Financial results in 2014

Zagreb – 24 February 2015

Business growth coupled with the largest investment cycle in the company's history

- **Sales at HRK 5,118.4 million**
  + 2.4% compared to FY 2013
- **Earnings before interest, taxes, depreciation and amortisation (EBITDA) at HRK 597.0 million**
  + 1.1% compared to FY 2013
- **Earnings before interest and taxes (EBIT) at HRK 440.7 million**
  + 3.8% compared to FY 2013
- **Net profit after minorities at HRK 200.0 million**
  + 2.6% compared to FY 2013

Comment of President of the Management board and CEO

Commenting on the financial results and key business developments in 2014, Emil Tedeschi, President of the Management Board and CEO of Atlantic Grupa, pointed out:

"Among key developments in 2014 we should point out further expansion of the own production and distribution portfolio, construction of the energy bars production plant in Nova Gradiška as the largest capital expenditure in the company's history, and acquisition of Foodland d.o.o., representing the expansion of Atlantic Grupa's brand portfolio and an additional impulse in internationalisation of business operations. However, 2014 was also characterised by extremely difficult macro and micro economic environment reflected in reduced personal consumption, strong depreciation of the Russian ruble, natural disasters in the region and negative movements in most market categories across the region. Nevertheless, Atlantic Grupa recorded sales and profitability in line with the announced expectations in addition to continuous deleveraging.

In 2015, focus will be on further growth and internationalisation of the company's business operations, operational and financial risk management, liquidity and debt management."

Financial summary of 2014

Key figures	2014	2013*	2014/2013
Sales (in HRK millions)	**5,118.4**	4,998.9	2.4%
Turnover (in HRK millions)	**5,168.6**	5,039.9	2.6%
EBITDA margin	**11.7%**	11.8%	- 15 bp
Net income after minorities (in HRK millions)	**200.0**	194.9	2.6%
Gearing ratio	**52.3%**	55.2%	-281 bp

* Sales for 2013 were restated, as explained in the "Sales dynamics" section

KEY DEVELOPMENTS in 2014

1. Successful distribution of Unilever in Croatia and Slovenia

After signing the Agreement on distribution in December 2013, the 2014 was mainly marked by the successful beginning of the Unilever's product range distribution in the markets of Croatia and Slovenia. Unilever is one of the leading global producers of consumer goods with a rich portfolio of globally famous brands (Knorr, Hellman's, Axe, Rexona, Brut, Signal, Coccolino, Domestos, Cif and many others), and its inclusion into Atlantic Grupa's distribution portfolio confirmed Atlantic Grupa's status of the leading distributor in the region, offering the highest level of the distribution service with the high realisation of distribution parameters.

2. Construction of the new energy bars factory in Nova Gradiška

In accordance with the contractual time schedule, construction of the new factory of energy bars from the sports and functional food product range in the Industrial Park Nova Gradiška was completed (began in April 2014). This also completed the largest investment cycle in the history of Atlantic Grupa's business operations, amounting to the total value of EUR 13 million.

All production equipment was delivered and assembly and connection to the facility's infrastructure were completed. After the final inspection at the end of 2014, the use permit for the plant in Nova Gradiška was obtained, representing one additional step towards the project's successful completion.

In the plant construction project, the project team prepared the implementation of SAP solution for supporting business processes of the new plant. The implementation was completed in line with the plan and the SAP system went active at the beginning of November, in time for first orders of raw materials and the beginning of the test production.

Considering that all the necessary preconditions were realised, the project team started test production in order to achieve full functionality of the energy bars production after the first quarter of 2015.

3. Acquisition of Foodland d.o.o.

In November 2014, Atlantic Grupa signed the agreement on the acquisition of 100% of the company Foodland d.o.o. with headquarters in Belgrade and production plants in Igros at the base of the Kopaonik mountain range.

The Foodland d.o.o. company was founded in 1998 and its main activity is the production of natural healthy food from selected ingredients. The most important part of the product range under the brand Bakina Tajna (Granny's Secret) includes delicacies such as savoury spreads and sauces (Ajvar relish, Pindjur relish, ketchup, pasta sauces) and sweet spreads (jams, jellies, sweets) as well as natural syrups and juices made from fresh fruits and vegetables. Vegetables and fruits selected for the production are the yield of the untouched nature of the broader area of Kopaonik and the local farms. All products are made with the highest percentage of fruit and vegetables and prepared in a traditional way, without additives or preservatives. Production at the Foodland plant is set up in accordance with the high standards of the worldwide HCCP certificates, ISO 9001 and BRC.

In 2014*, the company's overall sales revenue amounted to EUR 8.3[1]million. In this, 85% of sales related to own production and 15% to principal brands that the company is distributing. The brand

* Preliminary unaudited results

Granny's Secret makes up 50% of sales and the brand Amfissa (olives, sour pickles, capers, dried tomatoes, etc.) accounts 26% of sales from own production, the rest being mostly production for private labels. Geographically, the company's largest market is Serbia with 60% of sales, while outside the region (West Europe, USA, Australia, Japan) it realises 28% of sales, Russia being the largest export market.

The strategic reasons for the acquisition of this company include:

- The recognisable brand Granny's Secret with a range of high-quality products prepared in a traditional way, without additives or preservatives, which on one hand strengthens Atlantic Grupa's brand assortment and, on the other, is an additional impulse in further internationalisation of business operations.
- Stronger regional presence of the brands Granny's Secret, Amfissa and principal brands (primarily in Serbia and Montenegro) by using the existing regional distribution infrastructure of Atlantic Grupa.
- Cost synergies in terms of more efficient procurement of raw materials, merging of logistics activities, processes and premises, more efficient production, improved receivables collection, centralized transport management, higher marketing power.

In January 2015, the Serbian Agency for Protection of Market Competition approved the Atlantic Grupa's acquisition of Foodland d.o.o., thus satisfying all requirements for Foodland's inclusion in Atlantic Grupa's consolidated results in 2015.

4. Own brands in 2014

In the Strategic Business Unit **Beverages**, Donat Mg is the winner of several awards. In the competition „Healthy Nutrition Award 2014“, that awards companies which produce food in accordance with the guidelines of healthy nutrition, it was proclaimed the best mineral water in Russia. Moreover, in cooperation with one marketing agency, Donat Mg won the title of the “General web champion” and the gold Sampler in the category "Best Target Action" for “Preggy Mg” website. Financial Times recognised Cockta as a top product in global terms by ranking Cockta Original among the best 4 cola drinks in the world. Cockta consistently fulfils its environmental obligations and since the summer it is available in R-PET plastic bottles made of 50% recycled plastics. In the HoReCa channel, Cedevita offers consumers in the region a new experience by 25% extra content for the same price, unique serving and innovative packaging not seen in the market before. In the retail channel, new Cedevita packs of 75g for 1L of the beverage and 150g for 2L of the beverage were launched, with the most popular orange and lemon flavours, strawberry Cedevita Kids and elder-lemon Cedevita.

The Strategic Business Unit **Savoury Spreads** launched a new Argeta tea pâté and, in cooperation with a Michelin star chef, Argeta exclusive a la Subida. Additionally, Argeta's campaign “Approved by Moms” won the silver Euro Effie 2014. Winning this award in direct competition with companies such as Beiersdorf AG, P&G, GlaxoSmithKline, Barilla, Unilever and Coca-Cola best illustrates the strength of the Argeta brand. The Euro Effie award is the most respected European award in market communications, and it is awarded solely on the basis of proven market efficiency on at least two markets. Further, Austrian magazine Regal selected Argeta among top products in the category of bread spreads in Austria by ranking Argeta chicken pâté first and Argeta Junior Classic third.

In the Strategic Business Unit **Coffee**, Barcaffe broke all records and won four gold medals in 2014 International Coffee Tasting competition among 149 coffee blends from 15 countries. The winning products were selected by an international panel of judges which evaluated coffee blends from Italy, Korea, Australia, Canada, China, Germany, Japan, Portugal, Spain, Switzerland, Thailand, Taiwan, Vietnam, USA and Slovenia. Judges evaluated coffee beverages based on several criteria such as body and intensity of aroma and structure of the cream. Amongst this year's winners are three espresso and one filter blend of Barcaffè coffee - Barcaffè Bar, Barcaffè Prestige and Barcaffè Filter, brands for which this is a second gold medal in this competition.

In the Strategic Business Unit **Pharma and Personal Care**, Rosal Lip Balm has taken a leading position on the Croatian market and was awarded as the "Innovation of the Year" for the product Rosal Lip Balm (INK)REDIBLE COLORS Morning Rose.

In September 2014, the Strategic Business Unit **Snacks**, as part of the Štark brand, launched chips under the Chipsos brand across the region. Already in the period October-November, Chipsos took the second position in Serbia with an 8.5% volume and value market shares (AC Nielsen Retail Panel).

It should be mentioned that brands Cedevita, Argeta, Smoki and Cockta are among the top 10 regional brands in Croatia, Slovenia, Bosnia and Herzegovina, Serbia, Macedonia, according to Valicon's survey on the brand strength. Cedevita ranks fourth, Argeta fifth, Smoki seventh and Cockta eighth. The strength of brands was calculated on the basis of their recognisability, experience and use.

5. Information technologies

Atlantic Grupa's ICT team got a valuable recognition from the IDC analytics company, whereby the executive officer for corporative information and communication technologies of Atlantic Grupa was proclaimed the best CIO (Chief Investment Officer) in Croatia for the private sector, and Atlantic Grupa's "private cloud" for Croatia and Slovenia was proclaimed the best IT project in the private sector.

Further, the possibilities of the regional data centre in Zagreb were used for the purposes of further consolidation of IT infrastructure and services. In 2014, all infrastructure required for operation of business solutions for companies in Slovenia, such as support systems for SAP and other IT solutions, was migrated to the data centre.

The business solution segment continues intensive work on equalising the platform in the ERP (Enterprise Resource Planning) system segment. In line with the Group's strategic orientation to SAP solutions, two preparatory projects for drafting blueprints for SAP implementation were carried out in production and distribution companies. The blueprint for production companies has already been successfully implemented in the company Atlantic Multipower Nova Gradiška, while the initial implementation, planned in 2015, of the blueprint for distribution companies will take place in the company Atlantic Trade Zagreb. In order to strengthen the SAP support, the internal SAP team was formed by hiring SAP experts, thus realising the preconditions for reducing dependence on external partners and even more efficient linking of IT and business users in preparing the solution for all companies.

The segment of business solutions also includes reporting/analysis systems for supporting activities in the segment of BI solutions (Business Intelligence). In 2014, infrastructure for the Enterprise Data Warehouse was prepared, that will in 2015 allow implementation of support solutions for integrated reporting, data analysis and planning processes.

6. Strategic partnership with INA

Based on the strategic partnership of Atlantic Grupa and INA, from April, Montana sandwiches, the market leader in their category, are exclusively sold on Ina's gas stations, and from June, the strategic partnership extended to the Coffee segment.

This cooperation is an example of an effective synergy of business units, strengthening the position of Atlantic Grupa as the most developed distributor of consumer goods and it represents a significant step forward in the development and expansion of the coffee business, specially of the Coffee to Go segment.

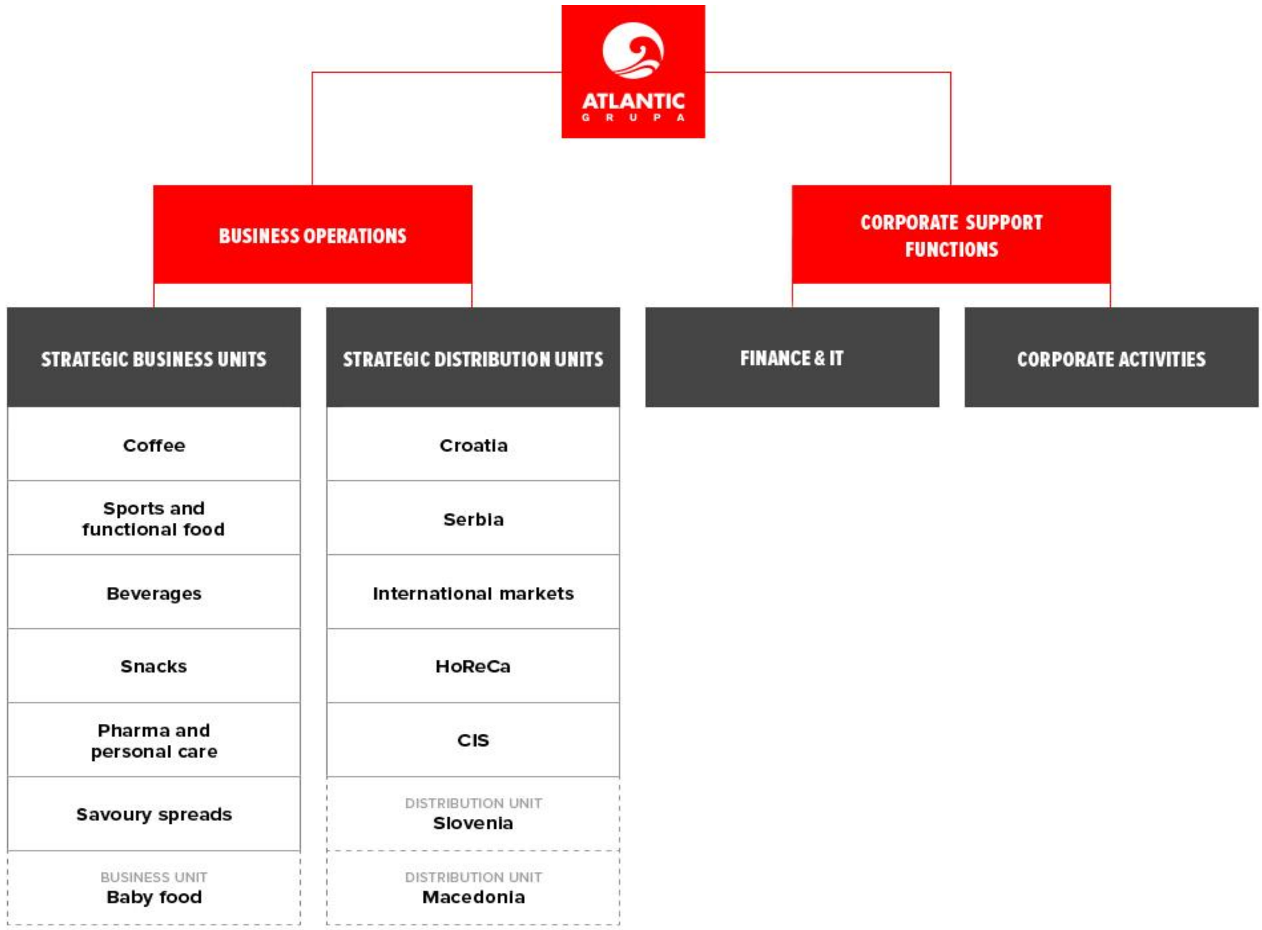
7. Purchase of minority interests in operating companies

Further to its strategic commitment to ownership consolidation in all operating companies within the system, Atlantic Grupa purchased minority interests in the companies in which it is the majority owner.

This includes buy-outs in companies Cedevita d.o.o. and Atlantic Multipower UK Ltd., where Atlantic Grupa directly purchased a 19-percent minority share in Cedevita, while Atlantic Multipower Germany, a company fully owned by Atlantic Grupa, purchased a 35-percent share in Atlantic Multipower UK, an operating company registered in London. The amount paid for these minority interests is HRK 93.3 million.

8. New organisational structure of business operations

In 2014, Atlantic Grupa introduced a new organisational structure of business operations with the aim to manage business segments and distribution markets as effectively as possible.



SALES DYNAMICS in 2014

Sales profile by business segments

(HRK 000)	2014	2013*	2014/ 2013
SBU Beverages	**638,817**	644,137	(0.8%)
SBU Coffee	**1,026,680**	1,091,348	(5.9%)
SBU (Sweet and Salted) Snacks	**614,426**	616,517	(0.3%)
SBU Savoury Spreads	**471,385**	457,035	3.1%
SBU Sports and Functional Food	**779,075**	781,080	(0.3%)
SBU Pharma and Personal Care	**493,344**	498,939	(1.1%)
SDU Croatia	**844,252**	764,849	10.4%
SDU Serbia	**1,083,149**	1,145,258	(5.4%)
SDU International markets	**582,426**	555,632	4.8%
DU Slovenia	**725,487**	615,014	18.0%
Other segments**	**820,505**	851,106	(3.6%)
Reconciliation***	**(2,961,173)**	(3,021,979)	n/a
Sales	**5,118,373**	4,998,936	2.4%

In 2014, Atlantic Grupa **recorded sales of HRK 5.1 billion**, which is a 2.4% growth compared to the previous year. This growth was primarily a result of the growth in sales in the Strategic Business Unit Savoury Spreads, the Strategic Distribution Unit International Markets and the beginning of the Unilever principal distribution in the Strategic Distribution Unit Croatia and the Distribution Unit Slovenia. The sales are mildly higher than in 2013 excluding the effect of new and old principals (the beginning of Unilever distribution and the termination of cooperation with principals Manner, Lorenz, Bobi and Red Bull in Croatia) and extremely unfavourable movements in exchange rates (the average depreciation of the Russian ruble of 19.4 % and the average depreciation of the Serbian dinar of 2.9% compared to 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.

* In 2014 the classification of contracted marketing expenses has changed from "Marketing and selling expenses" to decrease in "Sales revenues", and classification of support for contracted marketing expenses has changed from decrease in "Marketing and selling expenses" to decrease in "Cost of merchandise sold". In accordance with this change, sales revenue, referring to sales from the distribution company Atlantic Trade Zagreb and sales of SBU Savoury Spreads and BU Baby Food in the market of Russia for segment information in 2013 has been restated, but no restatement has been made for sales revenue referring to SBU Savoury Spreads on markets outside the region and Russia due to immateriality.

** 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.

- **Strategic Business Unit Beverages** recorded lower sales primarily as a consequence to a decrease in sales of vitamin drinks and carbonated soft drinks. The decrease in sales of mentioned categories is a consequence of unstable weather conditions during the summer tourist season, negative impact of floods in May across the region as well as the volume and value drop in the overall market categories on regional markets*. It should be mentioned that Cedevita continues to increase its market share, both in terms of value and volume, in Croatia and Slovenia, despite the total volume (Slovenia -7,6%, Croatia -11,2%) and value drop in that category on both markets. The category of functional waters with the Donat Mg brand recorded double-digit growth rates in Slovenia, Bosnia and Herzegovina and Russia, whereas growth in the latter market was achieved despite adverse economic and political conditions. Further, in 2014, Kala recorded excellent results by taking the second position (including the sale of gallons) in the category of spring waters, while Kalnička holds the third position in the category of mineral waters** in the Croatian market.

- The decrease in sales of the **Strategic Business Unit Coffee** is primarily a consequence of lower sales of Turkish coffee in the markets of Serbia, Bosnia and Herzegovina and Macedonia, which was partially compensated by the growth in sales in the markets of Slovenia and Croatia. The drop in sales in Serbia is mainly a consequence of the growth of 'cheap' competition in the form of small roasting plants, the depreciation of the dinar and significantly higher price discounts compared to 2013. Nevertheless, while the overall coffee market category recorded the volume drop of 6.3% and the value drop of 13.7%* in Serbia, the Grand Kafa brand retained its market shares. In Croatia, Barcaffe recorded excellent results and increased its volume and value market shares above 10%*, mostly due to Barcaffe's inclusion in the leading Croatian retail chain in the fourth quarter of 2014. In Slovenia, great results of the “Kavamania” loyalty programme resulted in Barcaffe continuing to improve its leading positions through the growth of the volume and value market shares, while the overall market category recorded the volume and value drop of 3.0% and 4.1%*, respectively.

- The **Strategic Business Unit Snacks** recorded a slight decrease in sales as a consequence of lower sales in biscuits, flips and wafers categories, partly mitigated by launching the new category – chips under the brand Chipsos in September. Analysed by markets, the greatest drop in sales was recorded in the markets of (i) Bosnia and Herzegovina, primarily due to the drop in sales of chocolate and wafers and (ii) Serbia due to the drop in sales of biscuits and flips and the depreciation of the dinar, while both markets experienced lower consumption during the floods in May. On the positive side, the brand Chipsos in the chips category in a very short period after launching took the second position in Serbia with an 8.5% volume and value growth in market shares (period October-November)*. The Croatian market recorded double-digit growth rates, primarily due to increased sales of flips under the brand Smoki with both volume and value market share growth, while this market category recorded the volume and value drop of 7.6% and 10.4%*, respectively.

- The **Strategic Business Unit Savoury Spreads** recorded a sales growth due to key regional markets (Bosnia and Herzegovina, Croatia, Slovenia, Serbia) and international markets, primarily Russia and Austria. It should also be mentioned that Argeta holds the best ever market shares in Austria and Switzerland as well as in Croatia and Slovenia. The Croatian market recorded the volume and value market growth, primarily due to the launching of Argeta tea pâté and Argeta's

* AC Nielsen Retail Panel, January-November 2014 (percentage movements on an annual level)
** According to the report of the Croatian Association of Drink Producers, January-December 2014

inclusion in the leading retail chain in the fourth quarter of 2014, while the overall category recorded the volume and value drop of 8.3% and 6.2%*, respectively.

- The **Strategic Business Unit Sports and Functional Food** recorded a mild decrease in sales primarily caused by the drop in private labels following the termination of the contract with one customer and a drop in sales in Switzerland and Russia. This was largely compensated by the growth in sales in UK and Germany. Analysed by brands, the highest sales growth was recorded by the brands Multipower and Champ, while Multaben recorded a decrease in sales.

- The **Strategic Business Unit Pharma and Personal Care** recorded a decrease in sales as a consequence of (i) lower sales of Dietpharm product range due to the volume and value drop in the overall market category of food supplements in Croatia and also due to the application of the EU legislation that caused the delisting of certain products under the Dietpharm brand and (ii) Neva's cosmetics product range. This was partially compensated by the growth in sales of the pharmacy chain Farmacia (despite the decrease in prices of prescription drugs by the Croatian Institute for Health Insurance (HZZO) on four occasions during 2014) and product range of Multivita in Russia.

- The double-digit growth in sales of the **Strategic Distribution Unit Croatia** is largely result of the beginning of the distribution of new principals, primarily of the Unilever product range, but also others, such as Ilirija and Monster, and (i) an increase in the sales of own brands, especially Barcaffe and Argeta (driven also by their inclusion in the Croatian leading retail chain in the fourth quarter) and Kala and Smoki, (ii) an increase in the sales of principal brands such as Johnson&Johnson, Rauch, Duracell, and (iii) previous year's temporarily suspended distribution in March during negotiations related to the implementation of new commercial terms and conditions. If we exclude the effect of Unilever sales and the termination of distribution of Lorenz, Manner and Bobi, the Strategic Distribution Unit Croatia recorded a 1.0% growth in sales.

- The decrease in sales of the **Strategic Distribution Unit Serbia** is a consequence of several factors: (i) the depreciation of the dinar, (ii) unstable weather conditions and natural disasters in May, (iii) the decrease in sales of the coffee, carbonated soft drinks, vitamin instant drinks and sweet snacks and flips segments, as a consequence of the volume and value drop in all these categories in the market of Serbia (excluding flips, which records only the value drop)* and (iv) extremely aggressive price competition that resulted in significantly higher price discounts. The drop was partly compensated by the increase in sales of Argeta and the beginning of the distribution of new principals (L'Oréal and Alkaloid).

- The **Strategic Distribution Unit International Markets** recorded a growth in sales, primarily in the markets of Germany, United Kingdom, Turkey and Austria, mainly in the sports and functional food and functional waters segments.

- The highest sales growth among all segments was recorded by the **Distribution Unit Slovenia**, primarily due to the beginning of the Unilever product range distribution and the increase in sales of internal principals from the segments of functional waters and savoury spreads as well as the increase in sales of the existing external principals, such as Ferrero. If sales of Unilever are excluded, the DU Slovenia recorded a growth in sales of 0.6%.

---

* AC Nielsen Retail Panel, January-November 2014 (percentage movements on an annual level)

- **Other segments** recorded a decrease in sales resulting from lower sales of the Business Unit Baby Food, the Distribution Unit Macedonia, the Strategic Distribution Unit HoReCa and the Strategic Distribution Unit CIS.

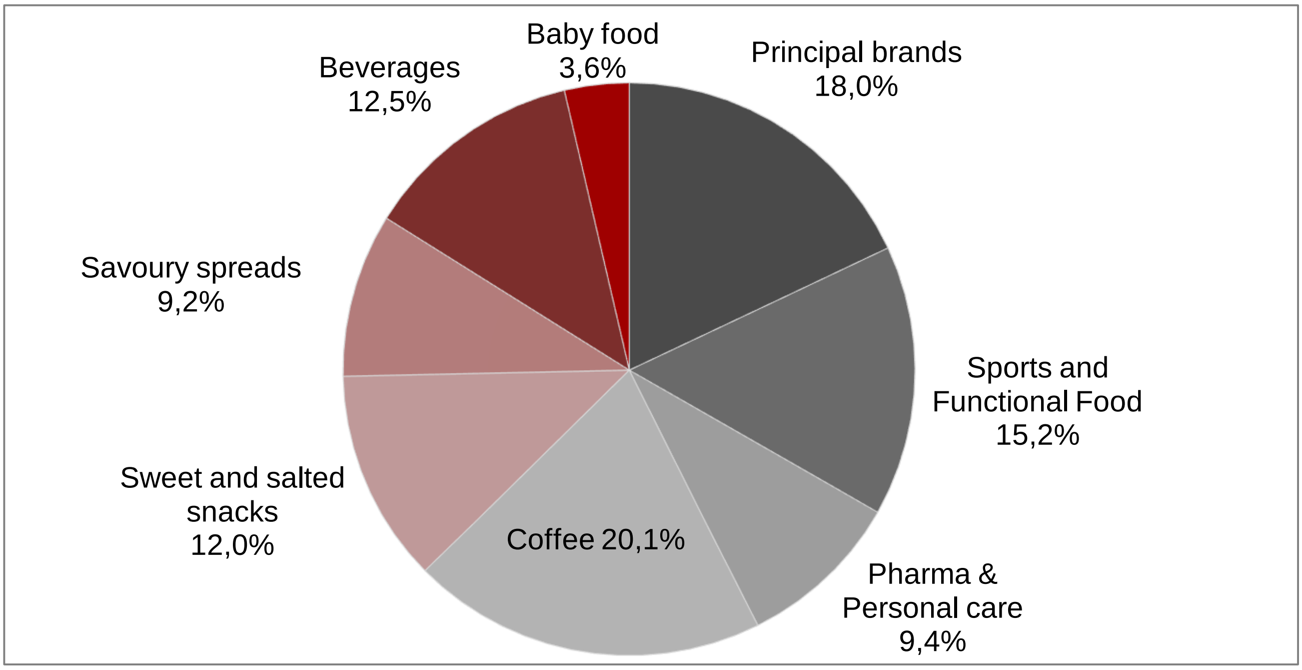
  The Business Unit Baby Food recorded a drop in sales primarily due to political instability in Ukraine, unfavourable macroeconomic environment, negative market trends in the category of baby cereals, suspension of deliveries to Russia in December due to extremely strong depreciation of the Russian ruble and changes in the classification of contracted marketing expenses and sales promotion[4]. In terms of volume, the baby food segment recorded sales at the level of 2013.

  The Distribution Unit Macedonia recorded lower sales primarily due to a decrease in sales of coffee caused by exceptionally aggressive price discounts by competitors and the drop in sales of savoury spreads. This drop was partly compensated by the increase in sales of the external principal Ferrero.

  The Strategic Distribution Unit HoReCa recorded lower sales primarily in Croatia (following the termination of cooperation with the principal Red Bull) and Serbia due to adverse weather conditions during the summer season. The decrease was partly mitigated by the growth in sales in the HoReCa channel in the markets of Slovenia and Macedonia. In terms of product groups, coffee and instant vitamin drinks recorded higher sales, while carbonated soft drinks recorded lower sales. If we exclude the effect of terminating cooperation with the principal Red Bull, SDU HoReCa recorded a growth in sales of 2.1%.

  The Strategic Distribution Unit CIS recorded a mild drop in sales primarily due to lower sales of baby food (the effect of depreciation of the Russian ruble) and sports and functional food (the effect of sanctions), which was partially compensated by higher sales of functional waters with the Donat Mg brand, Argeta and Vitamin C on the Russian market.

Sales profile by segments



[4] Described in detail on page 6 of this document

Sales profile by markets

(in HRK millions)	2014	% of sales	2013	% of sales	2014/ 2013
Croatia	**1,285.1**	25.1%	1,209.2	24.2%	6.3%
Serbia	**1,145.2**	22.4%	1,215.2	24.3%	(5.8%)
Slovenia	**809.1**	15.8%	689.3	13.8%	17.4%
Bosnia and Herzegovina	**357.3**	7.0%	364.2	7.3%	(1.9%)
Other regional markets*	**312.7**	6.1%	317.1	6.3%	(1.4%)
Key European markets**	**584.5**	11.4%	591.7	11.8%	(1.2%)
Russia and CIS	**289.6**	5.7%	293.6	5.9%	(1.4%)
Other markets	**334.9**	6.5%	318.7	6.4%	5.1%
Total sales	**5,118.4**	100.0%	4,998.9	100.0%	2.4%

- The **Croatian market** recorded a 6.3% higher sales due to: (i) the beginning of the Unilever product range distribution, (ii) an increase in sales of own brands Barcaffe in the coffee category and Argeta in the savoury spreads category (driven also by their inclusion in the leading retail chain in the fourth quarter of 2014), Kala in the waters category and Smoki in the flips category, (iii) an increase in sales of the existing principals' brands, especially Rauch, Johnson&Johnson and Duracell, and (iv) the effect of the previous year's temporarily suspended distribution in March during negotiations related to the implementation of new commercial terms and conditions. Despite the sixth consecutive year of adverse macroeconomic conditions characterised by high unemployment and low personal consumption, if we exclude the effect of new and old principals (the beginning of the Unilever distribution and the termination of cooperation with principals Red Bull, Bobi, Lorenz and Manner), the Croatian market recorded a 1.0% growth in sales.

- The lower sales in the **Serbian market** are a result of several factors, including: (i) the depreciation of the dinar, (ii) natural disasters in May, (iii) the decrease in sales of the coffee, carbonated soft drinks, vitamin instant drinks and flips segments and negative market volume and value movements in all these segments (excluding flips, which records only the value drop[5]), (iv) constantly strong price competition, resulting in redirection of marketing into price discounts, (v) low domestic demand and unfavourable developments in the labour market. On the positive side, Argeta and the chocolate bars category recorded a sales growth despite the volume and value drop in these categories on the market of Serbia.

* Other regional markets: Macedonia, Montenegro, Kosovo
** Key European markets: Germany, the United Kingdom, Italy, Switzerland, Austria, Sweden, Spain
[5] AC Nielsen Retail Panel, January-November 2014 (percentage movements on an annual level)

- Significant growth in the **Slovenian market** is mainly a result of the beginning of the Unilever product range distribution. However, this growth is also a consequence of the growth in sales of own principals (functional waters with the Donat Mg brand, savoury spreads with the Argeta brand and coffee with the Barcaffe brand) and external principals, primarily Ferrero. If the effect of the Unilever distribution is excluded, the Slovenian market grew by 1.9%

- The market of Bosnia and Herzegovina recorded slightly lower sales primarily due to (i) adverse macroeconomic conditions characterised by high unemployment, (ii) natural disasters in May and adverse weather conditions during the summer tourist season, (iii) the decrease in sales of the coffee, carbonated soft drinks, vitamin instant drinks and snacks segments, and (iv) more aggressive price discounts by competitors. On the other hand, savoury spreads with the Argeta brand and functional waters with the Donat Mg brand recorded higher sales, whereas Argeta continued to increase its value market share to 50.1%* despite the drop in this category*.

- Slightly lower sales in **Other regional markets** are a consequence of lower sales in the markets of Montenegro and Macedonia, which was partially compensated by the growth in sales in Kosovo. Lower sales were recorded by the segments of coffee, carbonated soft drinks and pharma and personal care, while higher sales were recorded by functional waters with the Donat Mg brand and Ferrero and Nescafe in the principals' brands segment.

- A mild drop in sales on **Key European markets** is a consequence of lower sales in UK, Switzerland and Sweden, which was largely compensated by a 5.8% growth in sales in Germany. Analysed by segments, lower sales were recorded by private labels within the sports and functional food segment, while own brands Multipower and Champ in the same segment and Donat Mg in the functional waters category recorded higher sales.

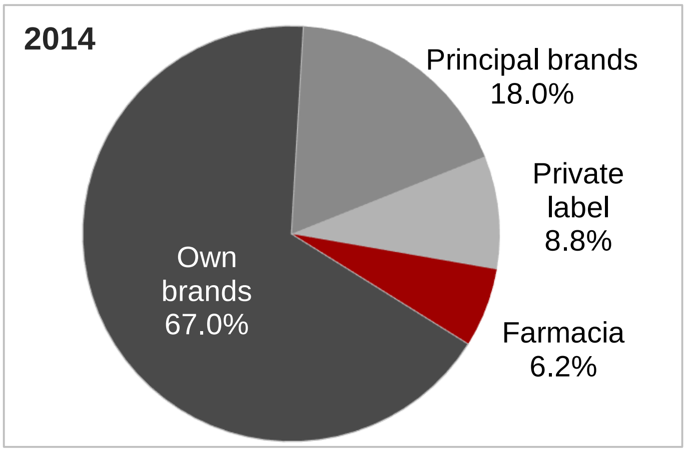
- A drop in sales on the **markets of Russia and the Commonwealth of Independent States** is primarily a consequence of the strong depreciation of the ruble (the effect of HRK 30m) and political instability in Ukraine, which resulted in lower sales of baby food under the brand Bebi and sports and functional food under the brand Multipower. The listed drop in sales was partially compensated by higher sales of savoury spreads with the Argeta brand and functional waters with the Donat Mg brand.
  As a consequence of the political situation in Ukraine, Atlantic Grupa's total sales in Ukraine dropped by 39% compared to the previous year, amounting to HRK 20.4 million in 2014.

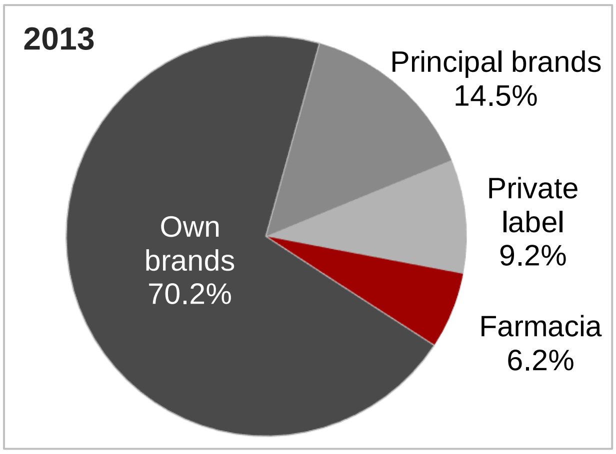
- **Other markets** recorded a growth in sales primarily due to higher sales of sports and functional food (particularly private labels), which was partially annulled by lower sales in the beverages and savoury spreads segments.

---

* AC Nielsen Retail Panel, January-November 2014 (percentage movements on an annual level)

Sales profile by product category





- In 2014, **own brands** recorded sales of HRK 3,430.8 million, representing a decline of 2.2% compared to 2013 caused by the drop in sales of the following brands: (i) Grand Kafa in the coffee segment, (ii) Cockta and Cedevita in the beverages segment, (iii) Smoki in the snacks segment, and (iv) Bebi in the baby food segment. However, this drop was partly compensated by the growth in sales of the following brands: (i) Donat Mg in the functional waters segment and Kala in the waters segment, (ii) Argeta in the savoury spreads segment, (iii) Multipower and Champ in the sports and functional food segment, and (iv) Barcaffe in the coffee segment.

- **Principal brands** recorded sales of HRK 921.6 million, which represents a strong growth of 27.5% primarily driven by the beginning of the Unilever product range distribution. If we exclude the effect of Unilever distribution and the termination of distribution of particular principals (Red Bull, Bobi, Manner and Lorenz), principal brands recorded a 4.1% growth in sales spurred by higher sales of the existing principals Ferrero, Hipp, Johnson&Johnson, Rauch and Duracell.

- With sales of HRK 450.8 million, **private labels**[6] recorded a 2.0% drop compared to 2013 resulting from the drop in sales of private labels in the sports and functional food segment due to the termination of cooperation with one customer, which was partially compensated by the growth in sales of private labels in the pharma and personal care segment.

- The pharmacy chain **Farmacia** recorded sales of HRK 315.1 million, which represents a 2.2% growth compared to 2013, primarily due to the newly opened specialised stores. Seven new specialised stores were opened in 2014 and on 31 December 2014 the pharmacy chain Farmacia consisted of 48 pharmacies and 25 specialised stores. Owing primarily to the newly opened specialised stores, the share of OTC sales grew from 54% in 2013 to 58% of Farmacia's total sales, while the share of prescription drug sales dropped from 45% in 2013 to 41%. Excluding the effect of newly opened locations during 2014, the pharmacy chain Farmacia recorded a 3.4% decrease in sales, primarily due to a decrease in prices of prescription drugs by HZZO on four occasions during 2014 and the HZZO's instruction to issue the cheapest drugs whereby the producers decrease the prices themselves in order to be the most competitive in a group of drugs.

[6] Sales for 2014 were restated, following the new classification of some principals

PROFITABILITY DYNAMICS in 2014

Atlantic Grupa's profitability

(in HRK millions)	2014	2013	2014/2013
Sales	**5,118.4**	4,998.9	2.4%
EBITDA	**597.0**	590.8	1.1%
EBIT	**440.7**	424.6	3.8%
Net profit/loss	**213.4**	199.0	7.2%
Profitability margins			
EBITDA margin	**11.7%**	11.8%	-15 bp
EBIT margin	**8.6%**	8.5%	+12 bp
Net profit margin	**4.2%**	4.0%	+19 bp

In 2014, Atlantic Grupa recorded a 1.1% higher **EBITDA** as a result of (i) the growth in sales and (ii) improvement of business processes and active hedging of main raw materials[7].

In 2014, Atlantic Grupa recorded a 3.8% higher **EBIT**, whereby the improved operating profitability was achieved due to the impacts above the EBITDA level and due to lower depreciation which is the result of a more efficient management of the existing resources, reducing the need for new investments.

Regardless of the net foreign exchange losses in the amount of HRK 62.2 million due to the strong depreciation of the Russian ruble and the Serbian dinar, Atlantic Grupa recorded a 7.2% higher **net profit** in 2014. The higher net profit, in addition to impacts above the EBIT level, is a consequence of a significant decrease in interest expense by 21% due to a successful refinancing of long-term borrowings completed at the end of 2012 and a decrease in the effective tax rate to 15% from the previous year's 21%.

In 2014, profit attributable to minority interests grew significantly due to the one-off profit 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.

[7] Described in detail on page 14 of this document

Operating cost structure

(in HRK millions)	2014	% of sales	2013	% of sales	2014/ 2013
Cost of goods sold	**1,405.2**	27.5%	1,212.6	24.3%	15.9%
Change in inventory	**(30.0)**	(0.6%)	(4.6)	(0.1%)	n/a
Production materials	**1,559.7**	30.5%	1,652.2	33.1%	(5.6%)
Energy	**61.2**	1.2%	63.7	1.3%	(3.8%)
Services	**359.2**	7.0%	324.9	6.5%	10.6%
Staff costs	**704.4**	13.8%	672.1	13.4%	4.8%
Marketing and selling expenses	**331.6**	6.5%	310.4	6.2%	6.8%
Other operating expenses	**186.4**	3.6%	210.4	4.2%	(11.4%)
Other gains/(losses), net	**(6.3)**	(0.1%)	7.5	0.2%	n/a
Depreciation and amortisation	**156.3**	3.1%	166.2	3.3%	(5.9%)
Total operating expenses	**4,727.9**	**92.4%**	**4,615.3**	**92.3%**	**2.4%**

The growth in cost of goods sold is a result of the change in the sales mix caused by the beginning of the Unilever product range distribution and the resulting growth in the principal brands' share in overall sales from 14.5% in 2013 to 18.0%.

Production material expenses in 2014 decreased by 5.6% despite a significant growth in prices of raw coffee in the global commodity markets in 2014. In the first half of 2014, spot prices of raw coffee in the global commodity markets doubled in only four months due to a longer drought period in Brazil, resulting in significantly lower coffee yields than in previous years and a low level of raw coffee stocks transferred from 2013. At the end of 2014, spot prices of raw coffee in the global commodity markets stabilised, but the average price of raw coffee (Arabica) in the global commodity markets was 22% higher in 2014 compared to 2013. However, by using available hedging instruments Atlantic Grupa in 2014 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 is also a result of lower prices of other raw materials, especially sugar, fat and oil, and lower packaging expenses, which compensated for higher prices of cocoa and powdered milk.

Costs of services grew by 10.6% as a consequence of (i) higher transportation and logistics costs following the beginning of the Unilever range distribution, growth in sales in Russia and outsourcing of transport in the United Kingdom, (ii) extension of the distribution companies' vehicle fleets and (iii) higher rent expenses following the opening of new specialised stores in the pharmacy chain Farmacia and relocation of the office in Russia.

Staff costs grew by 4.8% in 2014 primarily due to a higher number of employees as a result of increased business volume after: (i) taking over the Unilever distribution, (ii) strengthening the sales team in Russia, (iii) opening new specialised stores and (iv) forming an internal team of consultants for the development and implementation of the SAP system. As at 31 December 2014, Atlantic Grupa had 4,457 employees, 229 more compared to the previous year.

Higher marketing and sales expenses were primarily due to (i) more aggressive marketing activities in the coffee segment, (ii) more intensive activities in the drinks segment supporting the packaging redesign of Donat Mg, (iii) launching of chips in the snacks segments and (iv) in the pharma and personal care segment in line with the regional expansion strategy with the selected Neva product range. The increase of these expenses is a result of higher ATL and BTL marketing investments, and it is even higher when taking into account the significant growth in price discounts, which decrease sales.

Other operating expenses were reduced by 11.4% due to lower bad debt expenses following better receivables control.

Operating result of Strategic Business Units and Strategic Distribution Units

(in HRK millions)	2014	2013	2014/ 2013
SBU Beverages	**128.1**	118.4	8.1%
SBU Coffee	**231.1**	237.9	(2.9%)
SBU (Sweet and Salted) Snacks	**98.1**	110.4	(11.1%)
SBU Savoury Spreads	**113.1**	102.4	10.4%
SBU Sports and Functional Food	**16.3**	23.2	(29.9%)
SBU Pharma and Personal Care	**49.9**	47.5	5.0%
SDU Croatia	**12.2**	17.9	(31.6%)
SDU Serbia	**28.5**	38.3	(25.7%)
SDU International markets	**14.8**	15.8	(6.4%)
DU Slovenia	**36.5**	35.8	2.0%
Other segments*[8]	**(131.7)**	(157.0)	16.2%
Group EBITDA	**597.0**	590.8	1.1%

Profitability by segments was restated in 2013 in order to be comparable with the new organisational structure and, accordingly, the new model of segment reporting in 2014.
* 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.

SBU Beverages: The growth in profitability is a result of lower costs of production materials, primarily due to the price of sugar (the trend of declining sugar prices arises from increased global supply of sugar after high yields in the main production countries), better product mix and lower staff costs.

SBU Coffee: The mild decrease in profitability is a result of decreased sales of coffee and increased marketing costs, which annulled the positive effect of active hedging of raw coffee prices and the dollar exchange rate.

SBU Snacks: The decrease in profitability is a consequence of launching chips, depreciation of the dinar and increased investments in price discounts.

SBU Savoury Spreads: Continued growth in profitability due to higher sales, improved gross profit margin and marketing savings.

SBU Sports and Functional Food: The decrease in profitability is a consequence of initial costs for the new plant and more intensive investments in the development of new products.

SBU Pharma and Personal Care: The growth in profitability is a result of an improvement in the gross profit margin, despite higher staff costs due to the opening of new specialised stores.

SDU Croatia: The decrease in profitability arises from higher staff and transport costs due to the beginning of the distribution of new principals Unilever and Ilirija and division of the sales organisation into food and non-food segments.

SDU Serbia: The decrease in profitability is a consequence of the drop in sales and depreciation of the dinar.

SDU International markets: The decrease in profitability due to the development of infrastructure, including new recruitments.

DU Slovenia: The growth in profitability due to higher sales following the beginning of the Unilever range distribution and lower marketing investments, despite higher staff and transport costs resulting from the beginning of the Unilever range distribution.

Other segments: The DU Macedonia recorded the decrease in profitability due to lower sales and higher transport and logistics costs. The growth in profitability of the SDU HoReCa is primarily due to the improved profitability in the Croatian market following the improvement of gross profitability resulting from a better product mix. The decrease in profitability of the BU Baby Food is a result of political instability in Ukraine and strong depreciation of the ruble. The costs attributable to support services are lower compared to the previous year.

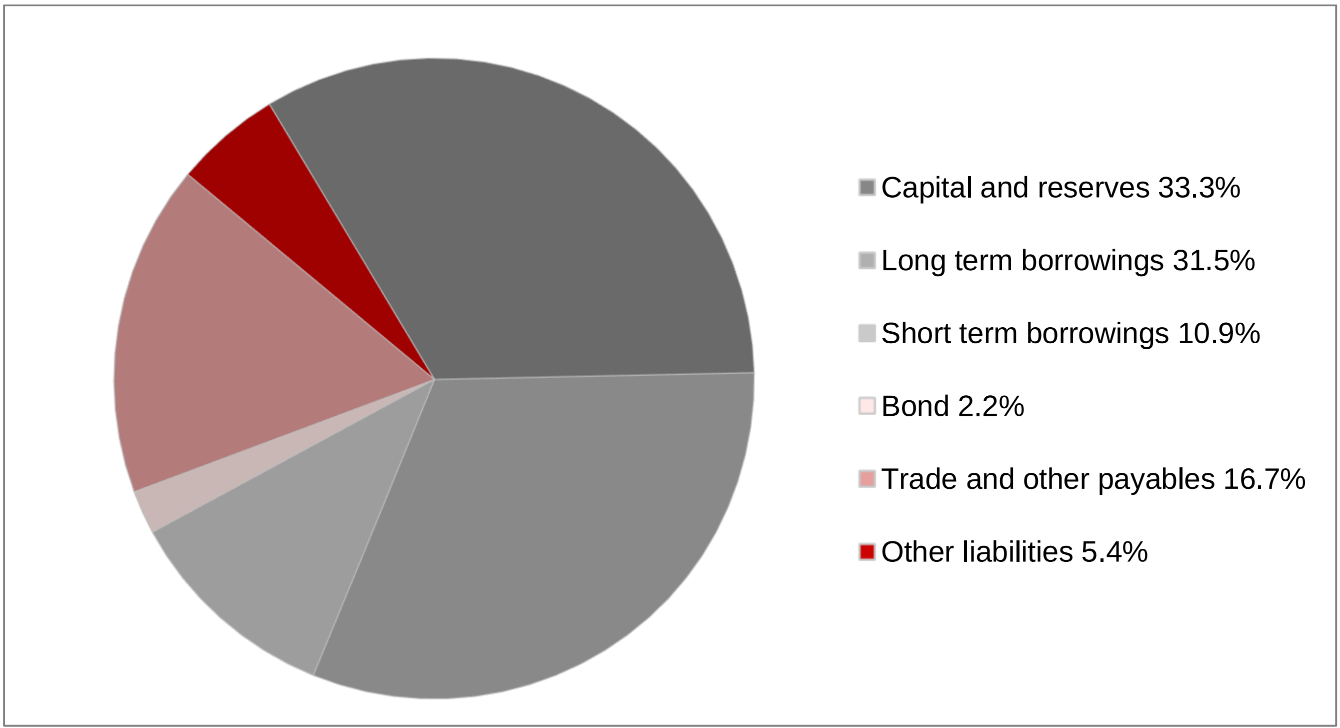
FINANCIAL INDICATORS in 2014

(in HRK millions)	2014	2013
Net debt	**1,927.7**	2,059.3
Total assets	**5,274.3**	5,082.8
Total Equity	**1,755.1**	1,674.5
Current ratio	**1.5**	1.8
Gearing ratio*	**52.3%**	55.2%
Net debt/EBITDA	**3.2**	3.5
Interest coverage ratio	**4.7**	3.7
Capital expenditure	**190.1**	100.0
Cash flow from operating activities	**445.7**	420.2

Among key determinants of the Atlantic Grupa's financial position in 2014, the following should be pointed out:

- Atlantic Grupa's continuous focus on deleveraging is reflected in (i) HRK 131.6 million lower net debt compared to 2013, to HRK 1,927.7 million, (ii) improved gearing ratio to 52.3% (iii) the decrease in the ratio of net debt and EBITDA to 3.2 times, and (iv) the increase in the coverage of interest expense by EBITDA to 4.7 times.

- The Atlantic Grupa's equity and liabilities structure as at 31 December 2014 is as follows:



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

Overview of key items in the consolidated cash flow statement

The company's capital expenditure in 2014 significantly increased compared to the same period of the previous year and amounted to HRK 190.1 million. The majority of capital expenditure, or 41% of the total amount, relates to the construction of the production plant for the production of energy bars in Nova Gradiška.

Of other significant investments, we should mention:

- SBU Beverages: automatic line for new HoReCa packaging, automatic line for Cedevita packaging, refrigerators, investment in the bottling plant Palanački Kiseljak.
- SBU Coffee: purchase of espresso machines and C2GO machines, transport system for ground coffee, automatic packaging line.
- SBU Snacks: purchase of the line for the production of fillings, purchase of production equipment including the cooling tunnel and the chocolate coating line for the production of Bananica.
- SBU Savoury Spreads: reconstruction of the premises and the line for savoury spreads in smaller packaging in Izola, upgrading the line for packaging in aluminium doses.
- SDU Croatia and DU Slovenia: investments related to the integration of Unilever (IT, warehouses, offices).
- Upgrade of SAP and development of the SALMEX project.

Within the cash flow statement under repayment of borrowings in the amount of HRK 293.1 million (which is a significant increase compared to 2013), 39% of that amount relates to long term loans approved by the European Bank for Reconstruction and Development (EBRD), including a credit line of EUR 10 million for investment in the construction and equipment of the modern plant for the production of protein bars in Nova Gradiška and a credit of EUR 5 million for improvement of energy and resource efficiency of business operations in Serbia. The remaining amount relates to the needs for short term financing of the Group's regular operations.

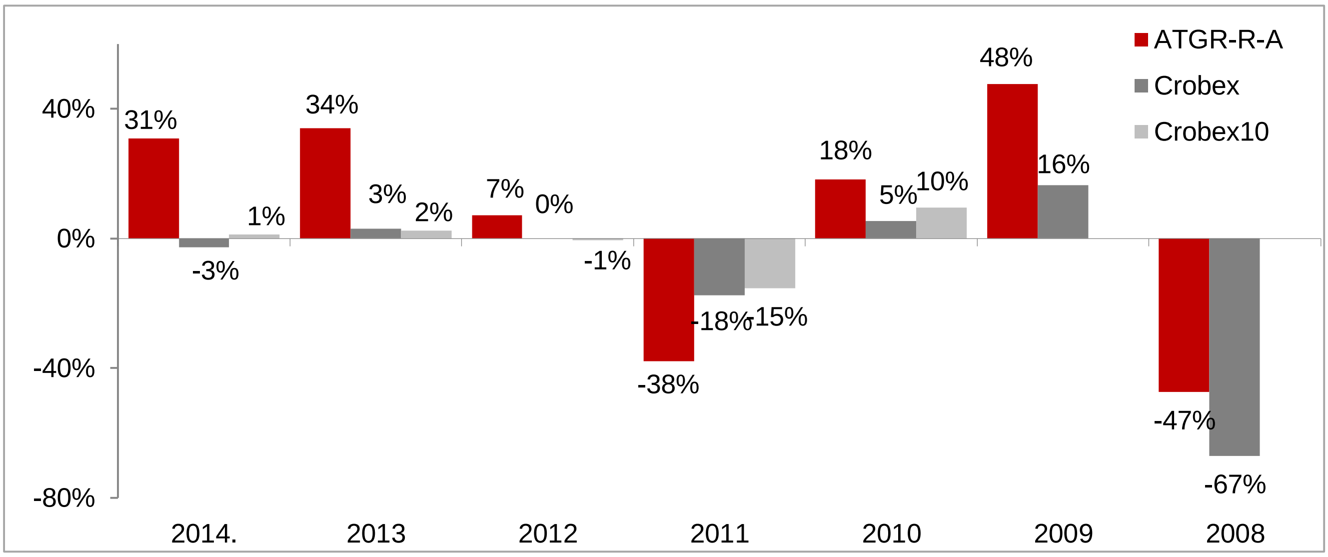
According to the decision of the Company's General Assembly held as at 30 June 2014, the dividend distribution was approved in the amount of HRK 10.50 per share, i.e. a total of HRK 35 million. The dividend was distributed in July 2014.

Acquisition of share in a minority interest subsidiary in the amount of HRK 93.3 million relates to the purchase of minority interests in companies Cedevita d.o.o. (19-percent minority interest) and Atlantic Multipower UK Ltd. (35-percent minority interest).

PERFORMANCE ON THE CROATIAN CAPITAL MARKET in FY 2014

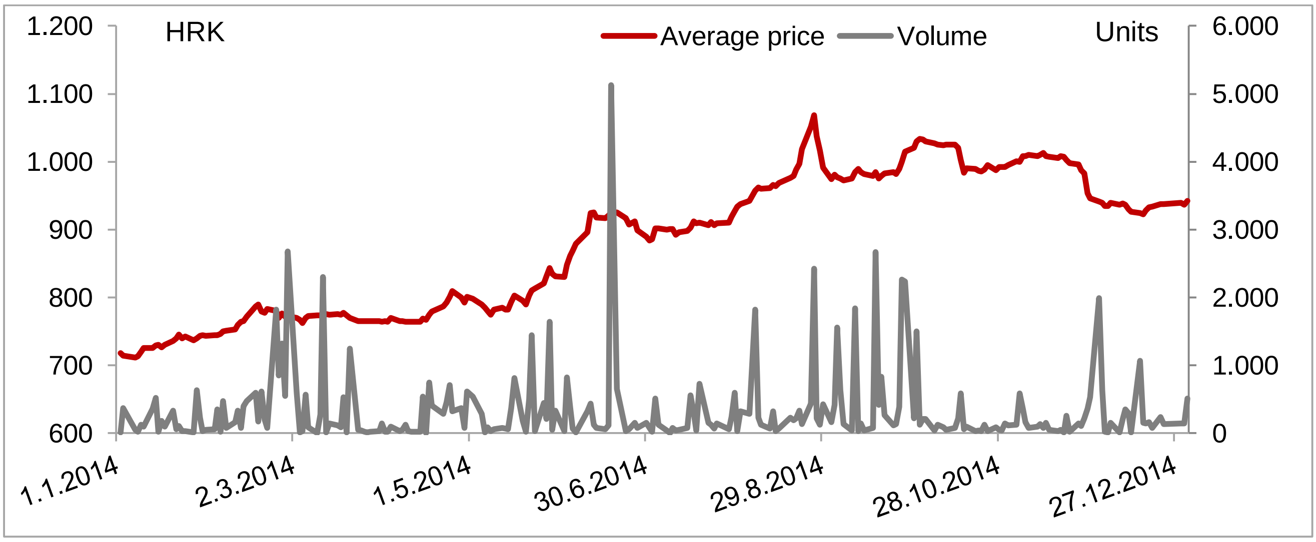
On the Zagreb Stock Exchange in 2014, the CROBEX stock index dropped by 2.7%, while the CROBEX10 stock index recorded a slight growth of 1.2%. Contrary to the stock indices, in August 2014 the Atlantic Grupa's share reached the highest price of HRK 1,080.50 since its IPO on the Zagreb Stock Exchange in late 2007, while its growth of 31% compared to the previous year significantly outperformed both indices.

Performance on capital market

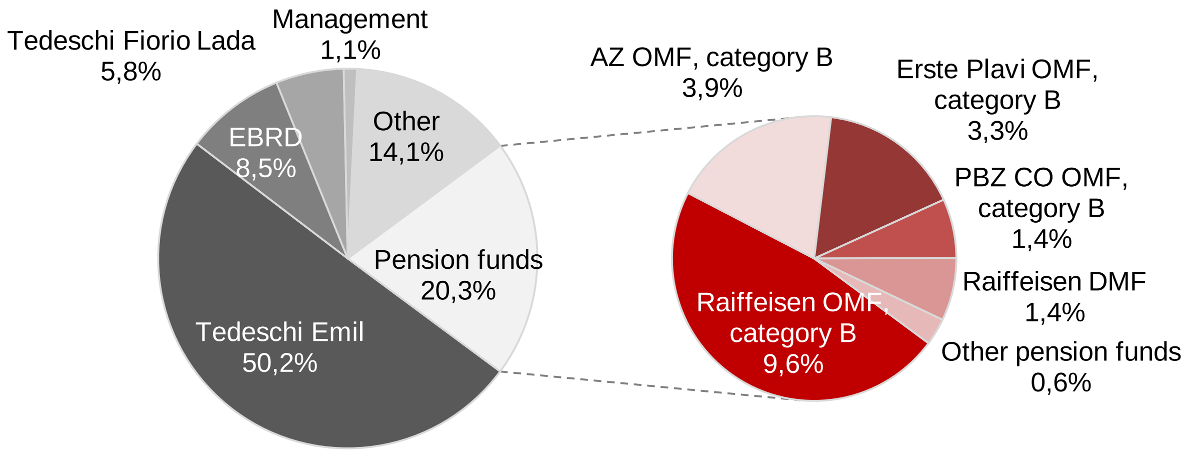


The average price of an Atlantic Grupa's share in 2014 amounted to HRK 880.0, while the average daily turnover amounted to HRK 299.5 thousand, which is a 25.9% increase compared to the previous year. With the average market capitalisation of HRK 3,134.2 million, Atlantic Grupa takes the significant third place among the components of the CROBEX10 stock index. Moreover, according to the total turnover in 2014, the Atlantic Grupa's share holds the ninth 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 2014



Ownership structure on 31/12/2014



*** Free float: 35,5%**

Atlantic Grupa has a stable ownership structure: 50.2% of the company is owned by Emil Tedeschi, 8.5% by the European Bank for Reconstruction and Development, 5.8% by Lada Tedeschi Fiorio, and 20.3% of Atlantic Grupa is owned by pension funds. In November 2014, the German development bank – DEG reduced its ownership share from 8.5% to 2.3% in the process executed via the accelerated bookbuilt. In light of the strong demand of investors, the book was oversubscribed by 1.7x and the complete offering was allocated at a unique price of HRK 925 a share. Both domestic and foreign investors participated in the process, ensuring a strong shareholder's base with 65% of stake being subscribed by domestic investors and 35% by foreign investors. In the transaction amounting to EUR 25 million, 58% was allocated to investment funds, 39% to pension funds and 3% to banks and individual investors. Additionally, this transaction significantly expanded the free float to 35.5%, which puts the Atlantic Grupa's share in the eight place in terms of the free float market capitalisation.

Valuation	2014	2013
Last price in reporting period	**940.0**	718.0
Market capitalization* (in HRK millions)	**3,134.2**	2,394.0
Average daily turnover (in HRK thousands)	**299.5**	237.8
EV (in HRK millions)	**5,064.3**	4,504.7
EV/EBITDA	**8.5**	7.6
EV/EBIT	**11.5**	10.6
EV/sales	**1.0**	0.9
EPS (in HRK)	**60.0**	58.5
P/E	**15.7**	12.3

* Closing price multiplied by the total number of shares

OUTLOOK for 2015

Management's view on macroeconomic expectations

In 2015, Atlantic Grupa's management expects stagnation of the Croatian economy. Macroeconomically, the year 2014 was characterised by high unemployment, low personal consumption and a low level of investments, and no significant change in trends is expected in 2015. Moreover, management expects that the economy will remain under pressure by weak domestic demand, while parliamentary elections at the end of the year may slow down the implementation of necessary reforms.

In other countries of the region, management expects a mild economic growth in 2015, except in Serbia. The restructuring of the banking sector contributed to the stabilisation of the Slovenian economy and, in addition to privatisation, the Government announced the implementation of other reforms that should improve the investment climate. Accordingly, coupled with the weakening of the euro and improved export competitiveness, management expects a mild recovery of the Slovenian economy in 2015. A mild recovery is also expected in Bosnia and Herzegovina, driven by the reconstruction of infrastructure damaged in the 2014 floods. However, it is expected that the recession in Serbia will continue in 2015 due to low domestic demand and fiscal consolidation.

After the disappointing stagnation of the Eurozone economies in 2014, Atlantic Grupa's management expects only a mild recovery in the Eurozone. Growing exports, improved consumer confidence and labour markets, growing domestic demand, weakening of the euro and lower oil prices are factors that should support the growth of the Eurozone. It may also be expected that the growth of the German economy, driven by record-low unemployment, growing private consumption and weakening of the euro, will surpass the growth in the Eurozone economy.

Management expects that the Russian economy could slip into recession in 2015. The year 2014 was characterised by introducing sanctions, which resulted in higher consumer prices and higher borrowing costs in foreign financial markets. Additionally, the continuous decline in oil prices weakened the ruble and caused inflation pressures. In 2015, the management expects increasing inflation pressures and ongoing volatility of the ruble.

Atlantic Grupa's management strategic guidance for 2015

In 2015, the 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, Barcaffe, Bananica, Štark) and (ii) brands with international potential (Multipower, Argeta, Donat Mg, Bebi, Cedevita GO!) as well as active development of the regional HoReCa segment.

In 2015, Atlantic Grupa's management expects increased pressures on the price of raw coffee in the global commodity markets (with an additional unfavourable impact of the EURUSD exchange rate) driven by fundamental factors, including: (i) downward trend in global supply due to draughts in Brazil, (ii) upward trend in global demand for coffee and (iii) low levels of global stocks. Management plans to largely compensate the listed pressures by active hedging, continuous cost management and optimisation of business processes.

Additional business pressures are a consequence of the volatility of the Serbian dinar and the Russian ruble, especially since the current levels of the ruble are about 40% lower compared to the 2014 average.

The effects of higher coffee prices and unfavourable exchange rates between the Russian ruble and the US dollar will be stronger in the first two quarters of 2015.

Management's expectations for 2015 are as follows:

(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 around 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 THE YEAR ENDED 31 DECEMBER 2014 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan -Dec 2014	Jan - Dec 2013	Index	Oct-Dec 2014	Oct-Dec 2013	Index
Turnover	**5,168,639**	**5,039,871**	**102.6**	**1,346,760**	**1,315,497**	**102.4**
Sales revenues	5,118,373	4,998,936	102.4	1,321,957	1,303,245	101.4
Other revenues	50,266	40,935	122.8	24,803	12,252	202.4
Operating expenses	**4,571,607**	**4,449,094**	**102.8**	**1,231,504**	**1,204,457**	**102.2**
Cost of merchandise sold	1,405,210	1,212,561	115.9	383,855	338,709	113.3
Change in inventories	(29,964)	(4,636)	646.3	4,111	22,055	18.6
Production material and energy	1,620,958	1,715,825	94.5	413,570	412,383	100.3
Services	359,211	324,872	110.6	94,265	81,969	115.0
Staff costs	704,437	672,118	104.8	194,881	176,456	110.4
Marketing and selling expenses	331,605	310,393	106.8	100,303	92,112	108,9
Other operating expenses	186,434	210,423	88.6	55,458	84,488	65.6
Other losses - net	(6,284)	7,538	n/a	(14,939)	(3,715)	402.1
EBITDA	**597,032**	**590,777**	**101.1**	**115,256**	**111,040**	**103.8**
Depreciation and impairment	156,330	166,158	94.1	53,098	62,318	85.2
EBIT	**440,702**	**424,619**	**103.8**	**62,158**	**48,722**	**127.6**
Interest expenses	(125,861)	(159,265)	79.0	(29,668)	(36,812)	80.6
Foreign exchange differences from financing - net	(62,151)	(12,201)	509.4	(39,213)	(3,184)	1.231.6
EBT	**252,690**	**253,153**	**99.8**	**(6,723)**	**8,726**	**n/a**
Income tax	(39,289)	(54,159)	72.5	(2,510)	(7,847)	32.0
Profit for the period	**213,401**	**198,994**	**107.2**	**(9,233)**	**879**	**n/a**
Attributable to:	13,389	4,122	324.8	(19)	664	2.9
Non-controlling interest	200,012	194,872	102.6	(9,214)	1,543	n/a
Owners of the parent						
Earnings per share for profit attributable to the owners of the Company	59.99	58.46		(2.76)	0.46	
- basic	59.99	58.46		(2.76)	0.46	
- diluted						

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Dec 2014	Jan - Dec 2013	Index	Oct - Dec 2014	Oct - Dec 2013	Index
Profit for the year	**213,401**	**198,994**	**107.2**	**(9,233)**	**879**	**n/a**
Cash flow hedge	29,544	32,332	91.4	7,018	4,754	147.6
Remeasurements of post-employment one-off retirement payment obligations	130	2,495	5.2	130	2,495	5.2
Currency translation differences	(34,064)	9,707	n/a	(1,209)	4,958	n/a
Total comprehensive income	**209,011**	**243,528**	**85.8**	**(3,294)**	**13,086**	**n/a**
Attributable to:						
Non-controlling interest	13,405	4,156	322.5	(3)	(605)	0.5
Equity holders of the Company	195,606	239,372	81.7	(3,291)	13,691	n/a
Total comprehensive income	209,011	243,528	85.8	(3,294)	13,086	n/a

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	31 December 2014	31 December 2013
Property, plant and equipment	1,099,289	1,060,847
Investment property	1,363	1,672
Intangible assets	1,804,518	1,851,023
Available-for-sale financial assets	942	1,072
Trade and other receivables	22,657	9,054
Deferred tax assets	41,224	47,912
Non-current assets	2,969,993	2,971,580
Inventories	582,247	537,232
Trade and other receivables	1,169,343	1,126,410
Non-current assets held for sale	99,874	99,133
Prepaid income tax	12,249	22,820
Deposits given	275	251
Derivative financial instruments	22,687	-
Cash and cash equivalents	417,588	325,334
Current assets	2,304,263	2,111,180
Total assets	5,274,256	5,082,760
Capital and reserves attributable to owners of the Company	1,752,732	1,623,203
Non-controlling interest	2,332	51,292
Borrowings	1,776,406	1,968,950
Deferred tax liabilities	181,155	181,378
Derivative financial instruments	8,698	9,733
Other non-current liabilities	25	143
Provisions	51,936	59,723
Non-current liabilities	2,018,220	2,219,927
Trade and other payables	881,451	736,172
Borrowings	578,482	387,288
Current income tax liabilities	7,675	16,213
Derivative financial instruments	4,713	18,950
Provisions	28,651	29,715
Current liabilities	1,500,972	1,188,338
Total liabilities	3,519,192	3,408,265
Total equity and liabilities	5,274,256	5,082,760

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of Company					
in thousands of HRK, unaudited	**Share capital**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total**
At 1 January 2013	1,016,120	(57,091)	455,201	1,414,230	47,136	1,461,366
Comprehensive income:						
Net profit for the year	-	-	194,872	194,872	4,122	198,994
Cash flow hedge	-	32,296	-	32,296	36	32,332
Remeasurements of post-employment benefit obligations	-	-	2,495	2,495	-	2,495
Other comprehensive income	-	9,709	-	9,709	(2)	9,707
Total comprehensive income	-	42,005	197,367	239,372	4,156	243,528
Transactions with owners:						
Purchase of treasury shares	(9,063)	-	-	(9,063)	-	(9,063)
Share based payment	8,896	-	(224)	8,672	-	8,672
Transfer	-	(277)	277	-	-	-
Dividends relating to 2012	-	-	(30,008)	(30,008)	-	(30,008)
At 31 December 2013	1,015,953	(15,363)	622,613	1,623,203	51,292	1,674,495
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
Cash flow hedge	-	29,544	-	29,544	-	29,544
Remeasurements of post-employment benefit obligations	-	-	130	130	-	130
Other comprehensive income	-	(34,080)	-	(34,080)	16	(34,064)
Total comprehensive income	-	(4,536)	200,142	195,606	13,405	209,011
Transactions with owners:						
Acquisition of non-controlling interest	-	-	(30,984)	(30,984)	(62,365)	(93,349)
Purchase of treasury shares	(502)	-	-	(502)	-	(502)
Share based payment	419	-	-	419	-	419
Transfer	-	264	(264)	-	-	-
Dividends relating to 2013	-	-	(35,010)	(35,010)	-	(35,010)
At 31 December 2014	1,015,870	(19,635)	756,497	1,752,732	2,332	1,755,064

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	**Jan - Dec 2014**	**Jan - Dec 2013**
Cash flows from operating activities		
Net profit	**213,401**	**198,994**
Income tax	39,289	54,159
Depreciation, amortization and impairment	156,330	166,158
(Gain) / loss on disposal of property, plant and equipment	(947)	250
Value adjustment of current assets	33,777	48,990
Interest income	(4,511)	(8,189)
Interest expense	125,861	159,265
Other non-cash changes	23,851	30,606
Changes in working capital:		
Increase in inventories	(67,025)	(11,979)
Decrease in current receivables	(15,553)	(1,845)
Increase / (decrease) in current payables	121,717	(47,733)
(Decrease)/increase in provisions for risks and charges	(4,083)	9,747
Interest paid	(123,509)	(146,761)
Income tax paid	(52,879)	(31,417)
Net cash flow from operating activities	**445,719**	**420,245**
Cash flow from investing activities		
Purchase of tangible and intangible assets	(190,100)	(99,994)
Proceeds from sale of property, plant and equipment	6,481	21,360
Acquisition of subsidiary net of cash acquired	(5,332)	(6,775)
Acquisition of available-for-sale financial assets	-	(58,005)
Proceeds from sale of assets available for sale	-	58,048
Loans and deposits given - net	(4,486)	18,833
Interest received	4,511	8,189
Net cash flow used in investing activities	**(188,926)**	**(58,344)**
Cash flow from financing activities		
Purchase of treasury shares	(502)	(9,063)
Proceeds from borrowings, net of fees paid	293,101	85,111
Repayment of borrowings	(322,891)	(334,591)
Dividend paid to Company shareholders	(34,901)	(30,008)
Acquisition of non-controlling interest	(93,349)	-
Net cash flow used in financing activities	**(158,542)**	**(288,551)**
Net increase in cash and cash equivalents	**98,251**	**73,350**
FX gains/(losses) in cash and cash equivalents	(5,997)	1,119
Cash and cash equivalents at beginning of period	325,334	250,865
Cash and cash equivalents at end of period	417,588	325,334

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 condensed consolidated financial statements of the Group for the year ended 31 December 2014 were approved by the Management Board of the Company in Zagreb on 23 February 2015.

The condensed consolidated financial statements have not been audited.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for year ended 31 December 2014 have been prepared in accordance with IAS 34 – Interim Financial Reporting.

The 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 2013.

2.2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the 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 2013.

2.3. COMPARATIVES AND RESTATEMENTS

In 2014 the classification of contracted marketing expenses has changed from “Marketing and selling expenses” to decrease in “Sales revenues”, and classification of support for contracted marketing expenses has changed from decrease in “Marketing and selling expenses” to decrease in “Cost of merchandise sold”. In accordance with these changes, sales revenue for segment information for the year ended 31 December 2013 has also been restated.

The effect of these changes on comparative figures for 2013 is as follows:

(*in thousands of HRK*)	2013
Decrease in sales revenues	(52,351)
Decrease in cost of merchandise sold	10,924
Decrease in marketing and promotion expenses	41,427

NOTE 3 – SEGMENT INFORMATION

As of 1 January 2014, 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 *(in thousands of HRK)*	**Jan-Dec 2014**	**Jan-Dec 2013**
SBU Beverages	638,817	644,137
SBU Coffee	1,026,680	1,091,348
SBU (Sweet and Salted) Snacks	614,426	616,517
SBU Savoury Spreads	471,385	457,035
SBU Sports and Functional Food	779,075	781,080
SBU Pharma and Personal Care	493,344	498,939
SDU Croatia	844,252	764,849
SDU International	582,426	555,632
SDU Serbia	1,083,149	1,145,258
DU Slovenia	725,487	615,014
Other segments	820,505	851,106
Reconciliation	(2,961,173)	(3,021,979)
Total	**5,118,373**	**4,998,936**

	EBITDA	
Sales revenues *(in thousands of HRK)*	**Jan-Dec 2014**	**Jan-Dec 2013**
SBU Beverages	128,081	118,430
SBU Coffee	231,108	237,935
SBU (Sweet and Salted) Snacks	98,136	110,398
SBU Savoury Spreads	113,074	102,408
SBU Sports and Functional Food	16,283	23,240
SBU Pharma and Personal Care	49,925	47,548
SDU Croatia	12,214	17,851
SDU International	14,836	15,845
SDU Serbia	28,505	38,341
DU Slovenia	36,524	35,794
Other segments	(131,654)	(157,013)
Total	**597,032**	**590,777**

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.

	2014	2013
Net profit attributable to equity holders (in thousands of HRK)	200,012	194,872
Weighted average number of shares	3,334,239	3,333,240
Basic earnings per share (in HRK)	59.99	58.46

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 year ended 31 December 2014, Group invested HRK 190,100 thousand in purchase of property, plant and equipment and intangible assets (2013: HRK 99,994 thousand).

During the year ended 31 December 2014, tangible asset impairment amounted HRK 18,278 thousand (2013: HRK 27,096 thousand).

NOTE 6 - INVENTORIES

During the year ended 31 December 2014, the Group wrote down inventories in the amount of HRK 22,007 thousand due to damage and short expiry dates (2013: HRK 18,060 thousand). The amount is recognized in the income statement within ‘Other operating expenses’.

NOTE 7 – DIVIDEND DISTRIBUTION

According to the decision of the Company's General Assembly from 30 June 2014, distribution of dividend in the amount of HRK 10.50 per share, or HRK 35,010 thousand in total was approved. Dividend was paid out in July 2014.

NOTE 8 – ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTEREST

During the year ended 31 December 2014 the Group acquired the non-controlling interest in subsidiaries Cedevita d.o.o. and Atlantic Multipower UK, Ltd and became the sole owner of these subsidiaries. Difference between acquisition cost and net book value of acquired non-controlling interest is recognized directly in equity.

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”. In January 2015, the Commission for Protection of Competition in Republic of Serbia approved the takeover of Foodland d.o.o.

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 31 December 2014 and 31 December 2013 and transactions recognised in the Income statement for the year ended 31 December are as follows:

(all amounts expressed in thousands of HRK)	**31 December 2014**	**31 December 2013**
RECEIVABLES		
Current receivables		
Other entities	101,164	93,294
LIABILITIES		
Borrowings		
Shareholders	1,617,014	1,678,297
Trade and other payables		
Shareholders	112	111
Other entities	808	1,416
REVENUES	**Jan – Dec 2014**	**Jan – Dec 2013**
Sales revenues		
Other entities	439,634	455,364
Other revenues		
Other entities	1,292	1,379
EXPENSES		
Marketing and promotion expenses		
Other entities	13,201	20,662
Other expenses		
Other entities	2,845	2,689
Finance cost - net		
Shareholders	62,167	82,628

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 24 February 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 ended 31 December 2014 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Group.
The management report for the period ended 31 December 2014 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:

Atlantic Grupa d.d.
Miramarska 23
10 000 Zagreb
Hrvatska

Tel: +385 1 2413 908/931
E-mail: ir@atlanticgrupa.com