

Atlantic Grupa d.d.

Non-consolidated financial results for the period ended 30 September 2017 (unaudited)

Content:

- I. Report on business results for the period ended 30 September 2017**
- II. Unaudited non-consolidated financial reports for the period ended 30 September 2017**
- III. Statement of liability for preparation of financial reports**

General information:

Atlantic Grupa d.d. was incorporated in Republic of Croatia in 2002. Atlantic Grupa d.d. is domiciled in Zagreb, Miramarska 23, Croatia.

Atlantic Grupa d.d. performs corporate activities such as planning entrepreneurial functions, organisation of principal activities, gathering and utilising financial assets, defining strategy and development of business activities of Atlantic Grupa.

On September 30th 2017 Atlantic Grupa employed 133 employees.

Management Board members:

- ❖ Emil Tedeschi, President of the Management Board
- ❖ Mladen Veber, Senior Group Vice President for Business Operations
- ❖ Neven Vranković, Group Vice President for Corporate Affairs
- ❖ Zoran Stanković, Group Vice President for Finance

Supervisory Board members:

- ❖ Zdenko Adrović, President
- ❖ Lada Tedeschi Fiorio, Vice President
- ❖ Siniša Petrović, member
- ❖ Peter Elam Håkansson, member
- ❖ Franz Josef Flosbach, member
- ❖ Aleksandar Pekeč, member
- ❖ Jean Louis Yvon Gourbin, member

On September 30th 2017 share capital of Atlantic Grupa d.d. totalled HRK 133,372,000.00 divided into 3,334,300 ordinary shares in the nominal amount of HRK 40.00.

Financial results for the period ended 30 September 2017:

For the period ended 30 September 2017 Atlantic Grupa d.d. reported HRK 103,211,185.00 of operating income, attributed in total to other operating income.

In the same period, Atlantic Grupa d.d. reported HRK 98,975,751.00 of operating costs. Employee benefits expenses in the amount of HRK 44,772,139.00 related to net salaries, taxes and contributions from salary expenses and contributions on salary, and also other expenses in the amount of HRK 34,571,125.00 represent the largest amount of operating costs. Other costs relate to maintenance, rent and other services.

For the period ended 30 September 2017 financial income amounted HRK 130,005,876.00. Financial expenses in the same period amounted to HRK 11,224,582.00.

Atlantic Grupa d.d. reported HRK 121,676,024.00 of net profit for the period ended 30 September 2017.

ATLANTIC GRUPA d.d.

**CONDENSED NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

Annex 1.

Reporting period

1.1.2017

to

30.9.2017

Quarterly financial report TFI-POD

Tax number (MB): 01671910

Company registration number (MBS): 080245039

Personal identification number (OIB): 71149912416

Issuing company: ATLANTIC GRUPA d.d.

Postal code and place: 10000

Zagreb

Street and house number: MIRAMARSKA 23

E-mail address: atlantic@atlantic.hr

Internet address: www.atlantic.hr

Municipality/city code and name

County code and name

Number of employees: 133
(period end)

Consolidated report: NO

NKD code: 7010

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

Bookkeeping service:

Contact person: Ilinčić Tatjana
(only surname and name)

Telephone: 012413927

Telefaks: 012413002

E-mail address: tatjana.ilincic@atlanticgrupa.com

Family name and name: Stanković Zoran
(person authorized to represent the company)

L.S.

(signature of the person authorized to represent the company)

BALANCE SHEET

AS AT 30 SEPTEMBER 2017

Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	1.620.451.572	1.640.266.085
I. INTANGIBLE ASSETS (004 do 009)	003	18.428.361	17.968.997
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	18.337.288	17.713.528
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	91.073	255.469
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	17.044.322	16.507.948
1. Land	011		
2. Buildings	012	9.851.308	8.724.928
3. Plant and equipment	013		
4. Tools, working inventory and transportation assets	014	5.854.100	6.060.683
5. Biological assets	015		
6. Advances for purchase of tangible assets	016		
7. Tangible assets in progress	017	144.445	527.868
8. Other tangible assets	018	1.194.469	1.194.469
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	1.581.784.596	1.603.935.550
1. Share in related parties	021	1.580.661.218	1.602.820.148
2. Loans to related parties	022		0
3. Participating interests (shares)	023		
4. Loans to companies with participating interest	024		
5. Investments in securities	025	370	370
6. Loans, deposits, etc.	026	1.123.008	1.115.032
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	0	0
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031		
3. Other receivables	032		
V. DEFERRED TAX ASSET	033	3.194.293	1.853.590
C) CURRENT ASSETS (035+043+050+058)	034	58.939.952	94.820.504
I. INVENTORIES (036 do 042)	035	0	4.324
1. Raw materials and supplies	036		4.324
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039		
5. Advances for inventories	040		
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	47.359.877	47.627.689
1. Receivables from related parties	044	38.697.771	38.637.211
2. Receivables from end-customers	045	3.705.806	5.556.856
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	391.243	187.924
5. Receivables from government and other institutions	048	4.087.145	2.551.559
6. Other receivables	049	477.912	694.139
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	4.400.505	40.239.557
1. Share in related parties	051		
2. Loans to related parties	052		35.000.000
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	4.400.505	5.239.557
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	7.179.570	6.948.934
D) PREPAYMENTS AND ACCRUED INCOME	059	1.405.395	1.699.267
E) TOTAL ASSETS (001+002+034+059)	060	1.680.796.919	1.736.785.856
F) OFF BALANCE SHEET ITEMS	061		

BALANCE SHEET

AS AT 30 SEPTEMBER 2017

Position	AOP	Previous period	Current period
1	2	3	4
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.158.636.175	1.233.115.150
I. SUBSCRIBED SHARE CAPITAL	063	133.372.000	133.372.000
II. CAPITAL RESERVES	064	881.489.353	881.051.900
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	-87.600	-1.863.210
1. Legal reserves	066		
2. Reserve for own shares	067		
3. Treasury shares and shares (deductible items)	068	87.600	1.863.210
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	156.598.649	98.878.436
1. Retained earnings	073	156.598.649	98.878.436
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	-12.736.227	121.676.024
1. Net profit for the period	076		121.676.024
2. Net loss for the period	077	12.736.227	
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	16.456.578	10.399.028
1. Provisions for pensions, severance pay and similar liabilities	080	16.456.578	10.399.028
2. Provisions for tax liabilities	081		
3. Other provisions	082		
C) NON-CURRENT LIABILITIES (084 do 092)	083	199.574.036	199.676.195
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086		
4. Liabilities for advances	087		
5. Trade payables	088		
6. Commitments on securities	089	199.574.036	199.676.195
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091		
9. Deferred tax liabilities	092		
D) CURRENT LIABILITIES (094 do 105)	093	299.852.494	286.491.446
1. Liabilities to related parties	094	138.338.333	106.467.415
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	136.413.203	165.336.136
4. Liabilities for advances	097		
5. Trade payables	098	20.651.784	8.533.997
6. Commitments on securities	099	123.647	1.673.306
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	2.141.660	2.272.537
9. Taxes, contributions and similar liabilities	102	1.887.677	1.975.991
10. Liabilities arising from share in the result	103	185.459	227.997
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	110.731	4.067
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	6.277.636	7.104.037
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.680.796.919	1.736.785.856
G) OFF BALANCE SHEET ITEMS	108		

INCOME STATEMENT

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

Position	AOP	Previous period	Previous period	Current period	Current period
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 do 113)	111	94.609.047	31.002.208	103.211.185	35.103.281
1. Rendering of services	112				
2. Other operating income	113	94.609.047	31.002.208	103.211.185	35.103.281
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	88.224.602	29.804.407	98.975.751	35.642.025
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	74.764	24.285	42.720	1.281
a) Costs of raw materials	117	74.764	24.285	42.720	1.281
b) Cost of goods sold	118				
c) Other material expenses	119				
3. Employee benefits expenses (121 do 123)	120	44.962.612	12.460.812	44.772.139	12.771.941
a) Net salaries	121	21.383.336	6.113.339	22.900.015	6.684.752
b) Tax and contributions from salary expenses	122	17.073.661	4.563.074	15.426.114	4.255.769
c) Contributions on salary	123	6.505.615	1.784.399	6.446.010	1.831.420
4. Depreciation and amortisation	124	3.715.835	1.249.676	7.382.144	2.586.075
5. Other expenses	125	29.324.496	12.784.098	34.571.125	15.744.692
6. Write down of assets (127+128)	126	0	0	0	0
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128				
7. Provisions	129				
8. Other operating costs	130	10.146.895	3.285.536	12.207.623	4.538.036
III. FINANCIAL INCOME (132 do 136)	131	15.415.125	1.461.832	130.005.876	-2.586.670
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	9.500.000	0	128.000.000	0
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	5.915.125	1.461.832	2.005.876	-2.586.670
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136				
IV. FINANCIAL EXPENSES (138 do 141)	137	15.406.793	6.403.129	11.224.582	2.939.656
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	2.161.169	467.285	2.612.962	523.175
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	13.245.624	5.935.844	8.611.620	2.416.481
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141				
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+144)	146	110.024.172	32.464.040	233.217.061	32.516.611
X. TOTAL EXPENSES (114+137+143+145)	147	103.631.395	36.207.536	110.200.333	38.581.681
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	6.392.777	-3.743.496	123.016.728	-6.065.070
1. Profit before taxes (146-147)	149	6.392.777	0	123.016.728	0
2. Loss before taxes (147-146)	150	0	3.743.496	0	6.065.070
XII. TAXATION	151	398.876	-760.466	1.340.704	-250.751
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	5.993.901	-2.983.030	121.676.024	-5.814.319
1. Profit for the period (149-151)	153	5.993.901	0	121.676.024	0
2. Loss for the period (151-148)	154	0	2.983.030	0	5.814.319
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	5.993.901	-2.983.030	121.676.024	-5.814.319
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	339.075	77.882	0	0
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161				
4. Profit or loss from cash flow hedging	162	339.075	77.882		
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associated companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)	167	339.075	77.882	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	6.332.976	-2.905.148	121.676.024	-5.814.319

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	001	6.392.777	123.016.728
2. Depreciation and amortisation	002	3.715.835	7.382.144
3. Decrease of current liabilities	003		
4. Decrease of current receivables	004		
5. Decrease of inventories	005		
6. Other cash flow increases	006		
I. Total increase of cash flow from operating activities	007	10.108.612	130.398.872
1. Decrease of current liabilities	008	16.532.655	53.071.420
2. Increase of current receivables	009	13.176.498	13.973.838
3. Increase of inventories	010	137.971	4.324
4. Other cash flow decreases	011	11.235.762	142.716.580
II. Total decrease of cash flow from operating activities	012	41.082.886	209.766.162
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	0	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	30.974.274	79.367.290
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015	157.696	66.965
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	6.206	260.427
4. Dividend received	018	9.500.000	3.000.000
5. Other proceeds from investing activities	019	61.843	27.083.523
III. Total cash inflows from investing activities	020	9.725.745	30.410.915
1. Purchase of non-current assets	021	4.588.834	6.470.406
2. Purchase of non-current financial assets	022	24.633.083	
3. Other cash outflows from investing activities	023	1.000.000	85.372.921
IV. Total cash outflows from investing activities	024	30.221.917	91.843.327
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	20.496.172	61.432.412
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027	200.000.000	
2. Proceeds from loans and borrowings	028	127.000.000	174.800.000
3. Other proceeds from financing activities	029		
V. Total cash inflows from financing activities	030	327.000.000	174.800.000
1. Repayment of loans and bonds	031	225.427.400	26.800.000
2. Dividends paid	032	45.011.633	
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034	1.076.400	7.430.934
5. Other cash outflows from financing activities	035		
VI. Total cash outflows from financing activities	036	271.515.433	34.230.934
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	55.484.567	140.569.066
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	0
Total increases of cash flows	039	4.014.121	0
Total decreases of cash flows	040	0	230.636
Cash and cash equivalents at the beginning of period	041	2.038.417	7.179.570
Increase of cash and cash equivalents	042	4.014.121	0
Decrease of cash and cash equivalents	043	0	230.636
Cash and cash equivalents at the end of period	044	6.052.538	6.948.934

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2017

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	133.372.000	133.372.000
2. Capital reserves	002	881.489.353	881.051.900
3. Reserves from profit	003	-87.600	-1.863.210
4. Retained earnings or loss carried forward	004	156.604.955	98.878.436
5. Net profit or loss for the period	005	5.993.901	121.676.024
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008		
9. Other revaluation	009	-38.914	
10. Total equity and reserves (AOP 001 to 009)	010	1.177.333.695	1.233.115.150
11. Foreign exchange differences from foreign investments	011		
12. Current and deferred taxes	012		
13. Cash flow hedge	013	339.075	
14. Change of accounting policies	014		
15. Correction of significant mistakes of prior period	015		
16. Other changes	016	-38.933.908	74.478.975
17. Total increase or decrease of equity (AOP 011 to 016)	017	-38.594.833	74.478.975

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 30th October 2017

Pursuant to the article 407. to 410. of the Capital market Law (Official Gazette 88/08, 146/08, 74/09, 54/13, 159/13, 18/15 and 110/15) the President of the Management Board of Atlantic Grupa d.d., Miramarska 23, Zagreb provides

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 non-consolidated financial statements for the period from 1 January 2017 till 30 September 2017 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Company.

The management report for the period ended 30 September 2017 presents true and fair presentation of development and results of the Company's operations with description of significant risks and uncertainties for the Company.

President of the Management Board



Emil Tedeschi

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 kn, 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.



Contact:

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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 kn, 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.