** was generated by the increase in sales of: (i) Barcaffe coffee supported by the innovative Black&Easy product, (ii) the functional waters category with the Donat Mg brand, (iii) the vitamin instant drinks category with the Cedevita brand, and (iv) the increase in sales of the principal brand Ferrero.

- The 6.8% sales growth in the **market of Bosnia and Herzegovina** is a result of the increase in sales of (i) the Grand Kafa brand in the Coffee segment, (ii) the Cedevita brand in the vitamin instant drinks category, (iii) the increase in sales of Argeta in the Savoury spreads category, and (iv) sales of products from the Foodland portfolio.

- **Other regional markets**[*] achieved higher sales due to the increase in sales in the markets of Macedonia and Kosovo, while the market of Montenegro recorded a slight decrease in sales. Analysed by categories, the growth is recorded by the Bakina tajna product range, Argeta in the Savoury spreads segment, Cedevita in the Beverages segment, Najlepše želje in the Snacks segment and Ferrero in the principal brands segment (distributed in the market of Macedonia).

- The growth in the **Key European markets**[**] is a consequence of the increase in sales in the markets of Switzerland, Austria, the United Kingdom, Spain and Sweden, 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 Multaben brands from the Sports and functional food segment, which was compensated by the increase in sales of Multipower and the private label in the Sports and functional food segment and Argeta in the Savoury spreads category.

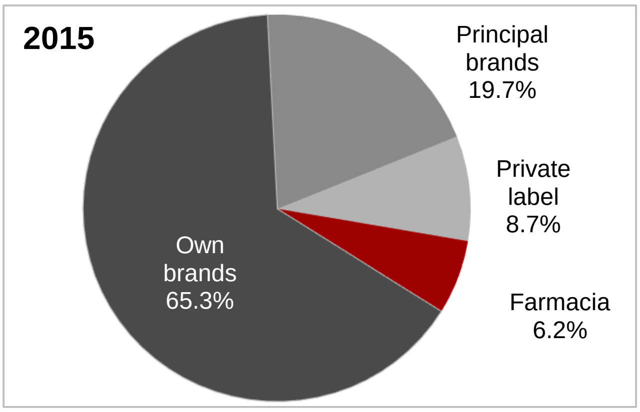
- The **market of Russia and the Commonwealth of Independent States** records a significant drop in sales due to the political instability in Ukraine and Russia. The most significant decrease was recorded by the following brands: (i) Bebi in the baby food segment, (ii) Donat Mg in the functional waters category (temporarily suspended distribution due to negotiations with the key buyer), and (iii) Multipower in the sports and functional food segment. As a consequence of the difficult economic

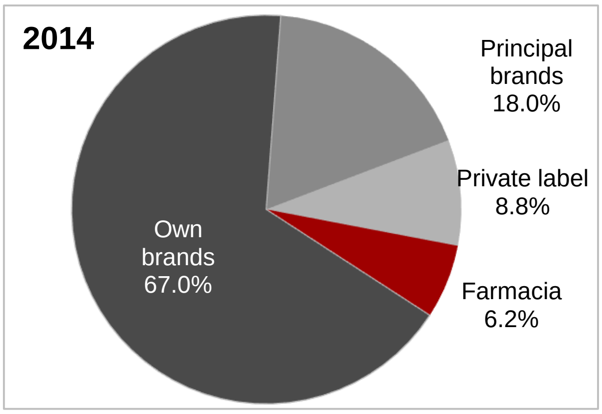
*Other regional markets: Macedonia, Montenegro, Kosovo
**Key European markets: Germany, United Kingdom, Italy, Switzerland, Austria, Sweden, Spain

and political situation in Ukraine, the total sales of Atlantic Grupa in the Ukrainian market dropped by 67.1% compared to the previous year and in 2015 they amount to HRK 6.7 million.

- **Other markets** record a modest increase in sales due to sales of products from the Foodland portfolio and the pharma and personal care segment, which compensated for the decrease in sales of products from the sports and functional food segment and the coffee segment.

Sales profile by product category





In 2015, **own brands** recorded sales of HRK 3,529.3 million, which is a 2.9% growth compared to 2014, due to the increase in sales of the following brands: (i) Barcaffe 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 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) brands in the Sports and functional food segment (the most significant drop was recorded by the Champ brand), and (ii) Bebi in the Baby food segment. Excluding the effect of the integration of Bakina tajna and Amfissa brands following the acquisition of Foodland d.o.o., own brands recorded an increase in sales of 1.6%. If the negative effect of the decrease in sales of own brands from the sports and functional food segment and the negative effect of the decrease in sales in the markets of Russia and the CIS are excluded, own brands record a 4.5% growth.

Principal brands recorded sales of HRK 1,066.8 million, which is a remarkably high growth of 15.8%, achieved due to the increase in sales of the existing principals, primarily Ferrero in the markets of Croatia, Slovenia and Macedonia, Hipp and Rauch in the market of Croatia, and Alkaloid, L'Oreal and Rauch in the market of Serbia.

With sales of HRK 472.8 million, **private labels** record a 4.9% growth compared to 2014, due to the growth in sales of private labels in the sports and functional food segment.

The pharmacy chain **Farmacia** recorded sales of HRK 336.4 million, which is a 6.8% growth compared to 2014, primarily due to OTC sales. During 2015, four new specialised stores were opened and as at December 31st 2015, the pharmacy chain Farmacia consisted of 48 pharmacies and 29 specialised stores. Owing mostly to the newly opened specialised stores, the share of OTC sales grew from 58% in 2014 to 61% of Farmacia's total sales, while the share of prescription drug sales dropped from 41% in 2014 to 38% in 2015. Excluding the effect of newly opened locations during 2015, the pharmacy chain Farmacia recorded a 5.7% increase in sales.

PROFITABILITY DYNAMICS in 2015

Atlantic Grupa's profitability

(in HRK millions)	2015	2014	2015/2014
Sales	**5,405.3**	5,118.4	5.6%
EBITDA	**567.3**	597.0	(5.0%)
EBIT	**404.0**	440.7	(8.3%)
Net profit/(loss)	**242.5**	213.4	13.6%
Profitability margins			
EBITDA margin	**10.5%**	11.7%	-117 bp
EBIT margin	**7.5%**	8.6%	-114 bp
Net profit margin	**4.5%**	4.2%	+32 bp

In 2015, Atlantic Grupa recorded a 5.0% lower **EBITDA.** The growth achieved in the majority of business units as a result of siginificant growth in revenues was completely annuled by (i) restructuring costs in the Sports and functional food segment, (ii) consolidation of the acquired company Foodland, (iii) decrease of sales and pressure on profit margins in CIS countries, (iv) investments in setting up the distribution companies in Germany and Austria, and (v) increase in costs of some of the main raw materials.

Additional positive effect on EBITDA amounting to HRK23.8 million resulted from the sale of tea business.

In 2015, Atlantic Grupa recorded an 8.3% lower **EBIT** due to the EBITDA decrease and also the increase in depreciation of 4.5% (following the investment in the energy bars factory and the acquired company Foodland).

Due to a significant decrease in foreign exchange losses, from HRK 62.2 million to HRK 9.2 million, and the decrease in interest expense of 16%, Atlantic Grupa recorded a 13.6% higher net profit in 2015. Following the purchase of a minority share in Cedevita in 2014, profit attributable to minority interests has been significantly reduced, whereby net profit after minorities increased by 21.1%.

Operating expenses structure

(in HRK millions)	2015	% of sales	2014	% of sales	2015/2014
Cost of goods sold	**1,483.8**	27.5%	**1,405.2**	27.5%	5.6%
Change in inventory	**1.2**	0.0%	**(30.0)**	(0.6%)	n/a
Production materials	**1,729.2**	32.0%	**1,559.7**	30.5%	10.9%
Energy	**62.3**	1.2%	**61.2**	1.2%	1.6%
Services	**374.1**	6.9%	**359.2**	7.0%	4.2%
Staff costs	**767.8**	14.2%	**704.4**	13.8%	9.0%
Marketing and selling expenses	**332.8**	6.2%	**331.6**	6.5%	0.4%
Other operating expenses	**196.6**	3.6%	**186.4**	3.6%	5.5%
Other gains/(losses), net	**(64.0)**	(1.2%)	**(6.3)**	(0.1%)	n/a
Depreciation and amortisation	**163.3**	3.0%	**156.3**	3.1%	4.5%
Total operating expenses	**5,047.0**	**93.4%**	**4,727.9**	**92.4%**	**6.7%**

The growth in cost of goods sold of 5.6% is a consequence of the increased sales, whereby its share in sales revenue remained unchanged.

Costs of production materials increased by 10.9% in 2015, primarily as a result of the increase in prices of raw coffee, but also due to higher sales. During 2015, prices of raw coffee in the global commodity markets, depending on the type of raw coffee, were 14% to 29% higher. However, by continuous hedging, in 2015 Atlantic Grupa reduced the effects of higher prices of raw coffee on its purchase price and in that way largely avoided the negative effect of higher prices of raw coffee in the global commodity markets on its results. The positive impact on total expenses came from other raw materials, especially sugar, powdered milk, fat and oil and packaging expenses, which annulled the higher prices of cocoa.

Costs of services grew by 4.2% as a consequence of higher IT investments (licence lease, maintenance) as a consequence of the SAP system implementation and the SALMEX project development.

Staff costs grew by 9.0% 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 (83 employees) and the integration of the company Foodland d.o.o. As at 31 December 2015, Atlantic Grupa had 5,387 employees (3,986 in 2014), of which 155 employees relate to Foodland d.o.o.

Marketing expenses insignificantly increased primarily due to savings made in the Pharma and personal care, Beverages and Coffee segments, that fully compensated for the increase in marketing expenses in the Savoury spreads segment.

Other operating expenses are higher by 5.4%, primarily due to a higher inventory write-off, mostly related with restructuring in Sports and functional food segment.

Other (gains)/losses – net: Gains were realised primarily on financial (forward) instruments in the coffee segment and from the sale of tea business.

Operating result of Strategic Business Units and Strategic Distribution Units

(in HRK millions)	2015	2014	2015/2014
SBU Beverages	**156.4**	126.7	23.4%
SBU Coffee	**211.4**	225.8	(6.4%)
SBU (Sweet and Salted) Snacks	**97.9**	98.5	(0.6%)
SBU Savoury Spreads	**99.6**	105.9	(6.0%)
SBU Sports and Functional Food	**(11.4)**	16.0	(171.1%)
SBU Pharma and Personal Care	**42.8**	49.0	(12.7%)
SDU Croatia	**23.2**	15.6	48.9%
SDU Serbia	**31.8**	28.4	11.9%
SDU International markets	**4.3**	14.8	(71.1%)
DU Slovenia	**42.1**	36.4	15.7%
Other segments*	**(130.7)**	(120.0)	(8.9%)
Group EBITDA	**567.3**	597.0	(5.0%)

SBU Beverages: The growth in profitability is primarily a result of a better sales mix (increase in sales of vitamin instant drinks in profitable channels and HoReCa), lower costs of production materials as a result of the price of sugar and control of other costs despite sales growth.

SBU Coffee: The decrease in profitability is a result of a significant increase in costs of raw material, i.e. raw coffee, and the unfavourable dollar exchange rate, which were largely compensated for by active hedging.

SBU Snacks: The slight decrease in profitability is a consequence of the depreciation of the dinar and increased investment in price discounts, required to keep the market shares despite intense competition and drop in some categories.

SBU Savoury Spreads: The decrease in profitability due to the consolidation of the Foodland portfolio and the new Argeta packaging. Excluding the negative effect of Foodland, the profitability of the Savoury spreads segment is at the same level as in 2014.

SBU Sports and Functional Food: Significant decrease in profitability is primarily caused by restructuring costs amounting to HRK12.6 million and by lower sales of own brands, write-offs and consultancy costs associated to reorganization and restructuring.

SBU Pharma and Personal Care: The slight decrease in profitability is a result of increased investments in price discounts, and the increase in staff costs and rental costs following the opening of new specialised stores.

SDU Croatia: The increase in profitability arises from the increase in sales of coffee, vitamin instant drinks and principals brands and lower costs due to process optimization and efficiency improvement.

SDU Serbia: The increase in profitability is a consequence of the increase in sales that fully annulled the negative effects of the Serbian dinar depreciation.

SDU International markets: The decrease in profitability is a consequence of the sales infrastructure development i.e. new jobs, primarily in Germany and Austria, and the decrease in sales in the Sports and functional food segment.

DU Slovenia: The growth in profitability is a result of increased sales and improved gross profit margin based on the product mix.

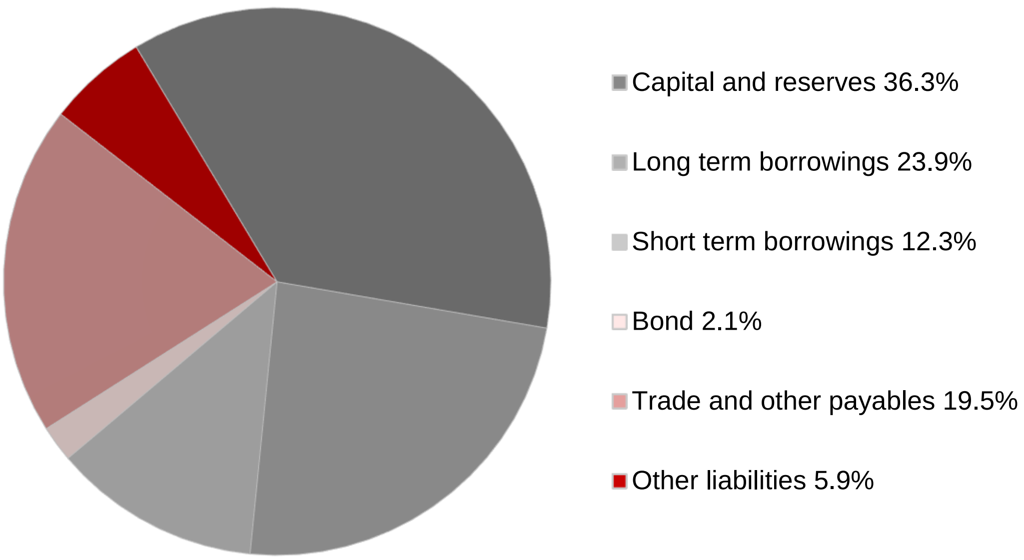
Other segments: The DU Macedonia recorded a mild increase in profitability as a result of a better sales mix. The growth in profitability of the SDU HoReCa is a result of the improved profitability in all markets (Serbia, Croatia, Slovenia and Macedonia) following the improvement of gross profitability resulting from the product mix. The decrease in profitability of the BU Baby Food is a result of the adverse economic situation and political instability in Ukraine and the strong depreciation of the rouble. The costs attributable to support services are higher compared to the previous year due to staff costs increase.

FINANCIAL INDICATORS IN 2015

(in HRK millions)	2015	2014
Net debt	**1,678.1**	1,927.7
Total assets	**5,294.6**	5,274.3
Total Equity	**1,945.3**	1,755.1
Current ratio	**1.3**	1.5
Gearing ratio	**46.3%**	52.3%
Net debt/EBITDA	**3.0**	3.2
Interest coverage ratio	**5.4**	4.7
Capital expenditure	**115.5**	190.1
Cash flow from operating activities	**470.8**	445.7

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

- Atlantic Grupa's continuous focus on deleveraging is reflected in (i) the decrease in net debt of HRK 249.7 million compared to 2014, to HRK 1,678.1 million, (ii) the decrease of the gearing ratio to 46.3%, (iii) the decrease in the ratio of net debt and EBITDA to 3.0 times, and (iv) the increase in the coverage of interest expense by EBITDA to 5.4 times.
- The Atlantic Grupa's equity and liabilities structure as at 31 December 2015 is as follows:



Overview of key items in the consolidated cash flow statement

The company's capital expenditure in 2015 significantly decreased compared to the same period of the previous year and amounted to HRK 108.1 million.

Other significant investments in the period:

- SBU Beverages: the project of new Cedevita vending machines that are coming on the market in the first half of 2016, 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.

Cash flow from operating activities amounted to HRK 470.7 million, which is 5.6% higher than in 2014.

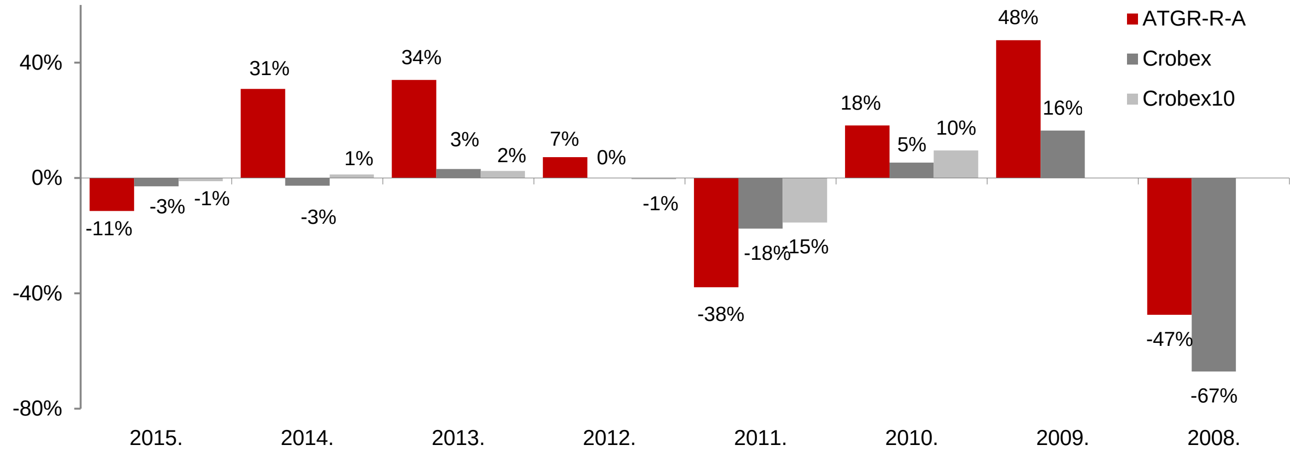
Within the cash flow statement, borrowings amounted to HRK 125.5 million and are significantly reduced from HRK 293.1 million in the previous year, taking into account the investments made in 2014 for the factory in Nova Gradiška. Compared to the previous year, repayment of long-term borrowings significantly increased, in accordance with the strategy of decreasing financial debt, and in 2015 they amounted to HRK 462.2 million.

According to the decision of the General Assembly held as at 30 June 2015, the dividend distribution was approved in the amount of HRK 12.00 per share, i.e. a total of HRK 40 million. The dividend was distributed in July 2015.

PERFORMANCE ON THE CROATIAN CAPITAL MARKET IN FY 2015

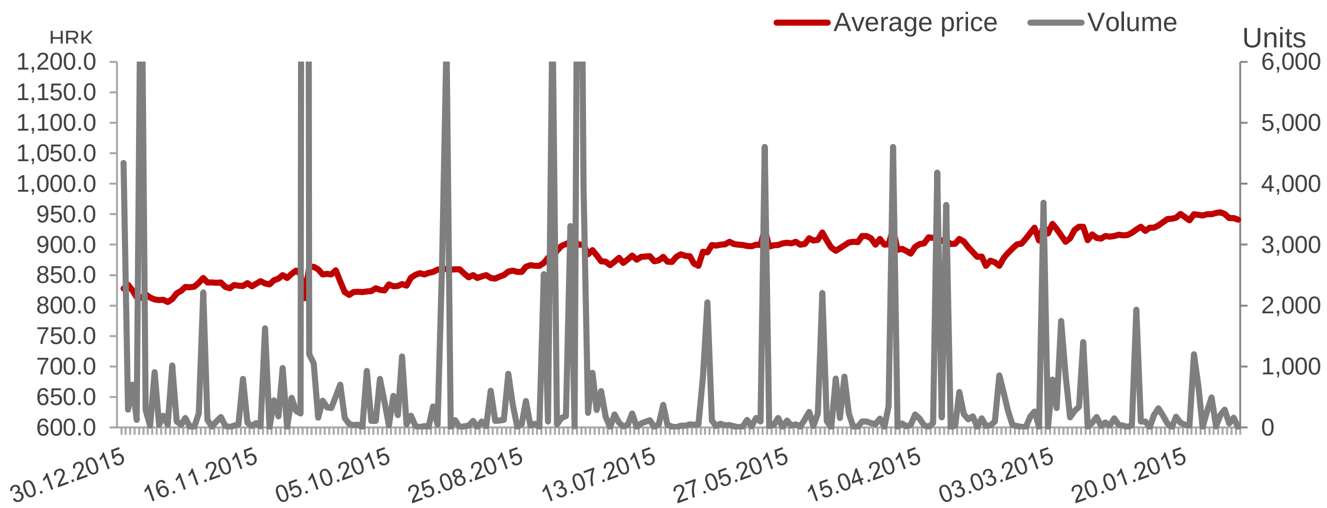
On the Zagreb Stock Exchange, in 2015 the CROBEX stock index dropped by 2.9%, while the CROBEX10 dropped by 1.1%. The Atlantic Grupa's share, pressured by the sale of a major investor's share, recorded a drop of 11.5%.

Performance on capital market

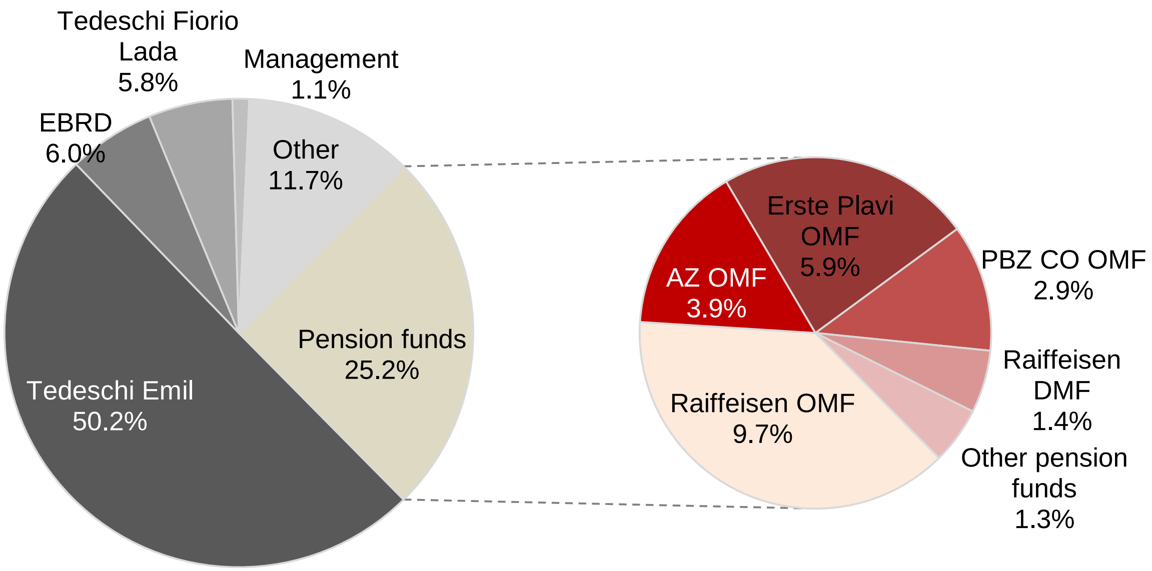


The average price of an Atlantic Grupa's share in 2015 amounted to HRK 880.1, while the average daily turnover amounted to HRK 380.1 thousand, which is a 26.9% increase compared to the previous year. With the average market capitalisation of HRK 2,934.6 million, Atlantic Grupa takes the fourth place among the components of the CROBEX10 stock index. Moreover, according to the total turnover in 2015, the Atlantic Grupa's share holds the sixth place compared to all the shares quoted on the Zagreb Stock Exchange.

Movements in the average price and volume of the Atlantic Grupa's share in 2015



Ownership structure as at 31 December 2015



*** Free float: 38.05%**

Atlantic Grupa has a stable ownership structure: 50.2% of the company is owned by Emil Tedeschi, 6.0% by the European Bank for Reconstruction and Development, 5.8% by Lada Tedeschi Fiorio, and 25.2% of Atlantic Grupa is owned by pension funds. In March 2015, EBRD sold 2.5% of shares, while in November 2015, the German Development Bank – DEG sold its remaining share in the ownership structure. These transactions increased the free-float to 38.0% which put the Atlantic Grupa's share in the ninth place according to the free float market capitalisation of HRK 1,055.9 million.

Valuation	**2015**	2014
Last price in reporting period	**832.9**	940.0
Market capitalization* (in HRK millions)	**2,777.1**	3,134.2
Average daily turnover (in HRK thousands)	**380.1**	299.5
EV (in HRK millions)	**4,457.7**	5,064.3
EV/EBITDA	**7.9**	8.5
EV/EBIT	**11.0**	11.5
EV/sales	**0.8**	1.0
EPS (in HRK)	**72.7**	60.0
P/E	**11.5**	15.7

*Closing price multiplied by the number of issued shares

OUTLOOK FOR 2016

Management's view on macroeconomic expectations

Despite high unemployment, low personal consumption and low level of investments, the Croatian economy in 2015, after a long negative period, showed the first signs of recovery. Atlantic Grupa's management expects positive trends in the Croatian economy to continue in 2016. Since the recovery is not sufficiently strong to have a significant positive impact on the labour market, management expects that the economy will continue to be hindered by unemployment and poor domestic demand.

In other countries of the region, management expects a modest economic growth in 2016. The Slovenian economy continues to grow and we expect that this will have a positive impact on the decrease in unemployment and the increase in consumption. Growth in the Serbian market will be limited by further restructuring of the public sector, while significant depreciation of the Serbian dinar is not expected. A growth is also expected in Bosnia and Herzegovina, following the increase in exports due to the recovery of foreign trade partners from the European Union.

After positive indicators in 2015, Atlantic Grupa's management expects the positive growth trend to continue. The main drivers of the eurozone growth in 2016 will be lower prices of liquid fuels, measures by the European Central Bank, increased domestic demand.

After negative 2015, management expects the Russian economy to further decline with the continued negative trends in personal consumption, primarily due to further depreciation pressures on the ruble, while the desired stability might be encouraged by the oil price stabilisation.

Atlantic Grupa's management strategic guidance for 2016

In 2016, management will focus on (i) stronger internationalisation of brands with international potential (Multipower, Argeta, Donat Mg, Bebi, Cedevita, Bakina Tajna), (ii) strengthening the position of regional brands (Cockta, Cedevita, Smoki, Grand Kafa, Barcaffe, Najlepše želje, Chipsos), (iii) active development of the regional HoReCa portfolio, and (iv) further restructuring of the business unit Sports and functional food.

Special efforts will be placed into listing and positioning of own brands into retail channel in Germany and Austria and on marketing activities on those markets.

In addition, Atlantic Grupa's management in 2016 expects lower average prices of raw coffee in the global commodity markets coupled with the unfavourable effect of the EUR/USD exchange rate. Management plans to largely annul this pressure by active hedging and continuous cost management and business processes optimisation.

Additional pressures on operations arise from discontinuation of cooperation with the biggest private brand buyer in Sports and functional food (with whom was realized HRK 350 million of annual sales in 2015), continuation of crisis in Russia and Ukraine and further depreciation of rouble.

Management's expectations for 2016 are as follows:

(in HRK millions)	2016 Guidance	2015	2016/2015
Sales	**5,400**	5,405	(0.1%)
EBITDA	**475**	567	(16.3%)
EBIT	**310**	404	(23.3%)
Interest expense	**100**	106	(5.4%)

In 2016, we expect capital expenditure in the amount of approximately HRK 150 million.

The expected effective tax rate in 2016 should be at the level of the statutory tax rate for Croatia.

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (AUDITED)

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

(all amounts expressed in thousands of HRK)	**Note**	**2015**	**2014**
Revenues	5	5,450,955	5,168,639
Cost of trade goods sold		(1,483,783)	(1,405,210)
Change in inventories of finished goods and work in progress		(1,166)	29,964
Material and energy costs		(1,791,442)	(1,620,958)
Staff costs	6	(767,779)	(704,437)
Marketing and promotion costs	7	(332,773)	(331,605)
Depreciation, amortisation and impairment	2.24, 13, 13a, 14	(163,297)	(156,330)
Other operating costs	8	(570,722)	(545,645)
Other gains/(losses) - net	9	63,986	6,284
Operating profit		**403,979**	**440,702**
Finance income	10	84,287	16,013
Finance costs	10	(199,170)	(204,025)
Finance costs - net	10	(114,883)	(188,012)
Profit before tax		**289,096**	**252,690**
Income tax expense	11	(46,573)	(39,289)
Profit for the year		**242,523**	**213,401**
Attributable to:			
Owners of the parent		242,291	200,012
Non-controlling interests		232	13,389
		242,523	213,401
Earnings per share for profit attributable to the equity holders of the Company during the year (in HRK)	12		
- basic		72.67	59.99
- diluted		72.67	59.99

The accompanying notes form an integral part of these consolidated financial statements.

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

(all amounts expressed in thousands of HRK)	Note	2015	2014
Profit for the year		**242,523**	**213,401**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial (losses)/ gains from defined benefit plan		(1,260)	130
		(1,260)	**130**
Items that may be subsequently reclassified to profit of loss			
Currency translation differences	22	(7,777)	(34,064)
Cash flow hedges	22	(2,052)	29,544
		(9,829)	**(4,520)**
Other comprehensive loss for the year, net of tax		**(11,089)**	**(4,390)**
Total comprehensive income for the year		**231,434**	**209,011**
Attributable to:			
Owners of the parent		231,208	195,606
Non-controlling interests		226	13,405
Total comprehensive income for the year		231,434	209,011

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2015

(all amounts expressed in thousands of HRK)	**Note**	**31 December 2015**	**31 December 2014**
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,083,566	1,099,289
Investment property		1,748	1,363
Intangible assets	14	1,797,791	1,804,518
Deferred income tax assets	25	37,066	41,224
Available-for-sale financial assets	17	959	942
Trade and other receivables	18	83,695	22,657
		3,004,825	2,969,993
Current assets			
Inventories	19	603,491	582,247
Trade and other receivables	18	1,192,314	1,169,343
Prepaid income tax		16,018	12,249
Derivative financial instruments	15	12,728	22,687
Deposits	18	305	275
Cash and cash equivalents	20	365,692	417,588
		2,190,548	2,204,389
Non-current assets held for sale	13a	99,196	99,874
Total current assets		2,289,744	2,304,263
TOTAL ASSETS		**5,294,569**	**5,274,256**
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the Company			
Share capital	21	133,372	133,372
Share premium	21	881,515	882,576
Treasury shares	21	(198)	(78)
Reserves	22	(26,264)	(19,635)
Retained earnings		954,325	756,497
		1,942,750	1,752,732
Non-controlling interests		2,558	2,332
Total equity		1,945,308	1,755,064
Non-current liabilities			
Borrowings	24	1,309,180	1,776,406
Deferred income tax liabilities	25	176,677	181,155
Derivative financial instruments	15	472	8,698
Other non-current liabilities		3,460	25
Provisions	26	54,475	51,936
		1,544,264	2,018,220
Trade and other payables	23	988,554	881,451
Borrowings	24	742,032	578,482
Derivative financial instruments	15	5,091	4,713
Current income tax liabilities		17,034	7,675
Provisions	26	52,286	28,651
		1,804,997	1,500,972
Total liabilities		3,349,261	3,519,192
TOTAL EQUITY AND LIABILITIES		**5,294,569**	**5,274,256**

The accompanying notes form an integral part of these consolidated financial statements.

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company					
(in thousands of HRK)	**Share Capital**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total**
Balance 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	-	-	200,012	200,012	13,389	213,401
Other comprehensive (loss)/income	-	(4,536)	130	(4,406)	16	(4,390)
Total comprehensive income	-	(4,536)	200,142	195,606	13,405	209,011
Transaction with owners:						
Acquisition of non-controlling interests (Note 28)	-	-	(30,984)	(30,984)	(62,365)	(93,349)
Share based payment (Note 21)	419	-	-	419	-	419
Purchase of treasury shares (Note 21)	(502)	-	-	(502)	-	(502)
Transfer	-	264	(264)	-	-	-
Dividends relating to 2013 (Note 21)	-	-	(35,010)	(35,010)	-	(35,010)
Balance at 31 December 2014	**1,015,870**	**(19,635)**	**756,497**	**1,752,732**	**2,332**	**1,755,064**
Comprehensive income:						
Net profit for the year	-	-	242,291	242,291	232	242,523
Other comprehensive (loss)/income	-	(9,823)	(1,260)	(11,083)	(6)	(11,089)
Total comprehensive income	-	(9,823)	241,031	231,208	226	231,434
Transaction with owners:						
Share based payment (Note 21)	3,123	-	-	3,123	-	3,123
Purchase of treasury shares (Note 21)	(4,304)	-	-	(4,304)	-	(4,304)
Transfer	-	3,194	(3,194)	-	-	-
Dividends relating to 2014 (Note 21)	-	-	(40,009)	(40,009)	-	(40,009)
Balance at 31 December 2015	**1,014,689**	**(26,264)**	**954,325**	**1,942,750**	**2,558**	**1,945,308**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(all amounts expressed in thousands of HRK)	**Note**	**2015**	**2014**
Cash flows from operating activities:			
Cash generated from operations	29	616,475	622,107
Interest paid		(102,705)	(123,509)
Income tax paid		(42,949)	(52,879)
		470,821	445,719
Cash flows used in investing activities			
Purchase of property, plant and equipment and intangible assets		(115,534)	(190,100)
Proceeds from sale of property, plant and equipment and non-current assets held for sale		4,470	6,481
Proceeds from sale of available-for-sale financial assets		3,785	-
Acquisition of subsidiary – net of cash acquired	28	(5,295)	(5,332)
Loans granted and deposits placed		(37,629)	(49,946)
Repayments of loan and deposits granted		6,161	45,460
Interest received		4,637	4,511
		(139,405)	(188,926)
Cash flows used in financing activities			
Purchase of treasury shares	21	(4,304)	(502)
Proceeds from borrowings, net of fees paid		125,532	293,101
Repayments of borrowings		(462,186)	(322,782)
Acquisition of interest in a subsidiary from non-controlling interests	28	-	(93,349)
Dividends paid to Company shareholders	21	(40,009)	(35,010)
		(380,967)	(158,542)
Net (decrease)/ increase in cash and cash equivalents		**(49,551)**	**98,251**
Exchange losses on cash and cash equivalents		(2,345)	(5,997)
Cash and cash equivalents at beginning of year		417,588	325,334
Cash and cash equivalents at end of year	20	**365,692**	**417,588**

The accompanying notes form an integral part of these consolidated financial statements.

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