Financial results in the first half of 2015

Zagreb – 30 July 2015

Growth of sales and net profit

- **Sales at HRK 2,540.1 million**
  + 3.5% compared to the first half of 2014
- **Earnings before interest, taxes, depreciation and amortisation (EBITDA) at HRK 280.4 million**
  - 6.5% compared to the first half of 2014
- **Earnings before interest and taxes (EBIT) at HRK 207.9 million**
  - 10.0% compared to the first half of 2014
- **Net profit after minorities at HRK 144.0 million**
  + 9.6% compared to the first half of 2014

Comment of President of the Management Board and CEO

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

"In the first half of 2015, Atlantic Grupa recorded a sales growth and further improvement in net profitability, despite macroeconomic challenges it continues to face on all markets. Among key business developments we should point out the extension of the distribution portfolio, further development of own brands that continue to win international awards due to innovation and quality, continued integration of the acquired company Foodland d.o.o. and commissioning of the energy bars production plant in Nova Gradiška.

In the second half of 2015, the focus will be on further growth on the existing markets and internationalisation of operations as well as on the operational and financial risk management, business optimisation and liquidity and financial liabilities management."

Financial summary of the first half of 2015

Key figures	H1 2015	H1 2014	H1 2015/H1 2014
Sales (in HRK millions)	**2,540.1**	2,454.0	3.5%
Turnover (in HRK millions)	**2,554.0**	2,474.0	3.2%
EBITDA margin	**11.0%**	12.2%	- 118 bp
Net income after MI (in HRK millions)	**144.0**	131.4	9.6%
Gearing ratio*	**49.8%**	52.3%	-253 bp

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

KEY DEVELOPMENTS in the first half of 2015

1. The beginning of the best-selling Czech beer distribution

At the beginning of July 2015, Atlantic Grupa starts the distribution of renowned beer brands of SABMiller (South African Brewery Miller) in Croatia. This is the second largest beer production company in the world with a turnover of USD 27 billion, and more than 70 thousand employees in 80 countries.

Atlantic Grupa will start with the distribution of three brands – Pilsner Urquell, Kozel Premium and Kozel Dark, produced by the Plzensky Prazdroj brewery in Plzen in the Czech Republic. Since 1999 this brewery has operated as part of the company SABMiller.

With the entry of these products into the Atlantic Grupa's distribution portfolio, the company strengthens its position in the beverages segment in the Croatian market.

2. Own brands in the first half of 2015

In the Strategic Business Unit **Beverages**, Cedevita products have been redesigned. The characteristic orange Cedevita colour is the main element of the new logo, present and recognisable on all products in the range. By the redesign, Cedevita also got a new trademark – a recognisable Cedevita glass. Also, Cedevita launched new Cedevita products in the new packaging: Elder & lemon with stevia – new flavour with 35% less sugar for consumers on the go, Elder & lemon in a 200g packaging and the new Mint & lemon flavour only for Cedevita fans in cafés. In addition, the jury of the Euro Effie 2015 competition announced the list of this year's finalists, which include Cockta with the "Created different" campaign as a finalist in the long-term effectiveness category. Also, Donat Mg won the important Diggit award for digital strategy and the main prize in the food and beverages category for the Donat Mg Moments mobile application. Analyze&Realize institute from Berlin has scientifically proven that Donat Mg is effective in stimulating digestion.

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

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

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

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

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

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

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

4. Integration of Foodland d.o.o.

During the first half of 2015, the focus was on an intensive integration of Foodland d.o.o. into Atlantic Grupa, which will continue in the second half of the year. In this way, the precondition for easier management and activation of the planned synergy effects between Foodland and the rest of Atlantic Grupa was created.

Among the activities undertaken, we should point out the transition to the regional distribution network of Atlantic Grupa, integration of logistics operations, integration of support functions, consolidation of office locations and integration of business solutions for the support to the company's operations. In relation to the latter, immediately after signing the agreement, the migration plan was prepared for the segment of IT business solutions and infrastructure, implemented in a very short period. This way, Foodland has been fully integrated into the business solutions and IT infrastructure of Atlantic Grupa in the region of Serbia. Also, the focus was on the improvement in efficiency of production capacities by ordering new production equipment.

5. Information technologies

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

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

6. Dividend distribution approved

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

SALES DYNAMICS in the first half of 2015

Sales profile by Strategic Business Units and Strategic Distribution Units

(HRK 000)	H1 2015	H1 2014	H1 2015/H1 2014
SBU Beverages	327,121	319,859	2.3%
SBU Coffee	488,978	482,212	1.4%
SBU (Sweet and Salted) Snacks	294,028	280,565	4.8%
SBU Savoury Spreads	235,167	221,397	6.2%
SBU Sports and Functional Food	407,337	399,791	1.9%
SBU Pharma and Personal Care	249,334	246,176	1.3%
SDU Croatia	429,131	403,808	6.3%
SDU Serbia	539,272	509,972	5.7%
SDU International markets	298,193	294,818	1.1%
DU Slovenia	338,692	335,393	1.0%
Other segments*	361,567	398,201	(9.2%)
Reconciliation**	(1,428,750)	(1,438,234)	n/a
Sales	2,540,070	2,453,958	3.5%

In the first half of 2015, Atlantic Grupa **recorded sales of HRK 2.5 billion**, which is a 3.5% growth compared to the same period of the previous year. The growth was mainly impacted by the growth in sales in the Strategic Business Units Savoury Spreads, Snacks and Beverages, and the Strategic Distribution Units Croatia and Serbia. A positive impact on sales results was also made by consolidated results of the acquired company Foodland d.o.o. (presented within SBU Savoury Spreads, results are consolidated as of 1 January 2015). If the effect of the Foodland acquisition is excluded, sales grew by 2.7%, and if the effects of the Foodland acquisition and unfavourable exchange rate movements are excluded, sales record a 4.7% growth compared to the first half of 2014. Unfavourable exchange rate movements are reflected in the average depreciation of the Russian ruble of 33.6% and the average depreciation of the Serbian dinar of 4.6% compared to the same period of the previous year.

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

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

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

- The **Strategic Business Unit Beverages** recorded a sales growth primarily due to the growth in sales of vitamin instant drinks under the Cedevita brand, where the main impact was made by a double-digit growth in sales of vitamin instant drinks in the HoReCa channel, due to great acceptance of new flavours across the region. In addition, Cedevita candies recorded an exceptionally strong growth in sales due to Cedevita Kids Puc Puc powdered candies. The growth of the above mentioned categories fully annulled the decrease in sales of the categories of carbonated soft drinks under the Cockta brand and functional waters under the Donat Mg brand, where the latter was impacted by temporarily suspended distribution in Russia due to negotiations with the key buyer, which were successfully concluded in April.

- The **Strategic Business Unit Coffee** records a double-digit increase in sales in the markets of Croatia and Bosnia and Herzegovina, which compensated several times for the decrease in sales in the markets of Serbia and Macedonia. In the Croatian market, despite the volume and value drop of the overall market category*, Barcaffe recorded great results, increasing its volume and value market shares (+2.4% greater value market share compared to the same period of the previous year*). In the markets of Serbia and Macedonia minor decrease in sales is recorded as a consequence of aggressive competition in terms of prices.

- The **Strategic Business Unit Snacks** recorded an increase in sales due to the increase in sales of chocolate and launching a new category – chips under the Chipsos brand in September last year. Due to Chipsos, the market of Croatia records double-digit growth rates, and it should be noted that the double-digit sales growth was recorded in the biscuits category as well. Also, the chocolate category records sales growth in all markets of the region. It should be noted that Smoki records both volume and value growths in the markets of Slovenia, Croatia, Bosnia and Herzegovina and Serbia despite the volume and value drop of the category in the markets of Slovenia, Bosnia and Herzegovina and Serbia*.

- The sales growth of the **Strategic Business Unit Savoury Spreads** is based on the growth in organic sales on the regional markets (Croatia and Serbia) and international markets (primarily Switzerland and Sweden) and the integration of the acquired Foodland's portfolio (Bakina tajna and Amfissa brands). The Croatian market records a significant organic growth in sales, where Argeta records a significant volume and value growth in market shares in Croatia to 16.1% and 22.8%, respectively. In addition, it should be noted that in international markets, i.e. in Austria and Switzerland, Argeta records its best market shares: with more than 30% share it holds the leading market position in Austria and with almost 27% it strengthens the second position in the pâté category in the Swiss market. If the effect of the Foodland's production portfolio was excluded, the strategic business unit Savoury Spreads would record a slight decrease in sales compared to the same period of the previous year.

- The modest increase in sales of the **Strategic Business Unit Sports and Functional Food** is a consequence of the increase in sales of private labels and the Multaben brand and the increase in sales in the markets of United Kingdom and Switzerland, annulling the decrease in sales in the markets of Germany, Italy and Russia.

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

- The **Strategic Business Unit Pharma and Personal Care** records an increase in sales due to the increase in sales of (i) the Multivita range in Russia, (ii) Melem (from the Neva's range) as the result of aggressive marketing investments in the previous year, and (iii) the pharmacy chain Farmacia as the consequence of the increase in non-prescription sales of the existing locations and opening of two new specialised units. However, even if the effect of opening new locations is excluded, the pharmacy chain Farmacia records a 3% sales growth compared to the same period of the previous year.

- The **Strategic Distribution Unit Croatia** recorded a sales growth due to (i) an increase in sales from the distribution of own brands, primarily Barcaffe, Argeta, Chipsos and Cedevita, (ii) an increase in sales of principal brands Ferrero, Johnson & Johnson, Rauch and Monster, and (iii) the distribution of the new principal Hipp. The Strategic Distribution Unit Croatia recorded a 1.3% growth in sales if the effect of the new principal Hipp distribution is excluded.

- The **Strategic Distribution Unit Serbia** records a growth in sales due to the distribution of new principals L'Oreal, Alkaloid and Rauch, the integration of Foodland and launching of the new chips category under the Chipsos brand. If the beginning of the distribution of new principals L'Oreal, Alkaloid and Rauch, the distribution of the acquired Foodland's product portfolio and the effect of HRK/RSD exchange rate are excluded, the Strategic Distribution Unit Serbia continues to record a growth in sales.

- The **Strategic Distribution Unit International Markets** recorded a slight increase in sales primarily in the markets of the United Kingdom, Switzerland, Austria and Spain, annulling the decrease in sales in the markets of Germany and Italy. Also, the growth was impacted by the increase in sales of Argeta, Donat Mg and the beginning of the sale of Bakina tajna.

- A modest increase in sales of the **Distribution Unit Slovenia** is a consequence of the increase in sales of functional waters with the Donat Mg brand, Cedevita vitamin drinks and launching the chips category and Ferrero, which stands out among principal brands.

- **Other segments** recorded a decrease in sales following the decrease in sales primarily of the Business Unit Baby Food and the Strategic Distribution Unit CIS, which was partly annulled by the double-digit increase in sales of the Strategic Distribution Unit HoReCa.

  Continued political instability in Ukraine, unfavourable macroeconomic environment in Russia and strong depreciation of the Russian ruble, with its average depreciation of 33.6% compared to the same period of the previous year, resulted in a significant decrease in sales of the Business Unit Baby Food and the Strategic Distribution Unit CIS. Within the Strategic Distribution Unit CIS, the market of Ukraine records 75% lower sales compared to the same period of the previous year. The drop in sales of the Donat Mg brand in the SDU CIS is a result of the suspended distribution during negotiations with the key buyer, which were successfully concluded in April.

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

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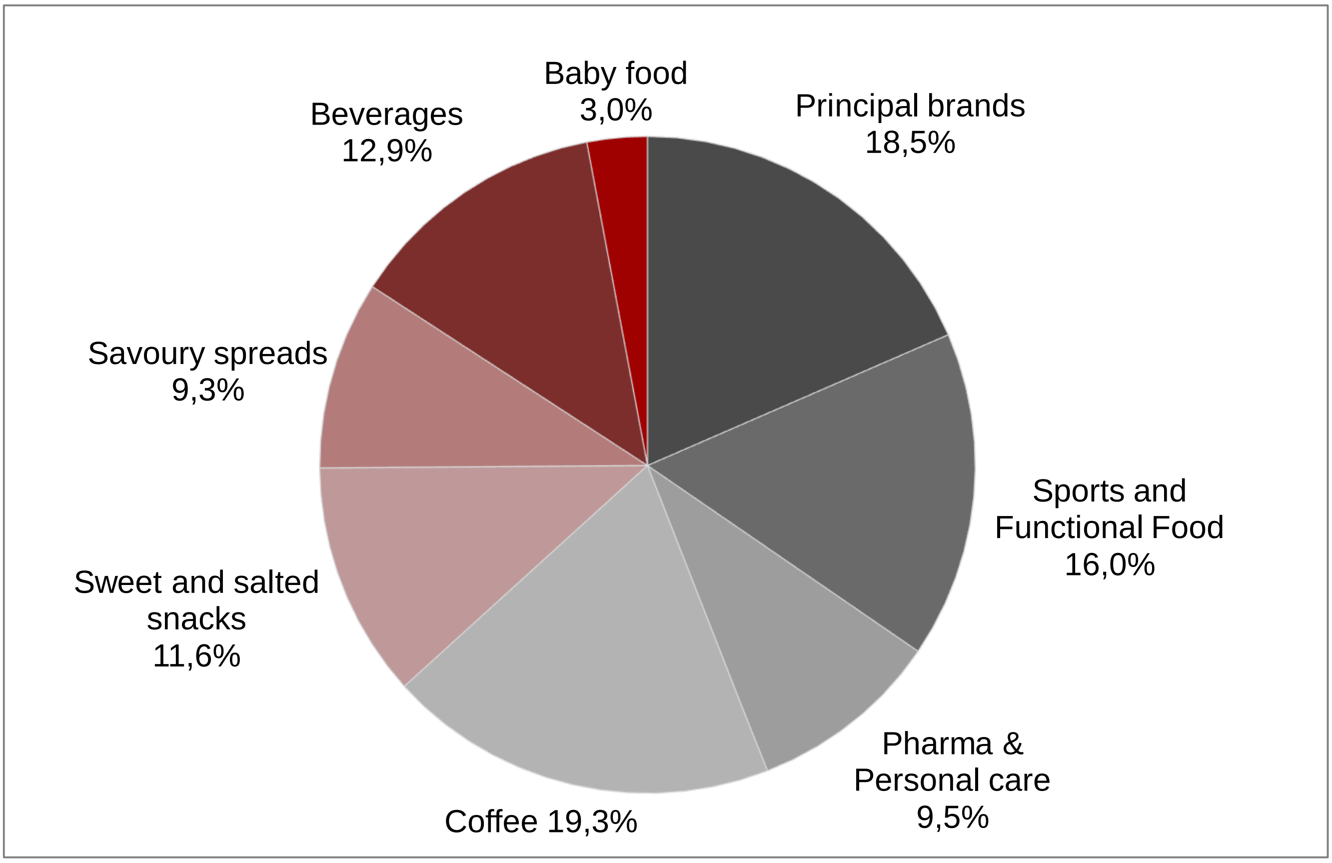
* AC Nielsen Retail Panel, April 2015 – May 2015 (percentage movements on an annual level)

The Strategic Distribution Unit HoReCa records a significant increase in sales of 16.2%, whereby all regional markets (Croatia, Serbia, Slovenia and Macedonia) record double-digit growth. Analysed by segments, the growth in sales is a consequence of the growth in sales of coffee and Cedevita and the growth in the distribution of external principals.

Sales profile by segments



Sales profile by markets

(in HRK millions)	H1 2015	% of sales	H1 2014	% of sales	H1 2015/ H1 2014
Croatia	**661.7**	26.0%	620.8	25.3%	6.6%
Serbia	**578.4**	22.8%	538.9	22.0%	7.3%
Slovenia	**382.8**	15.1%	375.2	15.3%	2.0%
Bosnia and Herzegovina	**184.3**	7.3%	173.7	7.1%	6.1%
Other regional markets*	**145.4**	5.7%	143.9	5.9%	1.0%
Key European markets**	**313.0**	12.3%	307.4	12.5%	1.8%
Russia and CIS	**102.1**	4.0%	138.3	5.6%	(26.1%)
Other markets	**172.3**	6.8%	155.8	6.3%	10.6%
Total sales	**2,540.1**	100.0%	2,454.0	100.0%	3.5%

- **The Croatian market** recorded a strong growth in sales of 6.6% due to: (i) an increase in sales of own brands, primarily Barcaffe in the coffee category and Argeta in the savoury spreads category, the Cedevita brand in the vitamin instant drinks category, launching of Chipsos in the chips category and the pharmacy chain Farmacia, (ii) an increase in sales of the existing principals, especially Ferrero, Monster, Johnson & Johnson and Rauch, and (iii) the distribution of the new principal Hipp. If the effect of the beginning of the Hipp distribution is excluded, the Croatian market recorded 3.4% higher sales.
- The increase in sales in the **market of Serbia** is a result of: (i) the integration of the acquired company Foodland d.o.o., (ii) the increase in sales of own brands, including Najlepše želje in the chocolate category and Chipsos in the salted snacks category, and (iii) the distribution of new principals Alkaloid, L'Oreal and Rauch that were not distributed in the same period of the previous year. If the distribution of the new principals, the effect of the Foodland acquisition and the effect of HRK/RSD exchange rate are excluded the market of Serbia continues to record a sales growth.

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

- The sales growth in the **Slovenian market** was generated by the increase in sales of: (i) the functional waters category with the Donat Mg brand, (ii) the vitamin instant drinks category with the Cedevita brand, and (iii) the snacks segment with the Chipsos brand.

- The major contribution to the growth in sales in the **market of Bosnia and Herzegovina** was made by the increased sales of (i) the Grand Kafa brand in the coffee segment, (ii) the chocolate category and launching of the Chipsos brand in snacks segment, and (iii) the Cedevita brand in the vitamin instant drinks category. This compensated for the decrease in sales of Argeta and Donat Mg, which, as premium products, are affected by lower purchasing power due to unfavourable macroeconomic situation.

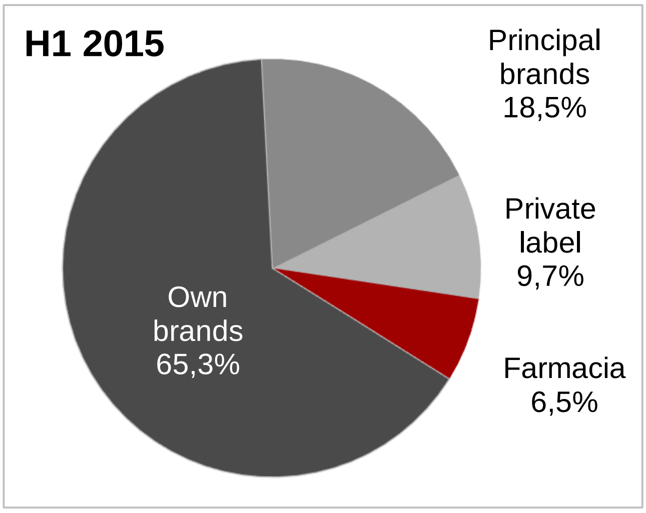
- **Other regional markets** achieved higher sales due to the increase in sales in the markets of Montenegro and Macedonia, which compensated for the decrease in sales in the market of Kosovo. Analysed by categories, the growth is recorded by Donat Mg and Cedevita in the beverages segment, Najlepše želje and Chipsos in the snacks segment and Ferrero in the principal brands segment (distributed in the market of Macedonia). On the other hand, coffee and savoury spreads record a decrease in sales.

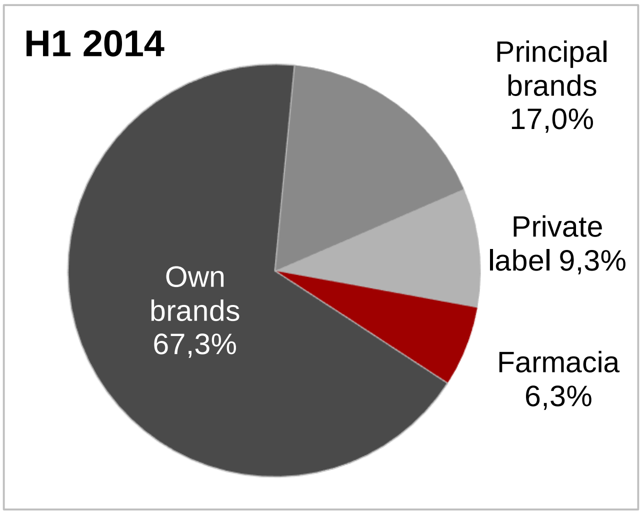
- The increase in sales in the **Key European markets** is a consequence of the increase in sales in the markets of United Kingdom, Switzerland, Austria and Spain, which fully annulled the decrease in sales in the markets of Germany and Italy. Analysed by segments, the increase in sales is recorded by (i) savoury spreads with the Argeta brand, (ii) functional waters with the Donat Mg brand, and (iii) Multaben and Multipower brands, and private labels in the sports and functional food category.

- The political instability in Ukraine and Russia primarily impacted the strong drop in sales in the **markets of Russia and the Commonwealth of Independent States.** The decrease was recorded by the following brands: (i) Donat Mg in the functional waters category (temporarily suspended distribution due to negotiations with the key buyer) (ii) Bebi in the baby food segment, and (iii) Multipower in the sports and functional food segment. The drop in sales was partly annulled by the increase in sales of the Multivita brand in the market of Russia.

- **Other markets** recorded a sales growth due to the increase in sales of the savoury spreads segments and private labels.

Sales profile by product category





- Compared to the same period of the previous year, in the first half of 2015 **own brands** recorded a slight increase in sales of 0.3% to HRK 1.66 billion. The growth primarily comes from: (i) Barcaffe and Grand Kafa brands in the coffee segment, (ii) Cedevita in the beverages segment, (iii) Najlepše želje and Chipsos brands in the snacks segment, (iv) Multivita's vitamin C and Melem in the pharma and personal care segment, (v) the Multaben brand in the sports and functional food segment, and (vi) the integration of the Foodland's portfolio. On the other hand, lower sales were recorded by the following brands: (i) in the beverages segment – Cockta and Donat Mg (due to the temporarily suspended distribution in Russia during negotiations with the key buyer, which were successfully concluded in April), (ii) Bebi in the baby food segment, and (iii) Multipower and Champ in the sports and functional food segment. If the effect of the integration of Bakina tajna and Amfissa brands following the acquisition of Foodland d.o.o. is excluded, own brands recorded an insignificant decrease in sales.

- With HRK 469.6 million, **principal brands** record 12.5% higher sales, due to the increase in sales of the existing principals, primarily Ferrero and Johnson & Johnson, as well as the beginning of the distribution of new principals such as Hipp in the Croatian market and Alkaloid, L'Oreal and Rauch in the Serbian market.

- With sales of HRK 246.4 million, **private labels**[1] record a 7.5% growth compared to the first half of 2014 due to the growth in sales in the sports and functional food segment.

- The pharmacy chain **Farmacia** recorded sales of HRK 165.7 million, which is a 7.1% growth compared to the same period of 2014 due to the increase in sales of the existing Farmacia locations (primarily non-prescription sales) and newly-opened specialised stores. In the first half of 2015, two new specialised stores were opened and as at 30 June 2015 the pharmacy chain Farmacia consisted of 48 pharmacies and 27 specialised stores.

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

PROFITABILITY DYNAMICS in the first half of 2015

Atlantic Grupa's profitability

(in HRK millions)	H1 2015	H1 2014	H1 2015/ H1 2014
Sales	**2,540.1**	2,454.0	3.5%
EBITDA	**280.4**	299.8	(6.5%)
EBIT	**207.9**	230.9	(10.0%)
Net profit/(loss)	**143.9**	143.1	0.5%
Profitability margins			
EBITDA margin	**11.0%**	12.2%	-118 bp
EBIT margin	**8.2%**	9.4%	-123 bp
Net profit margin	**5.7%**	5.8%	-17 bp

In the first half of 2015, Atlantic Grupa recorded **EBITDA** in the amount of HRK 280.4 million, which also reflects the consolidation of the result realised in the first half of 2015 by the acquired company Foodland d.o.o. If the effect of the acquired company Foodland d.o.o. is excluded, Atlantic Grupa recorded a 5.3% lower EBITDA.

Following the lower EBITDA, and taking into account the increase in depreciation and amortisation of 5.3% compared to the same period of the previous year, EBIT also decreased.

Net profit before minority interests shows a modest growth due to (i) significantly lower interest expense by 19.0% due to a decrease in non-current financial liabilities and (ii) realised net foreign exchange gains compared to the same period of the previous year. Net profit after minority interests grows by 9.6% compared to the same period of the previous year following the last-year's one-off profit (attributable to minority interests) earned by the company Cedevita d.o.o. Croatia as a consequence of the sale of the 100-percent share in the subsidiary Multivita d.o.o. Serbia to Soko Štark d.o.o. Serbia.

Operating expenses structure

(in HRK millions)	H1 2015	% of sales	H1 2014	% of sales	H1 2015/ H1 2014
Cost of goods sold	**691.3**	27.2%	647.7	26.4%	6.7%
Change in inventory	**(44.6)**	(1.8%)	(36.7)	(1.5%)	n/a
Production materials	**860.3**	33.9%	766.3	31.2%	12.3%
Energy	**31.6**	1.2%	31.3	1.3%	0.8%
Services	**180.3**	7.1%	171.4	7.0%	5.2%
Staff costs	**360.8**	14.2%	332.9	13.6%	8.4%
Marketing and selling expenses	**147.8**	5.8%	164.0	6.7%	(9.9%)
Other operating expenses	**85.5**	3.4%	86.3	3.5%	(0.9%)
Other (gains)/losses, net	**(39.5)**	(1.6%)	11.0	0.4%	n/a
Depreciation and amortisation	**72.6**	2.9%	68.9	2.8%	5.3%
Total operating expenses	**2,346.1**	**92.4%**	**2,243.1**	**91.4%**	**4.6%**

- Cost of goods sold increased primarily due to changes in the sales mix with the emphasis on a greater share of principal brands that increased to 18.5% of sales from 17.0% of sales in the same period of the previous year.
- Due to significantly higher prices of raw coffee and in addition to the unfavourable effect of the EUR/USD exchange rate (90% of the production material costs' growth arises from this two effects) compared to the same period of the previous year and the integration of Foodland d.o.o. with diversified raw material base, costs of production materials recorded an increase of 12.3%.
- Costs of services increased due to higher IT investments (licence lease, maintenance) as a consequence of the SAP system implementation, the SALMEX project development and higher costs of consultancy services related to due diligence process for transaction that was not realised.
- Staff costs increased due to a higher number of employees as a result of employment related to the opening of the new energy bars factory in Nova Gradiška and the integration of the company Foodland d.o.o. As at 30 June 2015, Atlantic Grupa had 5,402 employees, 337 more compared to the same period of the previous year, of which 118 employees relate to Foodland d.o.o.
- Marketing expenses decreased due to savings made primarily in the beverages, coffee and savoury spreads segments, that fully annulled their increase in the sports and functional food segment.
- Other (gains)/losses – net: The profit was primarily made on financial (forward) contracts in the coffee segment.

Operating result by business segments

(in HRK millions)	**H1 2015**	H1 2014	H1 2015/ H1 2014
SBU Beverages	**85.9**	62.6	37.1%
SBU Coffee	**101.7**	116.2	(12.5%)
SBU (Sweet and Salted) Snacks	**50.0**	48.6	2.9%
SBU Savoury Spreads	**42.7**	52.0	(17.9%)
SBU Sports and Functional Food	**4.0**	11.8	(66.0%)
SBU Pharma and Personal Care	**18.3**	17.4	5.1%
SDU Croatia	**3.8**	8.5	(55.8%)
SDU Serbia	**11.6**	9.6	20.2%
SDU International markets	**1.7**	7.0	(75.9%)
DU Slovenia	**14.1**	9.7	45.9%
Other segments*	**(53.3)**	(43.7)	(22.0%)
Group EBITDA	**280.4**	299.8	(6.5%)

Strategic Business Units: The growth in profitability of the SBU Beverages reflects lower costs of production materials, primarily due to the price of sugar and lower marketing investments. The decrease in profitability of the SBU Coffee is caused by the increase in prices of raw coffee and the negative effect of the movements in the EUR/USD exchange rate. The SBU Snacks records profitability growth due to the increase in sales. The decline in profitability of the SBU Savoury Spreads is primarily caused by the integration of Foodland and new Argeta packaging, and the increase in staff costs primarily due to the integration of the acquired company. The decline in profitability of the SBU Sports and Functional Food is a consequence of initial costs of the new factory and intensive marketing investments. The growth in profitability of the SBU Pharma and Personal Care follows the increase in sales and marketing savings and comes from the profitability of the pharmacy chain Farmacia and Dietpharm.

Strategic Distribution Units and Distribution Units: the SDU Croatia records lower profitability due to higher staff costs as a result of organisational changes and transport expenses due to a change in the product mix. Strong profitability growth in the SDU Serbia is a consequence of the sales growth and marketing savings. The decline in profitability of the SDU International Markets is primarily a result of the sales infrastructure development, i.e. new employment. The profitability growth of the DU Slovenia is a result of sales increase and improvement in the gross profit margin based on the product mix.

Other segments: the SDU HoReCa records a strong profitability growth due to sales growth with an effective cost control (better control of receivables collection). The profitability growth of the BU Baby Food is a consequence of an improved gross profit margin following lower prices of powdered milk, marketing savings and lower transport expenses due to smaller volumes. The SDU CIS records a decline due to a decrease in sales and depreciation of the ruble. The DU Macedonia records profitability at the same levels as in the previous year.

* 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.

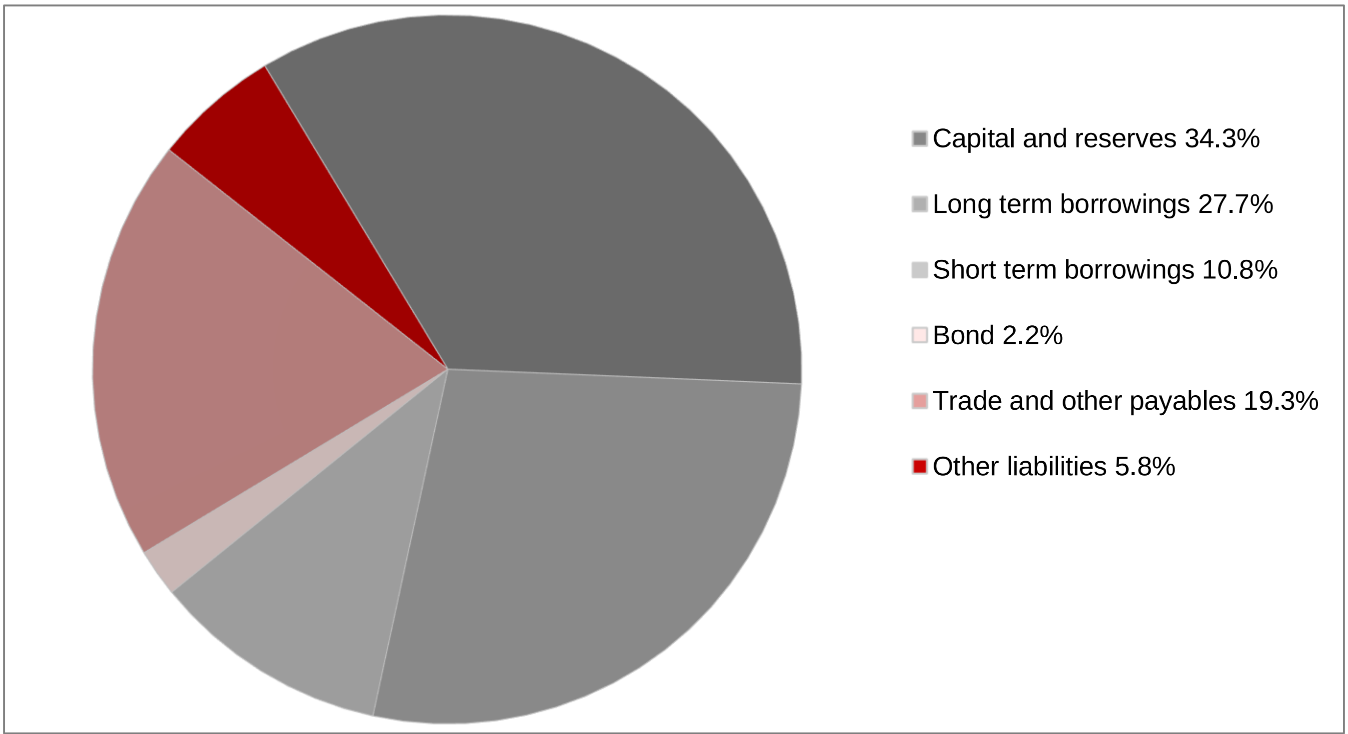
FINANCIAL INDICATORS in the first half of 2015

(in HRK millions)	H1 2015	2014
Net debt	**1,825.1**	1,927.7
Total assets	**5,365.6**	5,274.3
Total Equity	**1,839.0**	1,755.1
Current ratio	**1.4**	1.5
Gearing ratio	**49.8%**	52.3%
Net debt/EBITDA	**3.2**	3.2
	H1 2015	H1 2014
Interest coverage ratio	**5.1**	4.4
Capital expenditure	**32.8**	61.0
Cash flow from operating activities	**155.9**	101.1

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

- Net debt is reduced by 5.6% due to a decrease in non-current financial liabilities. Atlantic Grupa's continued focus on deleveraging the debt is reflected in the decrease in the ratio of net debt and capital increased by net debt to 49.8% and the increase in coverage of interest expense by EBITDA to 5.1 times.

- The Atlantic Grupa's equity and liabilities structure as at 30 June 2015 is as follows:



Overview of key items in the consolidated cash flow statement

Capital expenditure in the first half of 2015 largely related to investments in the project of the energy bars production plant in Nova Gradiška.

Of other significant investments, we should mention:

- SBU Beverages: Cockta Black Tonic project and upgrade of palletising, DONAT packaging,
- SBU Coffee: purchase of espresso machines and C2GO machines, instant production lines, and the purchase of grinders,
- SBU Snacks: purchase of production equipment for the production of Bananicas, refurbishment of Štark retail stores, completion of the project for the purchase of packaging lines in Ljubovija,
- SBU Pharma: equipping specialised stores,
- The SAP upgrade, the SALMEX project development, IT customer support.

The increase in cash flow from operating activities is primarily the result of positive changes in working capital primarily due to improved collection of receivables.

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OUTLOOK for 2015

Management's view on macroeconomic expectations

Atlantic Grupa's management expects Croatian economy to come out of recession in 2015 with a modest recovery of domestic demand due to a decreased tax burden and increased consumer confidence. The growth will be limited due to further deleveraging of the population and companies and the expected fiscal consolidation.

A modest economic growth in 2015 is expected in other countries of the region as well, except for the market of Serbia, where the recession is expected to continue. The Serbian economy is burdened with poor indicators in the labour market and continuation of the fiscal consolidation, i.e. decrease in pensions and salaries in the public sector, resulting in low levels of personal and public consumption. Management expects the Slovenian economy to grow in 2015 due to strong exports and government capital expenditure. The expected increase in personal consumption is encouraged by lower fuel prices, the increase in employment and real salaries and improvement in consumer confidence. A growth is also expected in Bosnia and Herzegovina with continued reconstruction of the infrastructure damaged in 2014 floods and the recovery of trade partners of the Bosnia and Herzegovina economy, with continued political risks due to issues in forming the government.

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

Management expects that the Russian economy in 2015 will remain in recession primarily due to low fuel prices, continued international sanctions and geopolitical tensions. Also, in 2015 management expects high inflation.

Atlantic Grupa's management strategic guidance for 2015

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

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

Additional pressures on operations arise from the volatility of the Serbian dinar and the Russian ruble.

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

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

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

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

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTH PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan -Jun 2015	Jan - Jun 2014	Index	Apr - Jun 2015	Apr - Jun 2014	Index
Turnover	**2,553,994**	**2,474,011**	**103.2**	**1,385,731**	**1,341,650**	**103.3**
Sales revenues	2,540,070	2,453,958	103.5	1,382,325	1,329,624	104.0
Other revenues	13,924	20,053	69.4	3,406	12,026	28.3
Operating expenses	**2,273,559**	**2,174,202**	**104.6**	**1,214,760**	**1,161,573**	**104.6**
Cost of merchandise sold	691,334	647,671	106.7	369,822	351,823	105.1
Change in inventories	(44,602)	(36,692)	121.6	(25,843)	(1,069)	2,417.5
Production material and energy	891,870	797,656	111.8	488,981	402,307	121.5
Services	180,276	171,380	105.2	95,100	89,433	106.3
Staff costs	360,841	332,905	108.4	179,105	169,660	105.6
Marketing and selling expenses	147,833	164,014	90.1	88,416	92,762	95.3
Other operating expenses	85,519	86,306	99.1	45,142	46,922	96.2
Other losses - net	(39,512)	10,962	n/a	(25,963)	9,735	n/a
EBITDA	**280,435**	**299,809**	**93.5**	**170,971**	**180,077**	**94.9**
Depreciation and impairment	72,558	68,902	105.3	36,651	34,888	105.1
EBIT	**207,877**	**230,907**	**90.0**	**134,320**	**145,189**	**92.5**
Interest expenses	(54,889)	(67,777)	81.0	(26,404)	(31,254)	84.5
Foreign exchange differences from financing - net	17,867	955	1,870.9	9,290	9,806	94.7
EBT	**170,855**	**164,085**	**104.1**	**117,206**	**123,741**	**94.7**
Income tax	26,982	20,935	128.9	17,805	12,909	137.9
Profit for the period	**143,873**	**143,150**	**100.5**	**99,401**	**110,832**	**89.7**
Attributable to:						
Non-controlling interest	(161)	11,722	n/a	(59)	11,412	n/a
Owners of the parent	144,034	131,428	109.6	99,460	99,420	100.0
Earnings per share for profit attributable to the owners of the Company						
- basic	43.20	39.42		29.83	29.82	
- diluted	43.20	39.42		29.83	29.82	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Jun 2015	Jan - Jun 2014	Index	Apr - Jun 2015	Apr - Jun 2014	Indeks
Profit for the year	**143,873**	**143,150**	**100.5**	**99,401**	**110,832**	**89.7**
Cash flow hedge	1,075	9,515	11.3	(17,874)	4,839	n/a
Currency translation differences	(19,907)	(24,271)	82.0	(7,430)	(23,091)	32.2
Total comprehensive income	**125,041**	**128,394**	**97.4**	**74,097**	**92,580**	**80.0**
Attributable to:						
Non-controlling interest	(190)	11,906	n/a	(82)	11,631	n/a
Equity holders of the Company	125,231	116,488	107.5	74,179	80,949	91.6
Total comprehensive income	125,041	128,394	97.4	74,097	92,580	80.0

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	30 June 2015	31 December 2014
Property, plant and equipment	1,088,333	1,099,289
Investment property	1,761	1,363
Intangible assets	1,796,377	1,804,518
Deferred tax assets	30,846	41,224
Available-for-sale financial assets	977	942
Trade and other receivables	22,207	22,657
Non-current assets	2,940,501	2,969,993
Inventories	716,929	582,247
Trade and other receivables	1,220,491	1,169,343
Non-current assets held for sale	98,927	99,874
Prepaid income tax	22,702	12,249
Deposits given	294	275
Derivative financial instruments	20,181	22,687
Cash and cash equivalents	345,558	417,588
Current assets	2,425,082	2,304,263
Total assets	5,365,583	5,274,256
Capital and reserves attributable to owners of the Company	1,836,809	1,752,732
Non-controlling interest	2,142	2,332
Borrowings	1,601,686	1,776,406
Deferred tax liabilities	178,758	181,155
Derivative financial instruments	5,964	8,698
Other non-current liabilities	27	25
Provisions	51,304	51,936
Non-current liabilities	1,837,739	2,018,220
Trade and other payables	1,076,002	881,451
Borrowings	580,357	578,482
Current income tax liabilities	14,494	7,675
Derivative financial instruments	3,103	4,713
Provisions	14,937	28,651
Current liabilities	1,688,893	1,500,972
Total liabilities	3,526,632	3,519,192
Total equity and liabilities	5,365,583	5,274,256

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 2014	1,015,953	(15,363)	622,613	1,623,203	51,292	1,674,495
Comprehensive income:						
Net profit for the year	-	-	131,428	131,428	11,722	143,150
Cash flow hedge	-	9,507	-	9,507	8	9,515
Other comprehensive income	-	(24,447)	-	(24,447)	176	(24,271)
Total comprehensive income	-	(14,940)	131,428	116,488	11,906	128,394
Transactions with owners:						
Transfer	-	264	(264)	-	-	-
Dividends relating to 2013	-	-	(35,010)	(35,010)	-	(35,010)
At 30 June 2014	1,015,953	(30,039)	718,767	1,704,681	63,198	1,767,879
At 1 January 2015	1,015,870	(19,635)	756,497	1,752,732	2,332	1,755,064
Comprehensive income:						
Net profit for the year	-	-	144,034	144,034	(161)	143,873
Cash flow hedge	-	1,075	-	1,075	-	1,075
Other comprehensive income	-	(19,878)	-	(19,878)	(29)	(19,907)
Total comprehensive income	-	(18,803)	144,034	125,231	(190)	125,041
Transactions with owners:						
Transfer	-	772	(772)	-	-	-
Dividends relating to 2014	-	-	(40,009)	(40,009)	-	(40,009)
At 30 June 2015	1,014,725	(37,666)	859,750	1,836,809	2,142	1,838,951

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	Jan - Jun 2015	Jan - Jun 2014
Cash flows from operating activities		
Net profit	**143,873**	**143,150**
Income tax	26,982	20,935
Depreciation, amortization and impairment	72,558	68,902
Gain on disposal of property, plant and equipment	(615)	(815)
Value adjustment of current assets	19,106	14,108
Interest income	(2,652)	(2,468)
Interest expense	54,888	67,777
Other non-cash changes	(18,393)	(7,148)
Changes in working capital:		
Increase in inventories	(130,742)	(100,046)
Increase in current receivables	(48,577)	(88,714)
Increase in current payables	131,450	96,142
Decrease in provisions for risks and charges	(14,467)	(11,395)
Interest paid	(52,966)	(68,040)
Income tax paid	(24,524)	(31,249)
Net cash flow from operating activities	**155,921**	**101,139**
Cash flow from investing activities		
Purchase of tangible and intangible assets	(32,830)	(60,972)
Proceeds from sale of property, plant and equipment	1,223	1,294
Acquisition of subsidiary net of cash acquired	(5,030)	(5,332)
Loans and deposits given - net	3,075	(1,355)
Interest received	2,652	2,468
Net cash flow used in investing activities	**(30,910)**	**(63,897)**
Cash flow from financing activities		
Purchase of treasury shares	(3,877)	-
Proceeds from borrowings, net of fees paid	39,310	59,293
Repayment of borrowings	(232,474)	(167,850)
Net cash flow used in financing activities	**(197,041)**	**(108,557)**
Net decrease in cash and cash equivalents	**(72,030)**	**(71,315)**
Cash and cash equivalents at beginning of period	417,588	325,334
Cash and cash equivalents at end of period	345,558	254,019

NOTE 1 – GENERAL INFORMATION

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

The interim condensed consolidated financial statements of the Group for the six month period ended 30 June 2015 were approved by the Management Board of the Company in Zagreb on 29 July 2015.

The interim condensed consolidated financial statements have not been audited.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the six month period ended 30 June 2015 have been prepared in accordance with IAS 34 – Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of 31 December 2014.

2.2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

NOTE 3 – SEGMENT INFORMATION

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

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

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

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

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

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

NOTE 3 – SEGMENT INFORMATION (continued)

Sales revenues *(in thousands of HRK)*	**Jan-Jun 2015**	**Jan-Jun 2014**
SBU Beverages	327,121	319,859
SBU Coffee	488,978	482,212
SBU (Sweet and Salted) Snacks	294,028	280,565
SBU Savoury Spreads	235,167	221,397
SBU Sports and Functional Food	407,337	399,791
SBU Pharma and Personal Care	249,334	246,176
SDU Croatia	429,131	403,808
SDU International	298,193	294,818
SDU Serbia	539,272	509,972
DU Slovenia	338,692	335,393
Other segments	361,567	398,201
Reconciliation	(1,428,750)	(1,438,234)
Total	**2,540,070**	**2,453,958**

Operating results	**EBITDA**	
(in thousands of HRK)	**Jan-Jun 2015**	**Jan-Jun 2014**
SBU Beverages	85,905	62,643
SBU Coffee	101,670	116,216
SBU (Sweet and Salted) Snacks	50,006	48,594
SBU Savoury Spreads	42,701	51,998
SBU Sports and Functional Food	4,032	11,845
SBU Pharma and Personal Care	18,296	17,406
SDU Croatia	3,758	8,495
SDU International	1,689	7,019
SDU Serbia	11,552	9,614
DU Slovenia	14,124	9,681
Other segments	(53,298)	(43,702)
Total	**280,435**	**299,809**

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.

	2015	**2014**
Net profit attributable to equity holders *(in thousands of HRK)*	144,034	131,428
Weighted average number of shares	3,334,079	3,334,278
Basic earnings per share *(in HRK)*	43.20	39.42

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 six month period ended 30 June 2015, Group invested HRK 32,820 thousand in purchase of property, plant and equipment and intangible assets (2014: HRK 60,972 thousand).

NOTE 6 - INVENTORIES

During the six month period ended 30 June 2015, the Group wrote down inventories in the amount of HRK 6,937 thousand due to damage and short expiry dates (2014: HRK 9,296 thousand). The amount is recognized in the income statement within ‘Other operating expenses’.

NOTE 7 – ACQUISITION OF SUBSIDIARIES

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

NOTE 8 – DIVIDEND DISTRIBUTION

According to the decision of the Company's General Assembly from 18 June 2015, distribution of dividend in the amount of HRK 12.00 per share, or HRK 40,009 thousand in total was approved. Dividend was paid out in July 2015 and at the 30 June 2015 dividend payable was stated in the balance sheet under Trade and other payables position.

NOTE 9 – RELATED PARTY TRANSACTIONS

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

(all amounts expressed in thousands of HRK)	**30 June 2015**	**31 December 2014**
RECEIVABLES		
Current receivables		
Other entities	106,450	101,164
LIABILITIES		
Borrowings		
Shareholders	1,481,025	1,617,014
Trade and other payables		
Shareholders	40,116	112
Other entities	1,837	808
REVENUES	**Jan – Jun 2015**	**Jan – Jun 2014**
Sales revenues		
Other entities	223,851	93,793
Other revenues		
Other entities	361	159
EXPENSES		
Marketing and promotion expenses		
Other entities	6,948	2,945
Other expenses		
Other entities	1,326	523
Finance cost - net		
Shareholders	31,296	18,652

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 30 July 2015

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

MANAGEMENT BOARD'S STATEMENT OF LIABILITY

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

The consolidated financial statements for the period from 1 January 2015 to 30 June 2015 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Group.
The management report for the period ended 30 June 2015 presents true and fair presentation of development and results of the Group's operations with description of significant risks and uncertainties for the Group.

President of the Management Board:

Emil Tedeschi

Contact:

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