Financial results in the first quarter of 2016

Zagreb – 28 April 2016

Launching own distribution in Germany and Austria

- **Sales at HRK 1,155.2 million**
  - 0.2% compared to the first quarter of 2015

- **Earnings before interest, taxes, depreciation and amortisation (EBITDA) at HRK 103.9 million**
  - 5.1% compared to the first quarter of 2015

- **Earnings before interest and taxes (EBIT) at HRK 69.8 million**
  - 5.1% compared to the first quarter of 2015

- **Net profit after minorities at HRK 45.3 million**
  + 1.6% compared to the first quarter of 2015

Comment of President of the Management Board and CEO

Commenting on the financial results and key business developments in the first quarter of 2016, Emil Tedeschi, CEO of Atlantic Grupa, pointed out:

"After excellent results in the previous year, Atlantic Grupa continues to implement its strategy of further internationalization of operations by expanding the distribution network to new markets. The final goal of the defined strategy is to significantly increase the share of markets outside of the region in the company's total revenues. During the first quarter of 2016, the activities of establishing own distribution companies in Germany and Austria were undertaken and in the following periods the focus will be on listing our brands with key customers in these markets. At the same time, we continue the development of overall operations by opening new Farmacia specialised stores, launching new products and developing the portfolio, winning new markets and keeping an undiminished focus on the development of the distribution network in the region. In the remaining part of 2016, we will continue the active risk management and business optimisation, and the company's financial liabilities management."

Financial summary of the first quarter of 2016

Key figures	**Q1 2016**	Q1 2015	Q1 2016/Q1 2015
Sales (in HRK millions)	**1,155.2**	1,157.7	-0.2%
Turnover (in HRK millions)	**1,162.4**	1,168.3	-0.5%
EBITDA margin	**9.0%**	9.5%	- 46 bp
Net income after minorities (in HRK millions)	**45.3**	44.6	1.6%
Gearing ratio*	**46.9%**	46.3%	+56 bp

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

KEY DEVELOPMENTS in the first quarter of 2016

1. Continued internationalisation of the company

Following the company's set strategic goal, in addition to the already existing companies in Italy, Great Britain and Spain, at the end of 2015 new distribution companies were established in Germany and Austria and at the end of the first quarter of 2016 they had 31 and 16 employees, respectively. In these markets, Atantic Grupa is present for many years, and the newly established companies make room for the expansion of sale of other brands with international potential.

In the first quarter, the focus was on forming infrastructure (employment, IT, logistics, defining procedures), while in the remaining part of the year the focus will be on listing our brands with key customers and delivering the planned results.

2. Restructuring of the Strategic Business Unit Sports and Functional Food

During the first quarter of 2016, the activities aimed at improving profitability of the business unit Sports and Functional Food were continued, with the focus on simplifying the business model, decreasing expenses with a decrease in the number of employees and sustainable business growth.

Accordingly, improvements in the production process have already been implemented, products with low profitability have been delisted, and simplified recipes have reduced the number of production ingredients, which will enable significant savings in the production process.

At the beginning of March 2016, the cooperation with the major buyer of private labels was terminated. Research and development department of the Sports and Functional Food is intensively working on the development of new products and negotiations with new potential partners in the production of private labels are in progress.

3. Own brands in the first quarter of 2016

In the Strategic Business Unit **Beverages**, the first Cedevita Vitamins Point machines were installed, where you can, using the Cedevita app or directly on the machine, order a fresh beverage in three flavours. The global giant Google published the campaign of the Roylet brand Donat Mg on its blog as an example of good advertising practice. The campaign surpassed all expectations, and the video reached 2.9 million of unique viewers on Youtube and achieved significantly higher effects than expected. In addition, in February, at the Slovenian Outstanding Award ceremony, Donat Mg with the Pristop agency was the winner in the Citylight category for the "Sumoborac jaje" poster. This year, the Outstanding Awards were awarded this for the fifth consecutive year, for the best work in outdoor advertising in the previous year. On International Women's Day, Cockta celebrated its 63rd birthday and the fact that the Cockta launching in Planica in 1953 was also the first major integrated marketing campaign of a product in at the time planned economy of former Yugoslavia.

The star of the Strategic Business Unit **Sports and Functional Food**, the Multipower brand, won the award by readers of the Functional Sports Nutrition Magazine, the leading magazine for sports and functional food in the United Kingdom, who recognised the quality of this product placing it first among strong competition of protein products in the European market. The reasons for selecting Multipower

100% Pure Whey Protein product were the triple whey proteins, its outstanding quality, added vitamin B6 for support to hormonal activity and its exceptional taste.

In the Strategic Business Unit **Savoury Spreads**, a new Argeta flavour was launched, Sardina Adriatica and new flavours for the markets of Croatia and Bosnia and Herzegovina, for which the consumers may vote and select the best flavour. Readers of the Croatian portal Žena.hr voted Tuna fish Argeta the best product in the “Meat and fish” category.

In the Strategic Business Unit **Coffee**, a new Black’n’Easy product was launched with added sugar and Black’n’Easy coffee was presented in the HoReCa channel.

In the Strategic Business Unit **Pharma and Personal Care**, Laxium powder for oral suspension was launched, for treating occasional or frequent constipation, and the leading Croatian cosmetic brand Rosal presented an improved, redesigned range of hand creams.

In the Zlata nit award contest, organised by the Slovenian business newspaper Dnevnik, Droga Kolinska won as the best employer in Slovenia in the category of large enterprises. This is a contest based on extensive interviews with employees, interviews with the company Management and valuation by the expert jury that characterised Droga Kolinska as an economically successful company. Atlantic Trade also had great results, being a finalist in the medium-sized enterprises category.

4. Overview of information technologies

At the beginning of the calendar year, two complex business solutions in the ERP (Enterprise Resource Planning) system segment were launched. SAP solutions were selected, in two independent implementation projects. The first project is the implementation of the SAP ERP solution for the Strategic Distribution Unit Croatia, for the support to companies Atlantic Trade Zagreb, Atlantic Grupa and Bionatura Bidon Vode. This is one of the most complex IT projects in Atlantic Grupa’s history, and at the same time the overall set of business processes for distribution operations in Croatia was revised and improved, an advanced business solution was implemented and the preconditions for further growth in volume and complexity of operations were fulfilled. Thereby, the SAP solution covers almost all companies of Atlantic Grupa in Croatia, other than the Pharma segment, which, due to specific business processes, remains on the existing solutions.

At the beginning of the year, a similar SAP ERP solution was also launched to support the newly established distribution companies in Germany and Austria. In an exceptionally short period of 6 months, the solution was implemented that covers all basic processes (accounting and finance, sale, procurement) with the integration of the solution with logistic partners, and automatic exchange of electronic data with customers.

These two implementations continue the process of enhancing and consolidating business solutions in the entire Atlantic Grupa, resulting in the standardisation of corporate processes and uniform technical platforms, which leads to cost optimisation and the opportunity to achieve synergy effects in the segment of shared services and expertise within the company.

SALES DYNAMICS in the first quarter of 2016

Sales profile by Strategic Business Units and Strategic Distribution Units

(HRK 000)	Q1 2016	Q1 2015	Q1 2016/Q1 2015
SBU Coffee	**214,947**	220,382	(2.5%)
SBU Sports and Functional Food	**152,731**	189,393	(19.4%)
SBU (Sweet and Salted) Snacks	**145,959**	141,499	3.2%
SBU Beverages	**134,728**	133,438	1.0%
SBU Pharma and Personal Care	**126,601**	125,090	1.2%
SBU Savoury Spreads	**106,928**	87,427	22.3%
SDU Serbia	**227,723**	244,336	(6.8%)
SDU Croatia	**195,982**	188,866	3.8%
DU Slovenia	**173,048**	163,476	5.9%
Zone West	**174,275**	161,703	7.8%
Other segments*	**135,467**	131,303	3.2%
Reconciliation**	**(633,147)**	(629,167)	n/a
Sales	**1,155,242**	1,157,745	(0.2%)

In the first quarter of 2016, Atlantic Grupa **recorded sales of HRK 1.2 billion**, which is a 0.2% decrease compared to the same period of the previous year. A significant growth in sales recorded in the Strategic Business Unit Savoury Spreads, the Distribution Unit Slovenia and the Strategic Distribution Region HoReCa is fully annulled by the drop in sales of the Strategic Business Unit Sports and Functional Food and the Strategic Distribution Unit Serbia.

The first quarter of 2016 was also impacted by unfavourable exchange rate movements, reflected in the average depreciation of the Russian ruble of 17.7% and the average depreciation of the Serbian dinar of 1.9% compared to the same period of the previous year. If the effect of the Russian ruble and Serbian dinar unfavourable exchange rate movements is excluded, sales record a 0.7% growth.

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. Comparative period has been adjusted to reflect current period reporting.
* Other segments include SDU HoReCa, SDU CIS, BU Baby Food, BU Gourmet, 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 Coffee** records a growth in sales in all significant regional markets other than the market of Serbia, which accounts for almost half of the revenue. Despite the double-digit growth in the markets of Croatia, Bosnia and Herzegovina and Macedonia and new records in the market of Slovenia, the Strategic Business Unit Coffee recorded a 2.5% decrease under the impact of the dinar depreciation and the drop in the Turkish coffee category in Serbia (category value drop of 3.5%*), whereby the value market share 51.6%* was retained. It is important to mention that from the beginning of the year the Slovenian market recorded a significant increase in the Turkish coffee market share, of 2.6%* and it amounts to 79.9%*. Good results were also recorded in the segments of filter and espresso coffee and Black'n'Easy instant Turkish coffee, following the installation of new C2GO (coffee to go) machines and winning new espresso locations and launching Black'n'Easy instant Turkish coffee with sugar.

- The decrease in sales of the **Strategic Business Unit Sports and Functional Food** is primarily a consequence of the decrease in sales of private labels caused by the terminated cooperation with the largest customer, but also of the decrease in sales of own brands Champ, Multaben and Multipower. The drop in sales of own brands was primarily caused by the reduced product range as a consequence of restructuring the Strategic Business Unit, but it is important to mention that these are products with low profitability. Analysed by countries, the most significant drop was recorded in the German market, which is the most significant market of the Business Unit Sports and Functional Food.

- The **Strategic Business Unit Snacks** recorded an increase in sales due to the increase in sales of chocolate, chocolate bars and wafers. Good results were recorded in most markets, with the most significant growth in Bosnia and Herzegovina, Serbia, Slovenia and Kosovo.

- The **Strategic Business Unit Beverages** recorded a moderate sales growth, primarily due to the growth in sales of functional drinks under the Donat Mg brand and vitamin instant drinks in the HoReCa channel. Great results of Donat Mg are mainly a consequence of a growth in sales in the Russian market (where in the first quarter of 2015 the distribution was temporarily suspended due to negotiations with the distributor) and further growth in sales in Slovenia. Cedevita owes the growth in sales in the HoReCa channel to the last-year's redesign of the packaging and introduction of new flavours. It should be noted that Cedevita remains the absolute market leader in vitamin instant drinks in most regional markets, as reflected in the value market shares of 86.5%* in Croatia, 78.0%* in Bosnia and Herzegovina and 76.0%* in Macedonia. The Cockta brand also recorded good results in the carbonated soft drinks category, due to the increase in sales in the markets of Croatia, Slovenia, Macedonia and Bosnia and Herzegovina, and Cedevita also records growth in the on-the go segment. In addition, the sale of the tea business at the end of 2015 had a negative impact on the organic growth of the strategic business unit.

- The **Strategic Business Unit Pharma and Personal Care** records an increase in sales due to the increase in: (i) sales of the pharmacy chain Farmacia following the opening of two new specialised stores, (ii) sales of principal brands, and (iii) sales of products from the Neva range, primarily Plidenta. The most significant decrease in sales was recorded by Vitamin C from the Multivita range, due to the effect of different sale dynamics. If the effect of opening new locations is excluded, the

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* AC Nielsen Retail Panel, December - January 2016 (percentage movements on YTD level).

pharmacy chain Farmacia records sales growth at the same level as in the first quarter of the previous year.

- The **Strategic Business Unit Savoury Spreads** recorded an exceptional growth in sales due to the increased sales of Argeta, primarily in the Western European markets and in the countries in the region. Argeta owes the significant growth in sales on the markets of the Zone west primarily to the expansion of distribution, but also to numerous activities such as creating new recipes attractive to local consumers and launching of a special pâté for the Austrian market. Argeta is the absolute market leader in Austria, with the top 4 best-selling pâtés in the market from the Argeta range. Despite a significant volume and value drop of the pâté category in Bosnia and Herzegovina (9.2%* and 11.5%*, respectively), Argeta recorded a growth in sales even in such challenging market, and good results in the regional markets were also recorded by the new flavour, Sardina Adriatica. It should be noted that products under the Bakina tajna and Amfissa brands have been included in a separate Business Unit **Gourmet** and are no longer presented in the business results of the Strategic Business Unit Savoury Spreads.

- The **Strategic Distribution Unit Serbia** records a decrease in sales primarily due to the decrease in sales of the Turkish coffee segment under the Grand kafa brand, which has not succeeded in compensating for the growth in sales of chocolates under the Najlepše želje brand, savoury spreads under the Argeta brand and external principals such as Rauch.

- The sales growth of the **Strategic Distribution Unit Croatia** is a result of the increase in revenues from the distribution of own brands, primarily coffee under the Barcaffe brand, savoury spreads Argeta and Cockta in the carbonated soft drinks category and the increase in sales of principal brands (primarily Unilever and Ferrero).

- The **Distribution Unit Slovenia** records sales growth due to the growth in sales of long-term external principals such as Ferrero and the increase in sales of own brands, primarily functional waters with the Donat Mg brand, Argeta in the savoury spreads segment, coffee under the Barcaffe brand and vitamin instant drinks under the Cedevita brand.

- **Zone West** records a sales growth primarily in the markets of Switzerland, Spain and Turkey. In this, savoury spreads under the Argeta brand have the most prominent growth among segments.

- **Other segments** recorded an increase in sales primarily due to the growth in sales of the Strategic Distribution Region HoReCa and the Strategic Distribution Unit Macedonia.

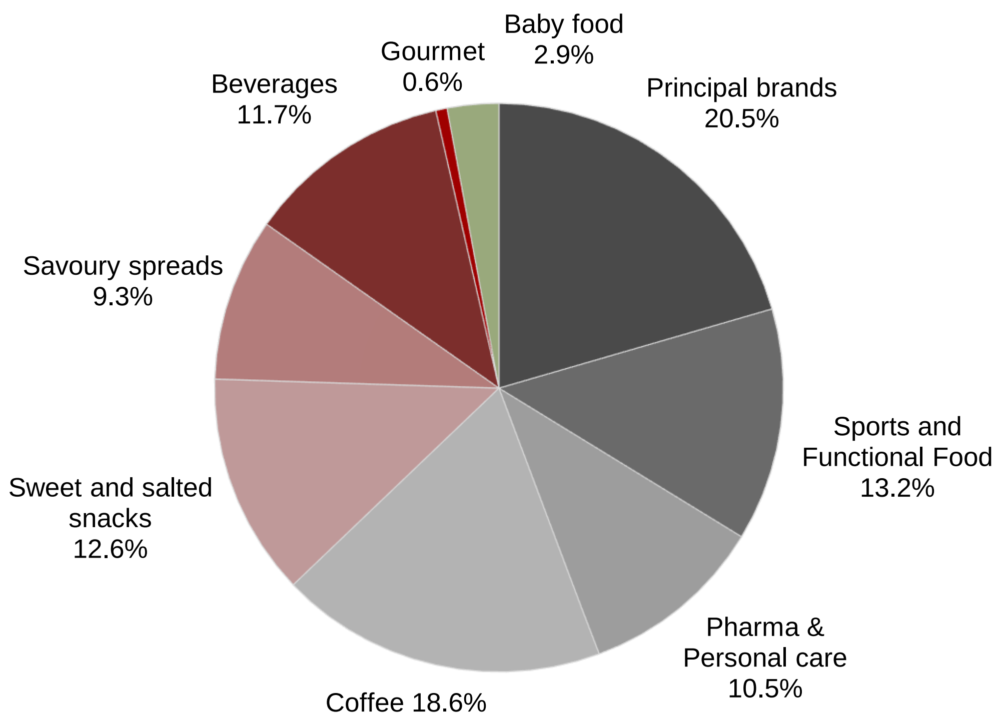
  The decrease in sales of the Business Unit Baby Food and the Strategic Distribution Region Baltics and the CIS was caused by unfavourable macroeconomic climate and aggravated economic situation in Russia, Ukraine and other countries of the Commonwealth of Independent States. The aggressive pricing policy largely compensated for the negative effect of foreign exchange rate (the average depreciation of the Russian ruble of 17.7% compared to the same period of the previous year), without which sales would be higher than in the same period of the previous year.

  The increase in sales of the Distribution Unit Macedonia is a consequence of the increase in sales of coffee and savoury spreads and the increase in sales of the external principal Ferrero.

* AC Nielsen Retail Panel, December - January 2016 (percentage movements on YTD level).

The Strategic Distribution Region HoReCa records a 19.8% growth in sales, whereby all markets (Croatia, Serbia, Slovenia and Macedonia) record equal growth, ranging from 18% to 22%. Growth in sales is recorded by all segments, the highest being the growth in vitamin instant drinks under the Cedevita brand, espresso coffee under the Barcaffe brand and external principals (primarily Rauch, Stock and SABMiller).

Sales profile by segments in the first quarter of 2016



Sales profile by markets in the first quarter of 2016

(in HRK millions)	Q1 2016	% of sales	Q1 2015	% of sales	Q1 2016/ Q1 2015
Croatia	**307.4**	26.6%	298.9	25.8%	2.8%
Serbia	**245.5**	21.3%	261.8	22.6%	(6.2%)
Slovenia	**196.2**	17.0%	180.2	15.6%	8.9%
Bosnia and Herzegovina	**86.6**	7.5%	79.8	6.9%	8.5%
Other regional markets*	**65.5**	5.7%	61.7	5.3%	6.2%
Key European markets**	**137.4**	11.9%	148.9	12.9%	(7.7%)
Russia and CIS	**48.4**	4.2%	49.0	4.2%	(1.2%)
Other markets	**68.3**	5.9%	77.6	6.7%	(11.9%)
Total sales	**1,155.2**	100.0%	1,157.7	100.0%	(0.2%)

- The **Croatian market** recorded a fair growth in sales of 2.8% due to: (i) an increase in sales of own brands, primarily coffee under the Barcaffe brand (C2GO espresso coffee, Turkish coffee and Black'n'Easy instant Turkish coffee), savoury spreads under the Argeta brand, vitamin instant drinks under the Cedevita brand in the HoReCa channel and carbonated soft drinks under the Cockta brand, (ii) an increase in sales of the existing principals, especially Ferrero and Unilever, and (iii) the beginning of distribution of new principals Phillips and SABMiller. If the effect of the beginning of the new principals distribution is excluded (Phillips and SABMiller), the Croatian market recorded a 1.2% sales growth.
- The decrease in sales in the **market of Serbia** is primarily a result of: (i) the decrease in sales of Turkish coffee under the Grand kafa brand, which was partly mitigated by the increase in sales of Black'n'Easy instant Turkish coffee, (ii) the decrease in sales of Cedevita in the vitamin instant drinks category, and (iii) the decrease in sales of the Amfissa brand in the vegetable products category. The decrease was partly mitigated by the increase in sales of the Argeta brand in the savoury spreads category and Najlepše želje, Menaž, Bananica and Sweeet in the chocolate category.

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

- The greatest contribution to the growth in sales of the **Slovenian market,** which was 8.9%, was made by the increase in sales of: (i) principal brand Ferrero, (ii) the functional waters category with the Donat Mg brand, (iii) the vitamin instant drinks category with the Cedevita brand, (iv) espresso coffee under the Barcaffe brand and Black'n'Easy instant Turkish coffee, and (v) the savoury spreads category under the Argeta brand.

- The 8.5% growth in sales in the **market of Bosnia and Herzegovina** is the result of increased sales of: (i) Turkish coffee under the Grand kafa brand, (ii) savoury spreads under the Argeta brand, (iii) chocolate under the Najlepše želje brand, and (iv) the Cedevita brand in the vitamin instant drinks category. On the other hand, a moderate decrease was recorded by products from the Bakina tajna portfolio and the Strategic Business Unit Pharma and Personal Care.

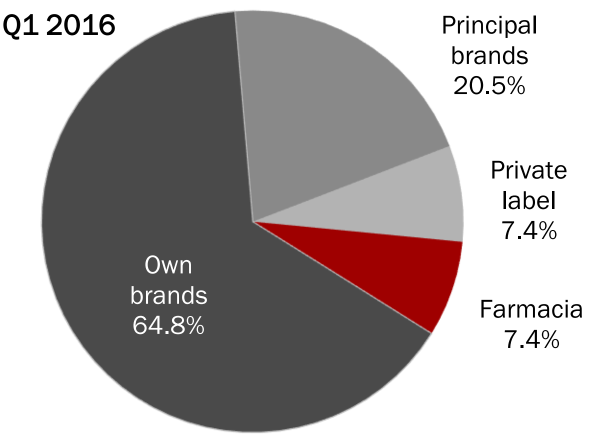
- **Other regional markets** recorded a 6.2% growth in sales due to the increase in sales in the markets of Macedonia and Kosovo, while the market of Montenegro recorded a slight decrease in sales. Here, coffee records higher sales in the market of Macedonia and Kosovo, and products from the Snacks portfolio in the market of Kosovo and Montenegro.

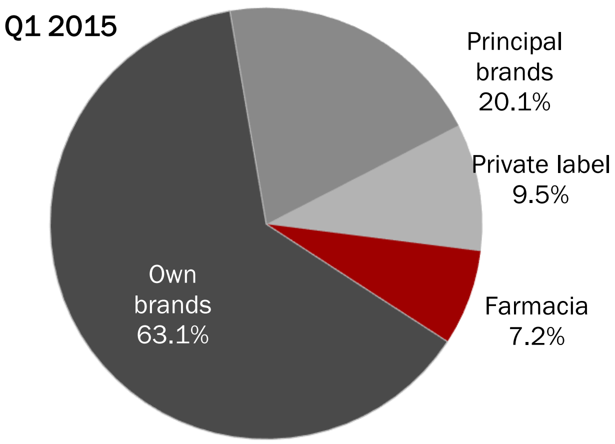
- The drop in the **Key European markets** is primarily a consequence of the terminated cooperation with the major buyer of private labels, which was partly annulled by a significant growth in sales of Argeta in the savoury spreads category. The brands Champ, Multaben and Multipower from the Sports and Functional Food product portfolio record a moderate drop due to delisting of products with low profitability.

- Further depreciation of the Russian ruble and difficult macroeconomic and economic situation resulted in the drop in sales in the **market of Russia and the Commonwealth of Independent States.** Analysed by segments, great results were recorded by functional drinks under the Donat Mg brand, while the most significant drop was recorded by brands Multivita from the pharma and personal care segment and Multipower from the sports and functional food segment.

- **Other markets** record a decrease in sales due to the drop in sales of private labels in the sports and functional food segment caused by the termination of cooperation with the major customer at the beginning of March 2016.

Sales profile by product category





- In the first quarter of 2016, **own brands** recorded sales of HRK 748.1 million, which is a 2.3% growth compared to the same period of the previous year. Higher sales were recorded by the following brands: (i) Argeta in the savoury spreads segment, (ii) Donat MG in the beverages segment, (iii) Najlepše želje, Menaž, Bananica and Sweet in the chocolate category, (iv) Cedevita in the vitamin instant drinks segment (in the on-the-go and HoReCa channels), and (v) Amfissa in the vegetable products segment. On the other hand, lower sales were recorded by: (i) Champ, Multaben and Multipower brands in the sports and functional food segment, (ii) Grand kafa and Bonito in the coffee segment, (iii) Multivita's Vitamin C from the pharma and personal care range, and (iv) children's cereals under the Bebi brand.

- **Principal brands** recorded sales of HRK 237.0 million, which is a 1.6% growth. The growth is mainly a result of good sales results of Ferrero, Rauch and Unilever.

- With sales of HRK 85.1 million, **private labels** record a 23.0% drop compared to the first quarter of 2015, due to the drop in sales of private labels in the sports and functional food segment, as a consequence of terminated cooperation with the major customer at the beginning of March 2016.

- The pharmacy chain **Farmacia** recorded sales of HRK 85.1 million, which is a 2.5% growth compared to the same period of 2015, due to newly-opened specialised stores. In the first quarter of 2016, two new specialised stores were opened and as at 31 March 2016, the pharmacy chain Farmacia consisted of 48 pharmacies and 31 specialised stores.

PROFITABILITY DYNAMICS in the first quarter of 2016

(in HRK millions)	Q1 2016	Q1 2015	Q1 2016/Q1 2015
Sales	**1,155.2**	1,157.7	(0.2%)
EBITDA	**103.9**	109.5	(5.1%)
EBIT	**69.8**	73.6	(5.1%)
Net profit/(loss)	**45.2**	44.5	1.6%
Profitability margins			
EBITDA margin	**9.0%**	9.5%	-46 bp
EBIT margin	**6.0%**	6.4%	-31 bp
Net profit margin	**3.9%**	3.8%	+7 bp

In the first quarter of 2016, Atlantic Grupa recorded **EBITDA** in the amount of HRK 103.9 million, which is a 5.1% decrease compared to the same period of the previous year. The decrease in EBITDA is primarily a result of: (i) targeted investments in the internationalisation of operations (through increased staff costs and the cost of distribution services in the new companies in Germany and Austria), and (ii) higher marketing expenses (primarily in the segments of coffee and beverages), mainly arisen due to different dynamics of marketing activities compared to the previous year, which reduced the positive impact of the total gross margin, which increased as a result of lower cost of production materials (mainly the price of raw coffee, whose positive impact was partly reduced by unfavourable EUR/USD exchange rate movements) and the organic growth in some segments.

Following the decrease in EBITDA and the decrease in depreciation and amortisation of 5.1%, the recorded EBIT is also lower by 5.1%. Despite the decrease in operating profit, and due to a significant decrease in interest expense and more favourable impact of foreign exchange differences, the net profit recorded an increase of 1.6%, to HRK 45.2 million.

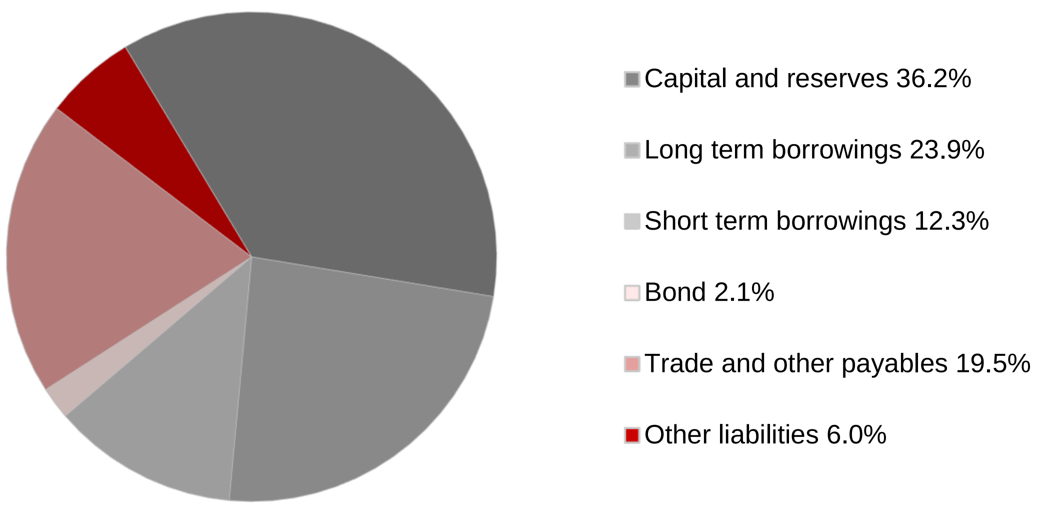
FINANCIAL INDICATORS in the first quarter of 2016

(in HRK millions)	Q1 2016	2015
Net debt	**1,710.8**	1,678.1
Total assets	**5,123.5**	5,294.6
Total Equity	**1,939.2**	1,945.3
Current ratio	**1.2**	1.3
Gearing ratio	**46.9%**	46.3%
Net debt/EBITDA	**3.0**	3.0
	Q1 2016	Q1 2015
Interest coverage ratio	**4.4**	3.8
Capital expenditure	**15.1**	11.5
Cash flow from operating activities	**-74.1**	6.6

Among key determinants of the Atlantic Grupa's financial position in the first quarter of 2016, the following should be pointed out:

- Net debt slightly increased due to a decrease in cash and cash equivalents, although non-current and current financial liabilities decreased by HRK 59.6 million compared to the end of 2015. The gearing ratio slightly increased to 46.9%, and the coverage of interest expense by EBITDA increased to 4.4 times.

- The Atlantic Grupa's equity and liabilities structure as at March 31st 2016 is as follows:



Overview of key items in the consolidated cash flow statement

Capital expenditure in the first quarter of 2016 was somewhat higher compared to the same period of the previous year, and it relates to investments in the production equipment of all business units for the purpose of increasing the efficiency of production processes, and in the development of IT infrastructure, business systems and applications.

Among significant investments, we should mention:

- SBU Beverages: purchase of modern refrigerated display cabinets;
- SBU Coffee: purchase of espresso machines, and HoReCa C2GO machines.

The decrease in cash flow from operating activities is primarily the result of the increase in the value of inventories due to new distribution companies and significantly slower collection of receivables as a consequence of operating problems related to the implementation of the SAP solution in Croatia, Germany and Austria, which were solved during April.

OUTLOOK for 2016

Management’s expectations for the year 2016 are as announced on February 22nd 2016 and as follows:

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

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

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

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan - Mar 2016	Jan - Mar 2015	Index
Revenues	**1,162,426**	**1,168,263**	**99.5**
Sales revenues	1,155,242	1,157,745	99.8
Other income	7,184	10,518	68.3
Operating expenses	**(1,058,525)**	**(1,058,799)**	**100.0**
Cost of trade goods sold	(302,998)	(321,512)	94.2
Change in inventories	2,786	18,759	14.9
Material and energy costs	(378,579)	(402,889)	94.0
Services	(91,408)	(85,176)	107.3
Staff costs	(183,492)	(181,736)	101.0
Marketing and promotion costs	(71,765)	(59,417)	120.8
Other operating costs	(41,195)	(40,377)	102.0
Other (gains)/losses - net	8,126	13,549	60.0
EBITDA	**103,901**	**109,464**	**94.9**
Depreciation and impairment	(34,066)	(35,907)	94.9
EBIT	**69,835**	**73,557**	**94.9**
Interest expenses	(23,442)	(28,485)	82.3
Foreign exchange differences from financing - net	10,558	8,577	123.1
Profit before tax	**56,951**	**53,649**	**106.2**
Income tax	(11,751)	(9,177)	128.0
Profit for the period	**45,200**	**44,472**	**101.6**
Attributable to:			
Non-controlling interest	(100)	(102)	98.0
Owners of the parent	45,300	44,574	101.6
Earnings per share for profit attributable to the owners of the Company			
- basic	13.59	13.37	
- diluted	13.59	13.37	

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Mar 2016	Jan - Mar 2015	Index
Profit for the year	**45,200**	**44,472**	**101.6**
Cash flow hedge	(10,221)	18,949	n/a
Currency translation differences	(41,110)	(12,477)	329.5
Total comprehensive income	**(6,131)**	**50,944**	**n/a**
Attributable to:			
Non-controlling interest	(136)	(108)	125.9
Equity holders of the Company	(5,995)	51,052	n/a
Total comprehensive income	(6,131)	50,944	n/a

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	31 March 2016	31 December 2015
ASSETS		
Non-current assets		
Property, plant and equipment	1,050,938	1,083,566
Investment property	1,718	1,748
Intangible assets	1,773,180	1,797,791
Deferred tax assets	35,140	37,066
Available-for-sale financial assets	942	959
Trade and other receivables	75,414	83,695
	2,937,332	3,004,825
Current assets		
Inventories	641,723	603,491
Trade and other receivables	1,182,070	1,192,314
Prepaid income tax	20,193	16,018
Deposits given	-	12,728
Derivative financial instruments	309	305
Cash and cash equivalents	285,384	365,692
	2,129,679	2,190,548
Non-current assets held for sale	56,526	99,196
Total current assets	2,186,205	2,289,744
TOTAL ASSETS	**5,123,537**	**5,294,569**
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the Company		
Share capital	133,372	133,372
Share premium	881,515	881,515
Treasury shares	(198)	(198)
Reserves	(96,630)	(26,264)
Retained earnings	1,018,696	954,325
	1,936,755	1,942,750
Non-controlling interest	2,422	2,558
Total equity	1,939,177	1,945,308
Non-current liabilities		
Borrowings	1,150,391	1,309,180
Deferred tax liabilities	172,062	176,677
Derivative financial instruments	285	472
Other non-current liabilities	6,921	3,460
Provisions	53,199	54,475
	1,382,858	1,544,264
Current liabilities		
Trade and other payables	883,690	988,554
Borrowings	841,193	742,032
Derivative financial instruments	4,618	5,091
Current income tax liabilities	24,222	17,034
Provisions	47,779	52,286
	1,801,502	1,804,997
Total liabilities	3,184,360	3,349,261

CONSOLIDATED BALANCE SHEET

TOTAL EQUITY AND LIABILITIES	**5,123,537**	**5,294,569**

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 2015	1,015,870	(19,635)	756,497	1,752,732	2,332	1,755,064
Comprehensive income:						
Net profit for the year	-	-	44,574	44,574	(102)	44,472
Cash flow hedge	-	18,949	-	18,949	-	18,949
Other comprehensive income	-	(12,471)	-	(12,471)	(6)	(12,477)
Total comprehensive income	-	6,478	44,574	51,052	(108)	50,944
Transactions with owners:						
Transfer	-	777	(777)	-	-	-
At 31 March 2015	1,015,870	(12,380)	800,294	1,803,784	2,224	1,806,008
At 1 January 2016	1,014,689	(26,264)	954,325	1,942,750	2,558	1,945,308
Comprehensive income:						
Net profit for the year	-	-	45,300	45,300	(100)	45,200
Cash flow hedge	-	(10,221)	-	(10,221)	-	(10,221)
Other comprehensive income	-	(41,074)	-	(41,074)	(36)	(41,110)
Total comprehensive income	-	(51,295)	45,300	(5,995)	(136)	(6,131)
Transactions with owners:						
Transfer	-	(19,071)	19,071	-	-	-
At 31 March 2016	1,014,689	(96,630)	1,018,696	1,936,755	2,422	1,939,177

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	Jan - Mar 2016	Jan - Mar 2015
Cash flows from operating activities		
Net profit	**45,200**	**44,472**
Income tax	11,751	9,177
Depreciation, amortization and impairment	34,066	35,907
Gain on sale of property, plant and equipment	(255)	(463)
Provision for current assets	2,913	6,662
Foreign exchange differences - net	(19,185)	(1,322)
(Decrease)/ increase in provisions for risks and charges	(5,783)	7,218
Fair value gains on financial assets	(5,212)	(15,643)
Interest income	(1,078)	(1,587)
Interest expense	23,442	28,485
Other non-cash items, net	316	(3)
Changes in working capital:		
Increase in inventories	(39,889)	(83,620)
Decrease in current receivables	12,237	84,164
Decrease in current payables	(99,145)	(63,401)
Cash generated from operations	**(40,622)**	**50,046**
Interest paid	(25,904)	(33,150)
Income tax paid	(7,554)	(10,280)
	(74,080)	**6,616**
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(15,147)	(11,512)
Proceeds from sale of property, plant and equipment and non-current assets held for sale	42,421	784
Acquisition of subsidiary – net of cash acquired	-	(5,030)
Loans granted and deposits placed	(2,610)	(1,952)
Repayments of loan and deposits granted	1,243	1,202
Interest received	882	1,587
	26,789	**(14,921)**
Cash flow from financing activities		
Proceeds from borrowings, net of fees paid	97,262	15,393
Repayment of borrowings	(130,279)	(126,594)
	(33,017)	**(111,201)**
Net decrease in cash and cash equivalents	**(80,308)**	**(119,506)**
Cash and cash equivalents at beginning of period	365,692	417,588
Cash and cash equivalents at end of period	285,384	298,082

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 three month period ended 31 March 2016 were approved by the Managdement Board of the Company in Zagreb on 27 April 2016.

The 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 three month period ended 31 March 2016 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 2015.

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 2015.

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, business unit Gourmet. The distribution business is organized in two main zones: Zone East and Zone West.

SBU – Strategic distribution unit
BU – Business unit
SDU – Strategic distribution unit
DU – Distribution unit
SDR – Strategic distribution unit
DR – Distribution region
PDR – Partner distribution region
DACH – Germany, Austria & Switzerland

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.

NOTE 3 – SEGMENT INFORMATION (continued)

Due to the fact that SDU HoReCa, SDU CIS, BU Baby food, BU Gourmet 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.

Sales revenues[1] *(in thousands of HRK)*	**Jan-Mar 2016**	**Jan-Mar 2015**
SBU Beverages	134,728	133,438
SBU Coffee	214,947	220,382
SBU (Sweet and Salted) Snacks	145,959	141,499
SBU Savoury Spreads	106,928	87,427
SBU Sports and Functional Food	152,731	189,393
SBU Pharma and Personal Care	126,601	125,090
SDU Croatia	195,982	188,866
SDU Zone West	135,467	131,303
SDU Serbia	227,723	244,336
DU Slovenia	174,275	161,703
Other segments	173,048	163,475
Reconciliation	(633,147)	(629,167)
Total	**1,155,242**	**1,157,745**

NOTE 4 – EARNINGS PER SHARE

[1] Comparative period has been adjusted to reflect current period reporting

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.

	2016	2015
Net profit attributable to equity holders (in thousands of HRK)	45,300	44,574
Weighted average number of shares	3,334,073	3,334,223
Basic earnings per share (in HRK)	13.59	13.37

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 three month period ended 31 March 2016, Group invested HRK 15,147 thousand in purchase of property, plant and equipment and intangible assets (2015: HRK 11,512 thousand). Also, in the first quarter of 2016 the Group has sold Non-current assets held for sale for the amount of HRK 42,002 thousand.

NOTE 6 - INVENTORIES

During the three month period ended 31 March 2016, the Group wrote down inventories in the amount of HRK 1,652 thousand due to damage and short expiry dates (2015: HRK 3,984 thousand). The amount is recognized in the income statement within ‘Other operating expenses’.

NOTE 7 – 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 March 2016 and 31 December 2015 and transactions recognised in the Income statement for the three month period ended 31 March are as follows:

(all amounts expressed in thousands of HRK)	**31 March 2016**	**31 December 2015**
RECEIVABLES		
Current receivables		
Other entities	90,252	92,057
LIABILITIES		
Borrowings		
Shareholders	1,201,878	1,323,737
Trade and other payables		
Shareholders	143	146
Other entities	4,219	5,645

REVENUES	**Jan – Mar 2016**	**Jan – Mar 2015**
Sales revenues		
Other entities	103,551	97,806
Other revenues		
Other entities	209	181
EXPENSES		
Marketing and promotion expenses		
Other entities	2,208	3,251
Other expenses		
Other entities	531	847
Finance cost - net		
Shareholders	12,418	15,829

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, April 28th 2016

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 2016 to 31 March 2016 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 March 2016 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

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